



**SIXTH NATIONAL ASSEMBLY**

**PARLIAMENTARY**

**DEBATES**

**(HANSARD)**

**FIRST SESSION**

**THURSDAY 15 DECEMBER 2016**

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## 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
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Hon. Yogida Sawmynaden	Minister of Youth and Sports
Hon. Nandcoomar Bodha, GCSK	Minister of Public Infrastructure and Land Transport
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Perraud	Family Welfare
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Hon. Sodesh Satkam Callichurn	Minister of Labour, Industrial Relations, Employment and Training

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**MAURITIUS**

**Sixth National Assembly**

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**FIRST SESSION**

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**Debate No. 38 of 2016**

**Sitting of 15 December 2016**

**The Assembly met in the Assembly House, Port Louis at 11.30 a.m.**

**The National Anthem was played**

*(Madam Speaker in the Chair)*

## ANNOUNCEMENT

### NATIONAL ASSEMBLY – PROCEEDINGS - LIVE BROADCAST

**Madam Speaker:** Hon. Members, live broadcasting of the proceedings of the House is a reality as from today. It is yet another landmark in the history of our Parliament.

The 15<sup>th</sup> of December 2016 will always be remembered as another major step in reinforcing Parliamentary democracy in our country.

You would recall that, on 15 November last, I announced the work in progress in relation to the implementation of the Live Broadcasting of the Proceedings of the House Project and the impending carrying out of the live tests during this month.

Hon. Members, this new venture started with the introduction in this House of a motion brought by the Rt. hon. Prime Minister on 28 April 2015 to appoint a Select Committee of the House to consider the Live Broadcasting of the Proceedings of the House and matters ancillary thereto. The Select Committee was appointed on 05 May 2015 and produced its report which was tabled and subsequently adopted in October 2015.

The Live Broadcasting of the Proceedings of the House Project is an ICT Project which requires interfacing with different existing systems to ensure compatibility and workability and which involves the integration of a multitude of state-of-the-art technology, platforms as well as skills and expertise.

In addition, the required legal framework had to be put in place to enable the live broadcasting of the proceedings of the House. The Standing Orders have been amended to make provision for the setting up of a Broadcasting Committee which is, as you are aware, chaired by hon. Bodha. I have, moreover, prescribed the rules recommended by the Broadcasting Committee and which are being laid on the table of the National Assembly today.

Besides, a Broadcasting Unit has had to be set up and new posts have had to be created within the organisational structure of the National Assembly for the operation thereof.

The target of August 2016 could not be attained due to circumstances beyond our control. I wish to add here that the successful implementation of this project would not have been possible without a dedicated and highly motivated staff who stood up to the challenge.

I must here pay tribute to all the officers who have served the Steering Committee set up under the joint chairpersonship of the Clerk and myself in ensuring the successful implementation of the project.

I wish also to thank all other stakeholders who have put up relentless effort in making of this project a reality.

Hon. Members, our motto, all-throughout, has been the attainment of perfection in the realisation of this project. As much as we desire perfection, there exists always the possibility, especially at the beginning that we are confronted with some technical glitches. That is the main reason why I stated earlier that we would be carrying out live tests. As from today, we will surely be in a position to make an assessment of the shortcomings of the system. For this, I shall pray for your indulgence and for that of the population.

Pending the full implementation of the project in March 2017, the National Public Broadcaster, the Mauritius Broadcasting Corporation will continue the coverage of the proceedings of the House.

Hon. Members, we are today writing a new page in the history of our parliamentary democracy. Indeed, the time has come for live broadcasting of the proceedings of the House. Conscious of the political maturity of our citizens, I am sure that live broadcasting is the best we could offer to them. More importantly in allowing real time transmission to the citizens, live broadcasting will certainly improve the perception of the public of the proceedings of the House.

On an ending note, I am sure hon. Members will be proud to learn that the Mauritius Parliament is among the 53% of world's Parliaments the proceedings of which are broadcast live.

I thank you for your attention.

**PAPERS LAID**

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

**A. Office of the Speaker -**

- (a) Rules of Coverage of the Proceedings of the House.
- (b) Rules for the Use of Signal.
- (c) Rules on Use of Signals on the Internet.
- (d) Rules on Use of Archive Material for Broadcast and Non-Broadcast Purposes.

**B. Ministry of Civil Service and Administrative Reforms -**

- (a) The Civil Establishment Order 2016. (Government Notice No. 259 of 2016).
- (b) The Civil Establishment (Rodrigues Regional Assembly) Order 2016. (Government Notice No. 260 of 2016).

**ORAL ANSWER TO QUESTION**  
**LIGHT RAIL PROJECT - IMPLEMENTATION**

**The Leader of the Opposition (Mr P. Bérenger)** (*by Private Notice*) asked the Minister of Public Infrastructure and Land Transport whether, in regard to the Mauritius Light Rapid Transit Project/Metro Express Project, he will state –

- (a) if the Singapore Cooperation Enterprise has submitted the final Report thereof and, if so, if consideration will be given for the rendering public thereof;
- (b) if the *tracé* thereof and the number of stations therefor have now been finalized;
- (c) the revised cost and the mode of financing thereof;
- (d) if the foreign firms which will be involved in the design, construction and operation thereof have been selected, and
- (e) if consultations are being held with the employees and the unions, the bus companies and the small transport operators in relation to the implementation thereof.

**Mr Bodha:** Madam Speaker, I would like to thank the hon. Leader of the Opposition for putting this Private Notice Question as it relates to the Light Rail project which is, in fact, the most ambitious infrastructural project undertaken by any Government of Mauritius. The idea was first put on the table as far back as 1989 under the Prime Ministership of Sir Anerood Jugnauth. However, it was only as from 2001 that the then MSM/MMM Government decided to give serious consideration to the project. A National Transport Study was commissioned from Halcrow Fox Consultants, which recommended a light railway system for the Curepipe-Port Louis corridor over a distance of 25 km and accommodating 13 stations.

The previous Government initiated action for the implementation of the project as from 2012, after realising its benefit that was canvassed in the 2010 Labour/MSM Manifesto. After following all the prescribed procedures as laid down under Section 3 of the Public Procurement Act, the then Government entrusted to Singapore Cooperation Enterprise under a G-to-G agreement the responsibility for the Project Management and Advisor for the development of the Light Rail project at Stage 1. The SCE was subsequently engaged as Transaction Manager for

Stage 2 which consisted of providing advisory services to Government for the procurement and potential implementation of the project.

The SCE had successfully completed Stage 1 in 2013 and was subsequently engaged in Stage 2 in 2014. And in Stage 1, the works consisted of conducting the engineering feasibility study and selection of a preferred alignment, selection of technological options, reconfiguration of existing public transport services, strategies to encourage reduction in private car usage and enhancing land development along the project corridor.

Under Stage 2, Madam Speaker, the SCE had to provide advisory services to Government for the procurement and potential implementation of the project. Subsequently, Government gave approval to the award of the contract of the Light Rail project to AFCONS-CAF-SPCL Consortium on a design and construct model. However, the then Government could not proceed further with the implementation of this project. The project was frozen by this Government being given that the project was considered to be too unaffordable.

However, this Government decided to revive the project under the Integrated National Transport Network with implementation of the Road Decongestion Programme and in the light of new developments namely -

- A downward revision of the project cost;
- the grant obtained from the Indian Government for financing the project, and
- expected socio-economic impacts on the country, including reduced travel time, improved road traffic fluidity, less traffic congestion, lower fuel cost and less pollution due to emissions from vehicles.

In this context, the SCE was approached by Government for the review and revival of the project and discussions were engaged on the potential restart of the project. Government requested the SCE Team to undertake an assignment relating to the modification of the reference design, which covered the following tasks -

- (a) Project set-up;
- (b) Value engineering of the existing main line design;
- (c) Examination of interfaces between the MLRT and the Road Decongestion Programme, and
- (d) Development of a Reference Design change report.

With regard to part (a) of the question, Madam Speaker, I can inform the House that the Singapore Cooperation Enterprise has worked on the review of its 2013 Report with the aim to rationalise the costs in order to align its optimum requirements and making it affordable for the Government.

Accordingly, in August 2016, the Singapore Cooperation Enterprise submitted its revised Transaction Planning Services - what we call a Reference Design Change and Cost Optimisation Report - wherein cost optimisation options were proposed for the consideration of Government. The Report consists of the Reference Design, the Cost Estimate and the Cost Savings options.

This Report will serve as basis for the preparation of the Request for Proposal, which is currently being undertaken by the Singapore Corporation Enterprise.

In view of the confidential nature of the Report and taking into account that the Bidding Process requires upmost confidentiality, it is not proposed to render the Report public at this stage.

The hon. Leader of the Opposition will agree with me that revealing the content would jeopardise the integrity of the whole tender exercise at present.

As regards part (b) of the question, I wish to inform that the '*tracé*', the alignment, has been determined and will start from Ian Palach in Curepipe and will end at Immigration Square in Port Louis and will comprise 19 stations in all, including five interchanges which will be called the Urban Terminals.

As regards part (c) of the question, the cost has been revised downwards substantially. The Project will be financed partly by a grant of US\$ 275 million from the Government of India and the remaining financing will be raised either from local financing institutions and/or line of credit from India and/or from Development Partners, on the basis of terms and conditions which are most favourable for the Project.

Madam Speaker, as regards part (c) of the question the Singapore Cooperation Enterprise has already completed the Reference Design; the detailed design will be made by the Selected Design and Built Contractor.

Madam Speaker, one of the conditions of the grant from the Government of India is that it is mandatory that the Design and Built Contractor be selected from Indian Firms.

The market sounding and the early engagement exercise with the two nominated proponents namely AFCONS and Larsen and Toubro including project/tender overview, site visit and one-on-one sessions to provide early notice to bidders for the forthcoming launch of the Request for Proposal has been completed.

As regards the operation of the Metro Express preliminary discussions are being held with the Delhi Metro Railway Cooperation of India.

Madam Speaker, as regards part (e) of the question, I wish to inform the House that the feasibility study carried out in October 2012 covered, *inter alia*, the following activities –

- Transport planning and modelling;
- review and selection of technological options;
- economic impact assessment, and
- costing, economic and business appraisal.

It has taken into account all relevant aspects and elements, including the volume of bus passenger traffic along the Curepipe-Port Louis corridor, which will be served by the Metro Express, as well as its impact on the transport demand on the other bus routes.

Recommendations of the study include reorganisation and reengineering of the existing bus routes, creation of feeder system, which will be integrated with the Light Railway System. Bus feeder system will, in fact, enlarge the coverage of the Light Railway Transit service by providing access to the demand that lie on the east and west of the Mauritius Light Railway Transit lines.

Furthermore, Madam Speaker, my Ministry has, in January 2016, commissioned a study on Re-Engineering the Public Transport System and the viability of the free travel system in Mauritius, and this study is expected to be completed in February 2017 by Pricewaterhouse Coopers Ltd. In the light of the recommendations of this report, the public transport system will be reengineered with a view to making it more cost effective, reliable and comfortable.

With the implementation of the National Transport Network Project, the metro express, as one of the major components together with the implementation of the recommendations of the new public transport study, we believe that the public transport system will undergo a major transformation, involving, *inter alia*, reengineering of bus routes and schedules. There is a

continued strong political undertaking from both sides of the House that all stakeholders will be involved for their full participation and contribution in the implementation of this important project. The hon. Leader of the Opposition, as Prime Minister, had, in fact, given his undertaking that the workers and the bus companies will be on board. The Rt. hon. Prime Minister also has said so; the former Prime Minister also. So, there has been a continued strong political undertaking on this issue. In this process, the NTA, as regulator of the public transport industry, and my Ministry, will be called upon to carry out further consultations in due course with bus operators as well as taxi unions and industry workers in order to bring all stakeholders on board.

Madam Speaker, I wish to reassure the House that, in the whole process of the implementation of this project, my Ministry will ensure that the interest of all workers and operators will be at all times safeguarded.

**Mr Bérenger:** Madam Speaker, replying to a PNQ, which I put on the same project on 24 May, the hon. Minister said that the study being carried out, being finalised by Singapore Cooperation Enterprise, was only an update of their previous feasibility study. If this is so, why keep supposedly this update of a feasibility study that has been made public, confidential at this stage?

**Mr Bodha:** What has been done, Madam Speaker, was we had to see the cost implications and we had to see what were the different factors which could bring downward revision of costs, and they were at three levels. They were technical, engineering and administrative. So, this report, in fact, came with the options to Government, and Government has decided on certain options. Now, this report has been further developed to be able to undertake the bidding exercise, which is ongoing now. I think that the publication of this report, at this stage, would be prejudicial to the bidding exercise, but, at the given point in time, we are for all transparency. This is a very important project, very ambitious, very important project for the country. We will come with all the necessary documents and they will be made public.

**Mr Bérenger:** Madam Speaker, I heard the hon. Minister talk of a new public transport study. Two days ago, I read in the Press - something which is reported to have been stated - that PricewaterhouseCoopers *mène une étude sur le réseau de transport national*. Can I know, if that is the case, whether we can get confirmation that it is PricewaterhouseCoopers that is carrying

out this new public transport study and how will it impact on the Light Rail Transport Project in any way?

**Mr Bodha:** There was a tender exercise, Madam Speaker, and PricewaterhouseCoopers won the bid. They are carrying out the study. The study is being financed by *l'Agence française de développement*. The study, in fact, was commissioned in order to see how the national transport system is operating. But the most important thing was whether the Rs1.2 billion, Rs1.3 billion of free travel grant was implemented in the best manner because there was no accountability as regards this expenditure, and I have always said so. So, this study relates to all the bus routes, relates also to the system where we have the National Transport Corporation, the private companies and the private-owned individual bus owners. So, the study will allow us to understand how the system is operating now, what are the flows. But there was also a study which was already carried out by the Singapore Cooperation Enterprise in 2012 about how to integrate the light rail with the bus route. Now, this study will give us an idea not only of the corridor, that is, between Curepipe and Port Louis, but also all the feeder systems. At the end of the day, the light rail, that is, the metro system, is going to provide us with a mass transit system between Curepipe and Port Louis. It is a conurbation of 600,000 people. But all the other systems will have to operate. So, we will have to see how to integrate it, and as soon as we are going to have the report, which is due in a few months, we are going to update all the discussions that were done in 2012 and see to it how we can integrate the metro express with the recommendations of the report.

**Mr Bérenger:** I think I heard that the *tracé* has not changed and will end up at Immigration Square, that is, in the north of Port Louis. Can I know what is envisaged from this side of Port Louis to Immigration Square, how the link will be done?

**Mr Bodha:** The project in Port Louis will have two components. The Urban Terminal of Victoria, which is going to be a terminal, will include a bus passenger terminal, the railway terminal together with the parking, the food court and a number of amenities. From the Urban Terminal of Victoria, the train will continue to the Urban Terminal of Immigration Square. The idea, in fact, in a later stage, is to extend it further to the North, maybe to Pamplemousses, from where we can have all the feeders of Rivière du Rempart, Goodlands and Triolet. We are going

to have two terminals in Port Louis: the one at Victoria and the one in Immigration Square, and we will have two rails at grade. So, it will take part of the motorway that we are using today.

**Mr Bérenger:** Can I know how does the *tracé*, as finalised, relate to the existing Cybercity and to the University of Mauritius?

**Mr Bodha:** We had requested an extension, a variation of the contract as regards the alignment, and we had decided that we could see whether we can have an extension between Rose Hill, Ebène and the University. So, the study has been done, but we are going to do the project in two stages. You have the main line between Curepipe and Port Louis. This extension has already been studied. It is up to Government to see whether we can afford it. It is going to be a feeder line between the University, Ebène, and will end up at the Urban Terminal of Rose Hill.

**Mr Bérenger:** If the hon. Minister gave a figure, I am sorry if I missed it. As at present, revised cost of the project in general, under the previous Government, I think the Minister said it was estimated to cost Rs25 billion. Can I have the figure now? How revised?

**Mr Bodha:** For the previous Government the project was estimated at USD 850 million and if we were to compare with today, that is, 2014, and by the time it would have been implemented, I believe it would have reached \$1 billion. As far as we are concerned, the most important thing for us was to have a substantial lowering in costs and we were given a number of options. So, what I can say today is not a figure, it is that the options that we have chosen will lead to a substantial revision downward of costs; this is what I can say today. As soon as the Singapore Corporation Enterprise will have the two proposals, we will come to a time when we will have a preferred bidder, then we will be able to put a figure which is going to be the cost of the project. But, what I can say today in Parliament to the nation, is that we will have a substantial lowering of costs as regards the estimates of the former Government which was USD 850 million.

**Mr Bérenger:** We thank India for the huge grant element being extended to Mauritius for this project and others, but especially for this project, although we don't know what will be the final cost, the Minister cannot give us revised estimates, it is clear that we will have a huge financing gap and the hon. Minister has given us an indication of what the sources for that financing will be. Will there be, supposedly, any PPP financing for any part of that project?

**Mr Bodha:** From what I understand, in the former project of the former Government there was no grant at all. In fact, there was a Line of Credit at a low interest rate and the rest of the money was to be raised locally by a Consortium.

In the financial setup that we have today we have the grant from India which we believe will reach about Rs9.9 billion. And, as I said in my answer, there has been a special purpose vehicle which has been set up and it is working on how to finance the complement; it could be a Line of Credit from India at a low interest rate, it could also be a Consortium of financial institutions in Mauritius, it could also be international financial institutions. But, as I also mentioned, the most important thing is, we have to see to it - and I would like to repeat it - that it should be done on the basis of terms and conditions which are most favourable for the project.

**Mr Bérenger:** He has confirmed that being given an amount of grant that India is generously extending to Mauritius, that only Indian companies will be involved in the design, construction and operation of the project. Can this be confirmed? Did I hear correctly that, at this stage, two companies are being considered for both design and construction and only one company is being considered for eventual operation?

**Mr Bodha:** Let me explain how it is working. In fact, one of the conditions of the Memorandum of Understanding which was signed between the Government of India and the Government of Mauritius is as follows: "Government shall undertake implementation of projects with Indian companies for the preparation, vetting of feasibility report, detailed project report, appointment of Indian project management consultant, supervision of work, quality control, settlement of bills and project completion. Selection of Indian contractors and suppliers shall be the responsibility of the Government of Mauritius. And, the Government of Mauritius shall ensure the utilisation of assets."

But what was interesting is that another article also says that: "the Government of Mauritius shall select Indian companies or joint ventures between Indian and Mauritian firms as exclusive contractors for executing projects in accordance with the requisites, tendering procedures of the Government of Mauritius. Any third country involvement in these projects shall be based on mutual consent."

So, there is a possibility in case, for example, for the rolling stock - because the rolling stock is not totally Indian made; it can be made under licence - there are two companies which

have been, in fact, after the visit of the hon. Minister of Finance and Economic Development, AFCONS and Larsen & Toubro which have been proposed by the Government of India as regard to the design and the building of the infrastructure. Now, as I said, the Singapore Corporation Enterprise has done the alignment and the reference design. So, they have already done, *comme on dirait, le trait-carré*. So, the reference design is already there and this reference design is being now proposed to the two proposed bidders. They are going to do the detailed design and the construction. So, these two companies are going to make their proposals as regard to the detailed design and the construction.

As regards the operation of the whole system, in the former project by the former Government the choice had been Delhi Metro and during the visit of the hon. Minister of Finance and Economic Development the Indian Government also proposed that Delhi Metro could help for the operationalisation of the Metro Express in terms of setting up the different operating systems and training of personnel. It was noted that it would do that within five years and after five years we should be able to operate the system ourselves.

As regard to the two companies, Larsen & Toubro and AFCONS, the SCE has already, as I said, had preliminary meetings which were held last week and as regard to Delhi Metro we have had preliminary meetings, so far.

**Mr Bérenger:** Madam Speaker, I think I heard the hon. Minister say that our agreement with India provides for supervision of the works in general. India is being very generous as usual, more than usual, and also we know that the two companies for designing and construction are state-of-the-art companies. Nevertheless, will the Minister agree with me that Mauritius, as a sovereign nation and as a Government, we must have separate, from the Indian side - we have seen what has happened with certain roads and so on and we are still paying for that - that there will need to be supervision from our side, so that we see to it that we really get value for money even if it is Indian money?

**Mr Bodha:** I totally agree with the hon. Leader of the Opposition and I appreciate together with him that what India has done for this dream to come true is a symbol of all that binds us, India and Mauritius. I also agree with the fact that when it comes to supervision of the works and when it comes also to the defects liability period we can consider the possibility of

having international supervision. We will do that. I am all for it. We have been talking about it as well. But, we will do it in compliance; we will discuss the matter with the Indian counterparts.

**Mr Bérenger:** The last part of my question, Madam Speaker, if you allow me, I heard the Minister say that consultations with the trade unions, the workers, the bus companies, the small operators and so on will take place in due course. Will he not agree with me that, in fact, the time has already come? They are entitled to know how things are developing. Is the Minister in a position to confirm that this project will have no negative impact on employment in the bus transport industry in general?

**Mr Bodha:** In fact, Madam Speaker, we had the consultations in 2012 by the Singapore Corporation Enterprise and those who were steering the project. We are going to have the report of PricewaterhouseCoopers in February. In fact, in all my dealings with the companies such as the National Transport Corporation, the United Bus Service, the Rose Hill Bus Transport, and Triolet Bus Service which also has some routes along this corridor, I have all the time intimated that we will have to find the best way to integrate the system as it is today.

In fact, the system as it is today, relates to the most important thing which is the accountability of the Rs1.3 billion that we are spending, so that we can use it and spend it better. The guarantee that I have always given to the bus companies and to the individual bus owners is that we want them on board. We want them to be part of the industry, but Mauritius should have the shop window. The public transport is a reflection of the degree of sophistication of a nation and Mauritius doesn't have it today. We must have a Mass Transit System, which reflects the degree of sophistication of Mauritius. I can assure the hon. Leader of the Opposition that I have been having informal discussion. But I am giving the assurance to the House - I think the Rt. hon. Prime Minister, the Government and the Leader of the Opposition when he was Prime Minister always said that - that we cannot have a Mass Transit System which would be prejudicial to all the workers and trade unions because we all know that the workers in the bus industry have been given a lot of themselves over the years to see to it that that industry serves the nation.

**Mr Mahomed:** In his reply, the hon. Minister has mentioned that there will be a substantial reduction in cost. Now, being given that the same protagonists are there - SCE, Daily Metro and, I think, he mentioned AFCONS as well - and that the alignment will still remain the

same, can the hon. Minister, at least, give an indication to the House whether this reduction in cost would be at the expense of the number of stations as originally envisaged or a change in technology of the forthcoming system?

**Mr Bodha:** The report, in fact, gave us the possibility to analyse a number of options. The change in cost is linked with engineering, is linked with the technical aspects of the stations and it is also linked at administrative cost. Just to give you an example. There was one line in the former project which was called preliminaries and Rs4 billion was put there. Rs4 billion were earmarked as preliminaries.

*(Interruptions)*

**Madam Speaker:** Hon. Mahomed, please don't engage in any conversation with the hon. Minister.

**Mr Bodha:** Madam Speaker, when we asked what were the preliminaries? They said it is a percentage of the project.

*(Interruptions)*

**Madam Speaker:** Order!

**Mr Bodha:** Now, on these preliminaries, we have saved more than Rs1 billion. What I can answer to the hon. Member today is that the options which were given, some were engineering options, some were technical options and some were administrative. In fact, I think they had asked us to start with the seed money of Rs3 billion to launch the project. These are the costs; we have been able to have the exercises where we cut the costs and this has given us the possibility to have this substantial downward revision of costs.

**Mr Baloomoody:** Madam Speaker, with regard to the *trajet*, we know that certain properties along Les Salines and Cassis have been identified for compulsory acquisition. May I know whether all those which have been identified will be compulsorily acquired, and, if so, when they will be compensated?

**Mr Bodha:** The hon. Member is, in fact, referring to the road which was going off the motorway via the project of the dream bridge. No, this has nothing to do with the Light Rail. In fact, the Metro Express is going to come from la Rue Moka and will hit the motorway at the Caudan Roundabout. We have just, in fact, finalised the alignment for the new entry of road

traffic at Decaen. The tender document is out because we want to reduce traffic entering Port Louis at Place D'armes. So, we'll have the access entering Port Louis at Decaen and the alignment of the Metro Express will be further to the left. So, it has nothing to do with it. What it will do, in fact, it will go directly to the stone building today which has become a car park. So, it will be on the other side of the motorway. We have three properties which are, in fact, involved in this. You have two agricultural cooperative buildings and one Mauritius Telecom building. But they are lessees of the Mauritius Ports Authority and we have already talked to the Mauritius Ports Authority to see to it that these three properties are freed. In fact, when the Rt. hon. Prime Minister has said on 12 March 2017, we will have the laying of the foundation stone, we are thinking of starting the works there.

**Dr. Sorefan:** Regarding the alignment, I am sure the hon. Minister will agree with me that all the lands have been compulsory acquired and paid. Will the hon. Minister tell us whether the alignment from Roundabout St Jean to Victoria Station will be on *pilotis* or will it be on ground level, as he said, the cost had been lowered down?

**Mr Bodha:** Between St Jean and Victoria, it is going to be at grade to ground level.

**Mr Bérenger:** We just heard that *le train a démarré* and supposedly the foundation stone will be laid on 12 March 2017. Things are already happening. It is true that we are early in the day, but can I ask the hon. Minister whether at this stage we have any target date? By what date, in how many years do we expect the Light Rail Transit System to be operational?

**Mr Bodha:** It's a very interesting question. Here, I would like to thank the Rt. hon. Prime Minister for one thing, for setting a date. If we hadn't set a date, we would have always said that the studies are on, but once we have set the date, we have to work backwards. Everybody is working backwards for 12 March 2017. What I can say, Madam Speaker, is that by the time the House will resume next year, most properly in the third or fourth week of March, we would have already started the works. I would like to say two things. Firstly, the number of stations have not been reduced, and secondly, as regards the time frame, there are two possibilities of doing it, either we do it from Port Louis and we go, let's say, to Rose Hill or we start in Curepipe and in Port Louis and then we'll meet up in Rose Hill. So, this has yet to be done. But I have been given to understand that the project will last four years.

**Madam Speaker:** Time is over!

**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 Vice-Prime Minister, Minister of Housing and Lands (Mr S. Soodhun) rose and seconded.**

*Question put and agreed to.*

**PUBLIC BILLS**

*Second Reading*

**THE CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (AMENDMENT) BILL  
(No. XXXII OF 2016)**

*Order for Second Reading read.*

**The Minister of Public Infrastructure and Land Transport (Mr N. Bodha):** Madam Speaker, I move that the Construction Industry Development Board (Amendment) Bill be read a second time.

Madam Speaker, the House is aware, with a view to redressing the chaotic economic situation and creating a conducive legal environment for the development of the different economic sectors and contributing to the economic growth of the country, several existing legislations were reviewed and new ones introduced to meet the exigencies and the realities of the construction industry.

Permettez-moi, Madame la présidente, de dire quelques mots sur le secteur de la construction. La croissance dans le secteur de la construction, Madame la présidente, avait baissé de 7.5% en 2014 pour arriver à un montant de 16.4 milliards. Il y a eu une nouvelle baisse en 2013 de 3.8% avec un chiffre d'affaires de 15.9 milliards, et en 2016, je suis très heureux de dire que nous avons pu retrouver une nouvelle dynamique, et nous pensons que nous allons atteindre un chiffre d'affaires de 22.8 milliards et une augmentation, une légère croissance d'à peu près 2%. Les chiffres de 2016 ont été compilés à partir d'un certain nombre de sources, *Madam Speaker - Registrar of Associations, Local Authorities.*

Ne serait-ce que le *Building and Land Use Permit for 2016, we have issued 10,000, and I am confident that 2017* sera comme je l'ai dit, l'année de tous les chantiers. Il y a les *Smart Cities*. Il y a les projets de Port-Louis. Il y a les projets publics. Nous-mêmes, nous allons dépenser dans les projets publics à peu près 7 milliards de roupies. Alors, Madame la présidente, l'impact sur l'emploi, nous pensons qu'il faudra à Maurice au moins 6,000 nouveaux employés dans le secteur de la construction pour l'année.

Madam Speaker, the Construction Industry Development Act 2008 was amended to provide for -

- an extension of the transitional period for the registration of consultants and contractors;
- it also provided a new definition for 'foreign consultants' and 'foreign contractors', and
- a revised composition of the CIDB Council.

In the same vein, the Regulations 2015 were promulgated to provide for -

- new definitions for joint venture agreements, project management, highest value project;
- we also streamline the procedures to be adopted for application for registration as consultant,
- we also address the issue of quantum of fees;
- the granting of provisional registration to foreign consultants and contractors, and
- the exemption of foreign consultants and foreign contractors from payment of fees for certain projects.

Madam Speaker, the transitional period for all consultants and contractors to be registered was set at 30 June 2016.

Concurrently, the structure of the CIDB was strengthened by the appointment of an Executive Director and additional support staff. Thus, at the cut-off date, in June 2016, 1,203 contractors and 656 consultants had registered themselves with the CIDB.

Madam Speaker, it is a very well known fact that the construction industry is a dynamic sector. It employs 50,000 people and it is about 10% of the working population. So, we have to

adapt ourselves to demanding requirements for sustainability, for preservation of the environment, resilience to climate change, and be responsive to the social, economic and technological advancements. That is why we are amending this Act.

Madam Speaker, I will now explain in detail the amendments being proposed to the Act. The construction industry is not concerned with only the infrastructural works which are carried out by the contractors and consultants. It also covers a whole range of activities which are directly or indirectly related to those infrastructural works. These include, but are not limited to, the provision of materials, plant and machinery, ancillary works and services.

So, section 2 of the Act is being amended to provide for new definitions for 'construction works' and 'consultancy services', so as to include the whole range of terms used in the construction industry.

Similarly, the definition of 'consultant' is being amended to include individual professionals providing consultancy services. In fact, as the law stands today, individual architects, engineers and quantity surveyors providing consultancy services are not required to register themselves with the CIDB. This anomalous situation is being corrected to allow such professionals to be registered and be recognised as consultants for all intents and purposes.

Finally, under this section, provision is being made for the definition of 'civil works' and 'construction services'.

The second amendment to the Act concerns section 3 regarding the application of the Act.

In fact, Madam Speaker, as the House is aware, Government has entered into several agreements with foreign States for the execution of infrastructural projects and other projects such as the Road Decongestion Programme, the Metro Express, the installation of a Modern Radar for the Metrological Services and under these agreements, the friendly countries such as India, Japan have agreed to provide technical expertise as well as finance for the realisation of these important projects. There is, therefore, the need to provide for exemption of their experts from the need to register under the CIDB Act.

The third amendment is in respect of provisions for registration of suppliers of materials for construction and services for dispute resolution in the construction industry.

Madam Speaker, the suppliers of materials for the construction industry are directly related to the quality of service delivery in the sector. If no control is exercised on the quality of materials supplied in the construction industry, then it goes without saying that the end product will be of inferior quality. Hence, there is a need to regulate this sector of the industry to ensure that quality products are used in the construction industry.

On the other hand, my Ministry is proposing to come forward soon with a new legislation to provide for dispute resolution in the construction industry through adjudication procedures. In this context, it is essential that the providers of such services should also be regulated.

The fourth amendment relates to the inclusion of fields of specialisation for the different categories of consultants and contractors. In fact, at present, provision exists to register consultants and contractors only according to grades on their economic performance. However, there are many consultants and contractors who provide their services in specific fields of specialisation, hence this amendment.

The fifth and sixth amendments to section 19 concern the streamlining of the registration procedures and provide for registration of individual professionals in the construction industry.

Madam Speaker, as the House is aware, at present, foreign consultants and contractors have to apply for a provisional registration for each and every project for which they intend to submit a bid and apply for a temporary registration in case they are successful. In addition to making the registration process quite cumbersome in terms of administrative burden at the CIDB, this is also acting as a deterrent to foreign firms from participating in bids for local infrastructural projects.

With a view to alleviating this problem, the amendment will provide for foreign consultants and contractors to obtain provisional registration on a yearly basis and not on a project basis, so that they can do their work better.

The new subsection 19 A will also allow individual professionals in the field of Architecture, Engineering and Quantity Surveying to be registered with the CIDB as consultants without paying any fees in relation thereto.

Now we come to the most important part of the amendment, Madam Speaker. There are a number of foreign consultants and contractors who have been operating in Mauritius for several

years. These consultants and contractors, in addition to contributing to the economic development of the country, have provided employment opportunities to a large chunk of the Mauritian population. We cannot, therefore, ignore the contribution in the infrastructural development of the country over all these years of the companies which have come to Mauritius over the last ten or 20 years.

In this respect, section 20 of the Act is being amended to provide that a foreign consultant operating in Mauritius for a period of ten years and a foreign contractor operating in Mauritius for a period of 20 years prior to the coming into operation of this section, and having, at least, two-third or such percentage, as may be prescribed, of its employees as Mauritian citizens, will be considered as local consultants or contractors as the case may be, that is, foreign contractors who have been here, but who are employing two-third of Mauritian labour. So, we can consider them as local companies which will give them an edge when they do their bidding.

The eighth amendment relates to section 21, whereby all registration will be in force in accordance with the new fiscal year.

The ninth amendment, Madam Speaker, which is the amendment to section 25 of the Act, will now provide for aggrieved consultants and contractors making an appeal against the decision of the Council to pay an appropriate processing fee.

The last amendment concerns the Second and Third Schedules of the Act. In fact, the fields of specialisation and the categories and classes of works are being redefined to make them more amenable to the industry as a whole.

I have done, Madam Speaker.

**Mr Jugnauth rose and seconded.**

**Madam Speaker:** Hon. Uteem!

(12.28 p.m.)

**Mr R. Uteem (First Member for Port Louis & Port Louis Central):** Madam Speaker, this is the second amendment to the Construction Industry Development Board since this new Government has resumed office. Last year, when I intervened on the amendment, my main objection was about the delay that was being given for contractors and consultants to register with the Construction Industry Development Board. The reason for our objection was that the

law provided a timeframe for registration. It was important for consultants and contractors to adhere to that time frame because once they register, there was an objective criteria of grading so that the public, whenever they have to undertake a construction would know what is grade A, grade B, grade C, etc. Similarly, whenever a public body was going to issue invitation for bids, they would already know who are the bidders that can bid depending on the type and the grading of the work.

The amendment that was proposed last year was to the effect that contractors and consultants who had been carrying out work immediately before 01 August 2014 would be allowed to continue to do so until such time as may be prescribed by the Minister concerned. So, we raised the issue as there was no time limit, it can be an indefinite period of time. The hon. Minister answered in his summing-up; he stated, and I quote -

“I would like to say to the House that the transition period that we are going to extend, I said six months, my officers are proposing one year for reasons of practicality.”

He said six months and the Bill was passed last year, in March 2015, and it should have been September 2015. Even if we had given one year delay for registration, it should have been till March 2016.

Today, we hear that, in fact, the period was extended by regulation to 30 June 2006, more than one and a half year after the original amendment was proposed. The hon. Minister does not give any reason, any justification for the delay. Where it gets dangerous, Madam Speaker, is that there was a policy paper issued by the Procurement Policy Unit of the Ministry of Finance which had given instructions to all public bodies not to launch tenders, not to appoint contractors and consultants unless they had been registered with the Construction Industry Development Board. So, I hope the hon. Minister, in his summing-up, will explain to us why this delay was further extended, that now it has been finalised and there will be no more delay, no more extension given to any contractors.

Madam Speaker, the backbone of the legislation is that we need to register, we need to pay fees and, therefore, we need to register not only local contractors and consultants, but also foreign contractors and consultants. Yet, today, before this House, section 4 of the Bill is amending section 3 of the main Act, which provides that the Act shall not apply to a new category of contractors, and I read -

“(c) a foreign consultant or foreign contractor that provides consultancy services or undertakes construction works, as the case may be, in relation to a project under an agreement or arrangement between Mauritius and a foreign State.”

So, if we have a foreign contractor or a foreign consultant who is going to provide services under an agreement between Mauritius and a foreign State, that contractor or consultant, does not have to register with the Board. But then, how are we going to control their competence? How will there be a quality control if we are not able to control, to get registration of those foreign consultants.

This morning, answering to the PNQ, the hon. Minister has already told us that according to the agreement signed between Mauritius and India for the construction of the Metro Express, we are going to recruit contractors and consultants from India. He mentioned that we will have a control over the procurement and the selection process. But, at the end of the day, we have committed under agreement with India that we are going to select contractors and consultants from India. Now, these consultants and contractors would not, following this proposed amendment, have to register with the Construction Industry Development Board. They would not have to provide the necessary track records, necessary evidence of their expertise.

Where it is dangerous, Madam Speaker, is that we have a precedent only last year and this year about where it went badly wrong, and that relates to the Heritage City. The Heritage City Project, Madam Speaker, you would remember, was a Government to Government agreement between Dubai and Mauritius concluded when the Rt. hon. Prime Minister went to Dubai, and apparently, that was what was stated in the House by the hon. Minister of Financial Services, Good Governance and Institutional Reforms.

The authorities in Dubai had imposed on Mauritius the appointment of a consultant from Dubai, namely, Stree Consulting. We have asked several PQs in this House about Stree consulting. Answering to a PQ on 15 November 2016 - the last one, - the hon. Minister of Good Governance stated and I quote -

“(...) the High Powered Committee had recommended an amount not exceeding USD4.34 m. to be paid to the international consultant for components 1 and 2(...)”

For consultants who did not have to be registered with the Board, the High Powered Committee had recommended USD4.34 m., which, in current terms, exceeds Rs150 m. And yet, question was raised here and question was asked outside this House by 6 architects: who is this Stree Consulting? What is his track record?

We were only given a legal opinion from an international law firm telling us that: yes, they have made investigations and Stree Consulting is a registered construction group in Dubai. But we did not have any evidence about the track record of Stree Consulting and yet we had committed to pay them over Rs150 m., and today we are making it legal for the Government to go and retain the services of international contractors and international consultants without the supervision of this Construction Industry Development Board. And this, in my humble opinion, Madam Speaker, is totally unacceptable because we have a Board and their aim is precisely to supervise all the foreign contractors or the foreign consultants.

We have a Board, they have been given the power by this august Assembly to assess, to ask questions, to carry out due diligence to ensure that a person, an international contractor or an international consultant has the necessary expertise and experience to undergo public works, construction works, civil works in Mauritius. So, Madam Speaker, on this issue of exempting foreign contractors just because they are Government to Government agreement, we feel, on this side of the House, that there is a risk of abuse.

Madam Speaker, the third issue we have with the proposed amendment relates to the amendment that is being proposed to section 21 of the principal Act.

Section 21 is being amended by the insertion of a new section 21A which reads as follows -

**“Submission of bidding documents**

When inviting bids through open advertised bidding or selective bidding where foreign consultants or foreign contractors would be invited, a public body shall, prior to publishing the notice of bid, submit a complete set of the bidding documents to the Board.”

Madam Speaker, this is most dangerous as legislation. What this says is before any public body issues any tender which will involve an international contractor, a foreign consultant, a foreign contractor, they need to give all the bidding documents to that Board. Why? What will

that Board do with that document? Will it be able to make recommendations? Is it going to substitute itself for the people who drafted the bidding documents? Is it going to substitute itself for the Public Procurement Office? Is it going to substitute itself for the Private Public Partnership Unit or the Build Operate Transfer Unit that has been created? Why? By this innocent amendment in this Bill, are we saying that before any public body, before any tender for the Metro Express, for any project, we will have to submit all the bidding documents to the Board before going public?

We know, Madam Speaker, that on the Board there are not just representatives of Ministries, there are also representatives of the private sector, there are representatives of people who are already registered contractors, already registered consultants, the members of architect firms. So, can we imagine the danger of someone sitting on the Board having all the bidding documents before anyone else, before it is made public, and then contacting a foreign contractor, a foreign consultant, giving them insider information before all the other members of the public? This is the risk! And this is coming at a time, Madam Speaker, when a group of architects have written to ICAC and filed a deposition in ICAC against the Chairperson of the Board!

Whether this is justified or not, ICAC will give its ruling, ICAC will carry out its investigation and come with a conclusion. But, already, there are allegations of malpractice by at least one member of that Board, and today, before this House, we are being asked to give power to that Board to look at all bidding documents whenever there is a foreign contractor involved, whenever there is a foreign consultant involved before this bidding document is made public! And, we, on this side of the House, Madam Speaker, do not agree with this type of amendment.

Thank you.

**Madam Speaker:** Hon. Rughoobur!

(12.43 p.m.)

**Mr S. Rughoobur (Second Member for Grand'Baie & Poudre d'Or):** Thank you, Madam Speaker, for this opportunity to address the House. Madam Speaker, let me, first of all, congratulate the Minister for coming forward with these amendments to the original Act. I believe, Madam Speaker, that this is a very good initiative and before coming to the amendments that are being proposed, I believe it is important for us, first of all, to understand the very

objectives for which this institution was set up. There are a series of objectives for which it was set up, Madam Speaker, and I believe it is good that we go back and have a look at those objectives to better understand why it is important that we have an institution like this, that we ensure that we come with the amendments that we are coming with in order to boost up our construction industry, which is of utmost importance for our economy.

Among those objectives that I have just mentioned, Madam Speaker, of the institution, we have got promoting the development and improvement of the construction industry, promote sustainable growth of the construction industry, promote the participation of small and medium enterprises in the construction industry, promote and assist in the export of services, promote and stimulate quality assurance, health and safety, establish best practice, but also promote research and development.

Madam Speaker, these are the objectives of the institution, and I believe that it is important that if you have to boost up the construction industry, we have a fresh look at how to give the support that this institution requires...

**Madam Speaker:** Excuse me, I have to ask hon. Mrs Boygah to resume her seat because she does not have the right to come and talk to hon. Ministers where they are!

*(Interruptions)*

**Mr Rughoobur:** Madam Speaker, I was talking about the importance of the objectives of the institution. As a regulator, the CIDB has got a very important role to play. But, before coming again to the amendments, Madam Speaker, since this institution has been set up until now we have to understand what has happened. We have to ensure also that it has the required resources, the required set up to meet the objectives for which that institution was set up.

Madam Speaker, today we have to ask ourselves a few questions that are important. Whether the CIDB has the appropriate structure. And we have to understand that structure is a dynamic thing, Madam Speaker, and I am sure that the Board that has been set up would see to it that the institution, the CIDB, has the appropriate structure to meet the aspirations of the construction industry. But, apart from this, Madam Speaker, the second important thing also is to look at other resources. Madam Speaker, talking of resources, I hope that, today, the institution,

the setup that we have is manned with not only human resources that is adequate, but the right human resources which is...

**Mr Bérenger:** Madam Speaker, on a point of order. I don't know whether you find it in order, but it is most unfair to the hon. Member who has done his homework, who is saying interesting and important things, and the Minister is out of this world completely! He is not in his place. He is discussing with his officers. Surely, he can discuss with his officers during lunchtime. He has not listened to a word of what the hon. Member is saying, and he is saying important things!

**Madam Speaker:** I think we would need some order in the House and it would be appropriate for all hon. Members to resume their seats when there are interventions in the House.

**Mr Rughoobur:** Thank you, Madam Speaker. Madam Speaker, to meet the objectives of the institution, I was talking about the need for an appropriate structure, and secondly, the need for adequate resources, and I mentioned the need not only for adequate resources, but the need to ensure that we have the right resources. That brings me to the need to ensure that the institution has a third characteristic that will ensure that whatever we are discussing today, whatever the objectives that I have mentioned, are met, and at the end of the day, help the institution, give the support that the economy requires to give the boost that the construction industry requires. That third element, apart from the appropriate structure and the right resources is *justement* leadership, Madam Speaker. We would expect not only strategic leadership at the level of the institution; we would require operational leadership, but also people leadership. This is what we expect from the institution, so that we meet the list of important objectives for which this institution was set up.

Madam Speaker, let me come to the registration of contractors. I think that was a very good decision taken by the CIDB. I have to congratulate the hon. Minister who has taken it as his priority. Once he took office, he put emphasis on the need to register the contractors. Because we have to see what happened at the NDU, Madam Speaker. Contractors who wouldn't have the required financial capacity were awarded contracts. They did not have the technical capabilities, but they were awarded contracts, which were beyond their financial or technical capabilities. Because at that time, Madam Speaker, there were no grading of contractors, and this is what happened. We know what was the result ultimately, Madam Speaker. Lots of projects unfinished! Quality of work! So, I think, for this, we have to congratulate the hon. Minister. As

a priority, he decided that we have to go for grading, and today we have, I think, around 1,000 contractors who have been graded from A to F, and this is a very good thing for the industry.

Madam Speaker, coming to the amendments that are being proposed, there are a few sections that I have gone through. Hon. Uteem just mentioned section 3 and it is about G-to-G contracts. I agree that there is no need for these contractors to register with the CIDB in this case. But I am made to understand, Madam Speaker, that in G-to-G contracts, there is a Due Diligence Committee that is established normally and there is a written agreement between Mauritius and the foreign State, and that agreement allow Mauritius to benefit from the expertise and the development experience of that foreign State. First of all, it is important to ensure that the Due Diligence Committee that is responsible to implement the contract under G-to-G, has leadership there. It is important that we get leadership there. They have to ensure, Madam Speaker, that whoever is chosen as a contractor or a consultant, they deliver. It is the role of the Due Diligence Committee. There, they will take stock of all the information. They will have to see to it that whatever proposal is coming for the implementation of the project under the G-to-G, the country benefits from it and they get value for money. In such a case, Madam Speaker, I think it won't be fair to insist to register contractors with the CIDB under a G-to-G contract.

Let me come, Madam Speaker, to section 20. Normally, Madam Speaker, before the amendments which are in the original Act, the provision of registration for foreign consultants and contractors is done on a project wise basis. What the amendment will do now? Foreign consultants and contractors will have a provision of registration of one year. What is the difficulty here, Madam Speaker? I believe, in most of the cases where local contractors have to share expertise and are in joint venture with foreign firms, when these foreign firms have the possibility only to offer their services or to get involved in local contracts, when they have to register per project, the local contractors have the possibility to enter into a joint venture with them. But what will happen if you register a contractor provisionally for one year? It would mean that they will have the possibility to tender alone and the local contractors will not have the possibility to tie up with these foreign firms and share the expertise that they have the possibility to do today. I have noted that the Act is silent on this issue of joint venture. So, I would request the hon. Minister to enlighten the House what will happen in the case where a local contractor has to enter into a joint venture with a foreign firm. What I was proposing, Madam Speaker, is that a provisional registration for a year can be possible in case the foreign consultant or

contractor is in joint venture with a local firm. This is what I am proposing; otherwise, we leave it as it is now. Each and every time you have got a project, they have a registration for one project, but they can have a provisional registration for a year, provided they are in a joint venture with a local firm. This would enable the local firms to share this expertise with these foreign companies and also probably enable transfer of technology, etc.

Now, the other issue that I have, Madam Speaker, is section 21A; this new section - Let me quote this. I think hon. Uteem also quoted this - where you give the possibility to the Board to refer to draft bidding documents before they are floated. I think this is dangerous because in the Board of the CIDB you have got representatives of contractors as well. I think the bidding process has to be kept confidential between the public body, the CPP and the PPO probably, but it should not go to a third party. I will request the hon. Minister to have a fresh look at this section 21A.

Madam Speaker, amendments to sections 24 and 25 is about suspension and cancellation of a contractor. Madam Speaker, we cannot look at sections 24 and 25 without referring to section 23, which speaks about what are the reasons for which a contractor is deregistered. I understand that the Technical Officers of the PPO were involved in the preparation of these amendments. Now, there is an issue, Madam Speaker. We have to clarify what happens when a contractor is debarred by the PPO. Normally, when there is a default by a contractor, the public body writes to the Public Procurement Office (PPO) for debarment. The PPO gives a right of appeal, gives a hearing to the contractor, and after this hearing, after a couple of weeks, it gives its ruling. If the PPO decides to debar the contractor, it goes directly into the website and everybody is aware of the debarment. But, in this Act, Madam Speaker, for a contractor in the industry who is debarred, what happens? Should it be a sufficient reason for him to be deregistered under the Act? The Act is silent on this. Probably, we would have to add another reason in section 23 that, automatically, after debarment, the contractor should be deregistered. We don't have this reason of deregistration in section 23 of the Act. So, I will invite the hon. Minister to have a fresh look at this.

Madam Speaker, before resuming my seat, I would like to say a few words on private projects as well. I believe that not only in the public sector but we need to ensure that contractors in general should be allowed to participate in private contracts only if they are registered with the

CIDB. I don't know if this is what the Act says, but today we know that there are a lot of contractors who are working in the private sector, but they are not registered with the CIDB. I think we have to have a look at this because this is not clear for me. Madam Speaker, probably this is going to bring better transparency in the award of contracts in the private sector. Maybe this is going to help because in the public sector today, the procurement process is clear and there is better transparency than as it is in the private sector. Let us say it loud, Madam Speaker.

Madam Speaker, we have to encourage participation of the private sector. I would propose that we set up a stakeholders' forum, which might meet every year to formulate and follow on implementation of policies formulated for the construction sector.

I will also propose that the CIDB embark on a training and empowerment programme for professionals employed in the construction industry in Mauritius. Madam Speaker, this was my contribution. I would like to thank the House for the attention.

Thank you very much.

**Madam Speaker:** I suspend the sitting for one and a half hours.

*At 1.05 p.m., the sitting was suspended.*

*On resuming at 2.36 p.m. with Madam Speaker in Chair.*

**Madam Speaker:** Hon. Osman Mahomed!

**Mr O. Mahomed (Third Member for Port Louis South & Port Louis Central):**

Thank you, Madam Speaker. After having listened to the previous two orators, I find myself with a much shorter speech because much has been said already.

**Madam Speaker:** Good! No repetition!

**Mr Mahomed:** I, for one, believe that the Bill before us generally seeks to put some order in the construction industry, an endeavour which started in November 2008 when the CIDB Bill was first debated in Parliament under the Labour Party led Government.

The amendments before us this afternoon go further in the quest of business facilitation in the construction industry. The country really needs this at the moment. Only this year, the House will recall that, in reply to my PQ B/688, we learnt how our ease of doing business fell by 17 places, from the second position to the 49<sup>th</sup> position, and that there were, henceforth, many things

being done to address the issue. The hon. Minister of Finance and Economic Development even said that streamlining of procedures for obtaining Building and Land Use Permit is one among many strategies. The hon. Minister of Public Infrastructure and Land Transport again said this morning that the construction industry is a pillar.

Madam Speaker, over and above what the Bill seeks to achieve, I would like to mention a few things. It seeks to facilitate foreign consultants and contractors applying for provisional registration. It puts a lot of emphasis on specialisation. Foreign consultants and contractors who have been operating for more than ten years in Mauritius will be considered equal to local consultants and contractors. These measures are important at a time when the construction industry is in a trap and hon. Members know that *quand le bâtiment ne va pas, rien ne va*.

We have been told that Mauritius *sera un grand chantier en 2017*, and I sincerely hope that this becomes a reality. Meanwhile, however, Madam Speaker, while the Bill talks about consultants and contractors, it is quite silent about private promoters wanting to invest in the country. Hon. Members will recall that since the General Elections of 2014, four renewable energy projects under the *Maurice Ile Durable* Action Plan are currently being implemented, and while they have had a lot of obstacles, I for one believe that the Bill before us could have catered for private promoters because they are also constructing in the country, especially those who want to construct, helping them in streamlining procedures because projects take a long time to be implemented.

The Vice-Prime Minister, hon. Collendavelloo, while inaugurating the Plaine des Roches Wind Farm last Monday, was very critical towards the previous Government. He said he could do in two days what the previous Government could not do in two years! I won't go into a long explanation as to why it took two years, less than that in fact, but there were many obstacles for the promoters to start this construction. In fact, I find that the Bill could have added value in the process by catering for them and assisting them, just like it is being proposed to assist public bodies wanting to go for public tenders. I will come to that later. So, this is my first suggestion.

The other thing I would like to touch about is section 8 of the present Bill, which deals with foreign consultants, more specifically those whose services are being paid by the Government without any tender whatsoever on a Government to Government basis; the famous G-to-G. One of the factors which also contributed in the fall of our ranking in doing business!

Madam Speaker, allow me to quote Mr Navin Beekarry, Director General of ICAC who had declared in 'L'Express' of Saturday 12 November 2016 the following –

« *Les contrats «G-to-G» sont trop opaques et favorisent la corruption.* »

He said that just two days before the hon. Minister of Finance and Economic Development announced the proposed construction of a sports complex to the tune of Rs1.9 billion following a G-to-G contract that the Government has signed with the Chinese Government. This is what the Press reported.

Madam Speaker, earlier this year, we have had the appointment of foreign consultants Stree Consulting on a G-to-G basis for the Heritage City project. In reply to PQ B/900, a month ago, hon. Minister Bhadain stated that Rs48 m. had already been paid for a project which is now no more. And, as per his reply, I quote –

“We need to sit with the consultants in view of resolving the outstanding amounts to be paid.”

So, still there will be more payment to be made to that consultant. If I may quote hon. Minister Bhadain further –

“Our experience shows that even though everything has been in accordance with the High-Powered Committee recommendation which was presented to Cabinet and is subject to the Official Secrets Act”.

We experienced that again this morning. I am just wondering what *garde-fou* has the hon. Minister of Public Infrastructure and Land Transport used in the contract that has been signed on Friday 25 November 2016 between the Road Development Authority and the Korean Expressway Corporation. From what I understand, this contract is for engineering consultancy. Yet, again, on the famous G-to-G, for the design of a bridge between Coromandel and Soreze and a roundabout between Jumbo, Dowlutt and Phoenix; those two projects are estimated to cost Rs5 billion and the consultancy will, as I read from the papers, cost some Rs500 m. minus a discount of Rs106 m., quoting from the hon. Minister himself.

I have a few questions and I hope the hon. Minister will give consideration to them. The first one is: are G-to-G projects totally waived from CIDB registration? More specifically, my question is: has the Korean Expressway Corporation registered itself or is this going to be done

once this Bill is adopted? Has it benefited from the exemption of fees that the hon. Minister has mentioned in his opening speech this morning on the Bill? This is my first question.

The second one: which engineering standards are the Koreans going to follow for these designs? Is there going to be any control from the CIDB as regards the standards? We are talking about highway matters. In highway matters, in highway design, the frequently used standards are AASHTO which is American Association of State Highway and Transportation Officials and for material testing, it is American Society for Testing And Materials (ASTM) There are many of them, but these are the two which we could be more familiar with.

If we use a standard which our local engineers are not familiar with, well, what will happen in the course of time is we will have to go back and go back again to the same consultants at heavy cost maybe at times, especially if any problem crops up in the course of time. So, what engineering standards are we going to use? Is the CIDB going to have some sort of control on these standards? Are we going to use Korean standard? Is this in Korean language? These are my questions.

Madam Speaker, the previous Government had recourse to the Singapore Cooperation Enterprise and there in Singapore, they use Singapore standards which quite follow British and American standards. So, it was talking the same language basically.

My third question is about that discount of Rs106 m. How can we tell that we have benefited from a discount when the original price has not been obtained as a result of a competitive bidding process? This is a humble question of mine. How do we know that the original price is not a high one so that the revised one gives the perception of a discount? It is a question I am asking myself, and I hope the hon. Minister can clarify on this.

Going further about G-to-G and to think how much was said about the Metro Express Project when it was being implemented on a G-to-G with Singapore Cooperation Enterprise. We heard this morning that everything has gone on well. It could be that it will go on well, but I think there are some clarifications to be obtained now that CIDB is moving one step further to shouldering further responsibilities in the construction industry.

Madam Speaker, I would like now to move to clause 21A of the Bill on the submission of bidding documents. Much has been said about it. Indeed, now public bodies will be required to

submit a complete set of documents to the Board each and every time a consultant will be invited to bid in either an open or selective bidding exercise. I wonder what rationale is there behind this. The current practice is once the project has passed the stage of the drawing preparation and the bill of quantities is prepared, the client public body is required to send the same to the Central Procurement Board for vetting and eventual green light.

Hon. Ezra Jhuboo, in his speech last year on the CIDB Bill, congratulated the hon. Minister for nominating the Chairman of the SLDC and CIDB as well. I am not going to mention names. But we all on this table agree that he is a good professional of local and international stature. However, a lot of issues have cropped up in the meantime and it was mentioned this morning by hon. Uteem that architects have raised a *levée de boucliers* and there was a case that has been reported to ICAC against a backdrop of bill, privileged information being accrued to the professional. Subsequently, he has had to resign as Chairman of the SLDC. That being said, I would not want that we arrive in a situation where construction industry professionals will again come forward with a *levée de boucliers*. So, this is a second recommendation of mine which is, I do believe that the vetting of documents should still remain at the Central Procurement Office. CIDB may require the public bodies to send the full documents. After the bidding process, I don't think that is a problem, but before we have an issue.

Now, Madam Speaker, another issue worth mentioning is the Second Schedule, clause 19, Field of Specialisation. I, here, have a special thought for the repair works being done on the damaged highways. Local geotechnical experts have expressed – those who have spoken to me – some reserves about the solution being proposed for the Terre Rouge-Verdun repair work, more specifically on how the volcanic ash layer that is lying underneath is being dealt with. How does this Bill ensure that foreign consultants have necessary knowledge in dealing with indigenous situations? Our geotechnical profile in Mauritius may not be the same as it is internationally. We are a volcanic island. Now, what *garde-fous* do we have in order to ensure that they understand the material well and that we don't face the same problems that we have had on the Terre Rouge-Verdun Ring Road, which were all of them foreign consultants?

I believe the CIDB Bill maybe provides speciality areas, but my specific point is indigenous characteristics of the country. So, this is a question of mine, and I hope it meets positive consideration.

Like I said, my speech will be very slick. As an ending note, I would like to suggest that as far as clause 8 of the present Amendment Bill, more specifically, as regards contract for foreign consultants and foreign contractors, that there should be a clause in each agreement for the transfer of knowledge and the foreign firms must have obligation to either tie up with a local firm or employ local professionals to share their knowledge. I think this is important because it looks like both the Road Decongestion Programme and the Metro Express Project, participation of local firms or local professionals. I am not talking about workers here, I am talking about the professional level – well, their participation in these projects will be almost negligible.

I thank you for your attention.

**Madam Speaker:** Hon. Jahangeer!

(2.47 p.m.)

**Mr B. Jahangeer (Third Member for Rivière des Anguilles & Souillac):** Thank you, Madam Speaker, for giving me this opportunity to comment briefly on the proposed amendment of the Construction Industry Development Board (Amendment) Bill.

First, I would like to congratulate the hon. Minister of Public Infrastructure and Land Transport for his endeavours to correct the existing discrepancies in the Construction Industry Development Board Act.

Madam Speaker, the construction industry is the backbone of any economy. It has a direct impact on different economic sectors such as transportation, employment, banking sector, retailing sector, etc. A blossoming construction industry keeps the economy rolling. In this context, it is important that the construction sector is fully regulated, hence the Construction Industry Development Board (Amendment) Bill.

Madam Speaker, allow me now to comment on a couple of amendments being proposed. The first one is amendment of clause 3 of the principal Act with regard to foreign consultant or foreign contractor. This was really overdue. I will take the example of MNE consulting firms. When you look to your left, you see Profile, you look to your right, you see “Pro-Design”, you look in front, you see “GMF”, you look backward, you see...

**Madam Speaker:** No. Hon. Jahangeer, I’ll just request you not to mention names of companies in the debates! Don’t bring them in, please!

**Mr Jahangeer:** So, what I want to say is that we have only a few consulting firms that are prevailing actually and they perform like a monopoly. Many contractors, medium-sized, small sized, have been complaining because they are not listed in the selective list of these consulting firms, and this situation has to be corrected. I applaud the hon. Minister for coming with such an amendment because this will correct this discrepancy where you can allow now foreign consulting firms to walk in the Mauritian market, thus building more competition for the consulting firms and, of course, we will get more value for the money we spend.

Madam Speaker, by this amendment, many will think that we are allowing foreign contractors to walk in, thus the foreign contractors will take up the market of the local companies. This is not so because they will bring new technologies also on the market.

Madam Speaker, I would like now to refer to section 10 of the amendment Bill, which refers to 21A - submission of bidding documents which has already been approached by my other colleagues. I understand there has been some kind of mistake there where they have written “prior to publishing”, but the idea behind it is not that they want privileged information to favour some companies. No! The idea behind it is that when the CIDB will evaluate or assess companies for their registration, they will have some kind of reference with the tendering document. That is the main idea behind it.

Madam Speaker, I will now refer to the Second Schedule [Section 19] Part C - Grades of Contractors. It is not only that we have to pay for the registration to get a grade because of our financial status, it is also important that a company should be assessed based on its performance not only on its financial capabilities. They can only do this if there is a certain mechanism to see whether you can upgrade the company or you can downgrade the company by an assessment of the company’s performance. Right now in the Bill, there is no such provision for assessing the company. You can grade the company according to its financial capabilities and that is not enough. The CIDB needs to have some kind of mechanism to evaluate whether it is a consulting firm or a contracting firm.

If a company is removed from the CIDB list, the Bill does not say when the company can reapply for registration. It says yes, there are certain rules on which they evaluate the company and they say that they will remove the company because it has defaulted. Yes, it is okay, we agree with that. But then, when the same company can reapply for registration? This is not

mentioned there! Without the CIDB registration, the company cannot operate. What will happen to the company? Will it close down? No, this is where we have to correct this time lapse, that is, when can they reapply for registration, otherwise the company will have to close down. Madam Speaker, therefore, I kindly request the hon. Minister of Public Infrastructure and Land Transport to come up with a proper mechanism for assessment of the companies.

I would like now to make a final suggestion to the hon. Minister. CIDB is a regulatory body to promote the development and improvement of the construction industry in Mauritius. I will go further to suggest that CIDB be affiliated with FIDIC. What is FIDIC? FIDIC stands for *La Fédération Internationale des Ingénieurs-Conseils* based in Switzerland. FIDIC is the terms of reference of all international contracts in Europe, in the Middle East and in Asia. Many tenders for some public bodies right now are already set according to FIDIC conditions in Mauritius. What are the advantages of affiliating with FIDIC? CIDB will enhance its international visibility and will guarantee that transparency prevails in its activities.

Madam Speaker, the CIDB (Amendment) Bill is a must because we are now embarking on a major development. I refer to the hon. Minister of Finance and Economic Development as he gave a definite impetus to the real estate sector through his Budget 2016-2017 and the proposal for the CIDB (Amendment) Bill of the hon. Minister of Public Infrastructure and Land Transport is timely. Why timely? Because indeed there are strong signs of a forthcoming construction boom. There are two signs at which we usually look - first, the advertisement in newspapers for vacancies like masons, bar benders, carpenters, drivers. When you see the list published in the newspapers coming from small and medium sized companies then you know that something is rolling, that is, the construction industry is set on. The second sign, if you look on the Internet or in the newspapers, you can see the call for bids, be it from the Ministry of Public Infrastructure and Land Transport, from the Ministry of Technology, Communication and Innovation, from the Ministry of Health and Quality of Life, from the ENT. There are many big tenders that have been issued. I scientifically expect this boom to happen somewhere in August 2017. Why? Because when you consider the tendering time plus the IRP time, if there is, and the award of the contract, you will end up somewhere in August 2017.

Madam Speaker, I will end up this short intervention with the question: is this Government ready to surf on a forthcoming construction tsunami? Certainly yes!

Thank you.

**Madam Speaker:** Hon. Dr. Sorefan!

(2.57 p.m.)

**Dr. R. Sorefan (Fourth Member for La Caverne & Phoenix):** Thank you, Madam Speaker, for allowing me to express my views on this amendment to the CIDB Act.

From the onset, let me say I was surprised as I didn't hear the hon. Minister come and clarify two sections which my learned friends hon. Uteem and hon. Rughoobur mentioned. He did not say a word on these two sections which to me are the most important parts of this Bill. I ask myself the question: why? The hon. Minister is here to clarify issues that come on an amendment Bill. But were these two sections forgotten or was it deliberate?

Madam Speaker, I will be very brief. Amendments have been brought right now on these two sections because they are so important, but I will give my views even though there have been amendments. I will dwell only on three sections of the proposed amendment, that is, section 3, section 19 and section 21A which, like I said, have all three been amended or new sections have been added to.

Section 3, Madam Speaker, reads as follows -

“This Act shall not apply.”

We are making provisions in this Act that this Act shall not apply to certain sections. I will read all three of them -

“(a) any person who undertakes construction works of the value specified in the First Schedule;”

That is construction works less than Rs500,000, exclusive of VAT. That is those below Rs500,000 are not as per this Act.

Section (b), Madam Speaker, -

“(b) a statutory corporation which acts as consultant or contractor for any consultancy services or construction works, as the case may be, for or on behalf of the Government.”

Now, we have a new section that has been added and which reads as follows -

“(c) a foreign consultant or foreign contractor that provides consultancy services or undertakes construction works, as the case may be, in relation to a project under an agreement or arrangement between Mauritius and a foreign State.”

That is, G-to-G.

Madam Speaker, by including this paragraph, we are exempting foreign consultants and contractors for a G-to-G to abide by the provision of this Act, that is, they are exempted from all mandatory schedules attached to this Act. In other words, this Act applies to local and foreign consultants and contractors with obligations, restrictions and to follow the tedious registration process for bidding and undertaking works.

Madam Speaker, the hon. Minister, himself, came with amendments to this Act on 14 March 2015 for the extension of transition period for the registration of local and foreign consultants and contractors. Madam Speaker, the hon. Minister highlighted the reason why consultants and contractors in construction industry hesitate to be registered and operate as a regulated entity. It was mainly due to compliance framework, which requires adherence to a number of criteria that will determine the real capacity.

Madam Speaker, when the hon. Minister came with these amendments in March 2015, it was to facilitate the registration and to get away with the tedious exercise of registration prior to 2015. Madam Speaker, I congratulate the hon. Minister for what he proposed in 2015. But, today, by adding a new paragraph to section 3 to legalise consultants and contractors on a G-to-G agreement from abiding by the provisions of the CIDB Act, on one hand, the hon. Minister had facilitated local and foreign consultants and contractors to actively participate in construction works in Mauritius through improved regularity framework, and on the other hand, consultants and contractors on a G-to-G don't have to register, they get juicy contracts and at the same time deprive our local consultants and contractors.

Madam Speaker, recently, on 25 November 2016, the RDA had signed, in the presence of the hon. Minister, a contract agreement between Mauritius and South Korea, namely, the Korea Expressway Corporation for consultancy services for the of Design of Jumbo-Phoenix-Dowlut Roundabout and the A1-M1 link road. Madam Speaker, when this agreement was signed, this

present CIDB Act didn't make provision for exemption for G-to-G agreement for consultants and contractors. It is only now that we are including this exemption. Do I take it that the provisions of the CIDB Act in force in November 2016 were not respected? They were signed as contractors and consultants, mainly consultants, because it was not provided in the Act prior to November 2016. Why today we have a new paragraph added to section 3? Is it to justify what was signed in November this year will be made legal today?

Regarding section 19A, I see that this has been proposed to be deleted. Honestly, I was going through the main Act, the amended Act and the papers that have been circulated to us for amendments and I was looking for section 19A. The section reads –

“7. Section 19 of principal act amended

Section 19 of the principal Act is amended -

(a) in subsection (1), by deleting the word “No” and replacing it by the words “Subject to section 19A, no ;”

I was looking for section 19A and I can't see it. I don't know if I am mistaken or I did not get the right paper, but I did not see section 19A neither in the amendment circulated to us nor in the main Act. Right now, I see in the amendment that this section has been deleted. So be it! Because I can't see what we are referring to when we are talking of section 19A.

Regarding section 21A, the new section we have all talked about, all the orators have expressed their views on this section except, I think, hon. Jahangeer. It's because this section is really very damaging. If we have such a section, before bidding, the document goes to the Council. I have a list of the names of the members of the Council - I won't mention the names, four of them are from the public sector. Hon. Uteem mentioned it very well that if the document goes to them, there may be leakages like we always see and then problems come. Where a contract should go very fast, because of leakages, ICAC, etc., it takes a long time to implement the project.

Now, I see in the amendment that documents should be handed over to the Council after publishing the bid exercise. Here also I have got reservations. Why? Because when we launch tenders, there is always a fee to be paid to buy those documents. Contractors will have to pay for those documents. Now, after publishing and handing over the complete set of documents to the

Council, here also, documents will leak out to certain contractors, whether they are going to bid without paying the sum to buy the document. If they see they are not qualified, they won't go and buy the documents. So, we should have a safe proof system. The responsible party of those documents who are going to publish it, who are going to sell it, remains the 'sole propriety' of that institution. It should not float around to create problems for other institutions to look why these documents have been leaked, etc.

Madam Speaker, when I see documents that just came with amendments, really it gives you an idea that two very important sections were not treated by the hon. Minister. It is only when hon. Members started talking that things changed. So be it, because we are here as Opposition to say where there are problems, and the hon. Minister has deemed it fit to correct. I have to congratulate him that he listened to us.

On these words, Madam Speaker, I thank you very much.

(3.10 p.m.)

**Mr Bodha:** Madam Speaker, je souhaiterais remercier tous les honorables membres qui ont participé aux débats. Je pense qu'il y a beaucoup de questions qui ont été soulevées. Il y a beaucoup de clarifications que je souhaite apporter.

Madam Speaker, what is happening in the construction industry today in Mauritius? We are, I think, at the dawn of a new cycle. Most probably, we are going to have about Rs50 billions of investment in infrastructure for the next five years, about Rs10 billions a year. What is happening in the world as well? We often have a vision for Africa. The infrastructural needs of Africa are immense. Why shouldn't we think of Mauritius as a base for consultancy, for expertise, for building contractors to have joint ventures and for Mauritius to move into the African market? This is a bit what we would like to, in fact, promote.

Let me answer a number of questions. First of all, as regards the delay in registration. In fact, what we wanted is that all the consultants and all the building contractors in Mauritius in the construction industry to be registered. And, in the end, we arrived at a time, after a year, where about 70% of the local stakeholders were already registered, but we still wanted to have about 90-95%. That is why we extended and we gave a final date, which was June 2016, and we are today with about 1,000 companies and about 600 consultants.

Let us raise the issue of G-to-G. In that G-to-G agreement, we have a friendly country which proposes - let's say in the case of the Metro Express - two companies. What we are saying is - and the amendment is going to correct that - they are not going to have the burden of registration. Often what happens is that they register, they pay the fees, and then they request Government to reimburse them. What is happening is with the amendment to the amendment, the body will have to inform the CIDB that such and such constructing company or such and such consultant is working on such and such project. It would be on the burden of the public body or the State to do so and not the burden on the company to register. This is for registration. So, it is an administrative measure. Now, when it comes to the quality of works, of the expertise, a company which has been proposed or promoted by one State, has to make a proposal for its services and that proposal has to undergo the scrutiny of a due diligence exercise, which happened for SCE in 2012.

What are the requirements of this due diligence exercise? It is whether that firm or that the company has the expertise, has the credentials to be able to perform on such and such projects? What is the history of performance of that company? So, you have a due diligence exercise on the credentials of the company. Then, there is an analysis of the proposal of the company for the services that are being provided. Then you have a number of criteria; first is quality, and second is value for money. If there is no value for money in the proposal of the company which has been promoted by a donor country, it does not pass the test of value for money, then the due diligence exercise will say that - in fact, we are having a problem like this right now - yes, the company was proposed, but its proposal is not valid or does not run the test of value for money, so there is a scrutiny as regards the due diligence exercise.

When the due diligence exercise has been carried out, it goes to Cabinet. Then we decide to have a high-powered committee to analyse whether the due diligence exercise advises Cabinet whether this proposal for expertise is valid or not. So, there is a scrutiny and that is how SCE has been chosen in the past and now, that is how Korea Expressway has been chosen, and that is how a number of others, in other cases, the expertise has been chosen.

A number of questions have been raised as regards Korea Expressway. Korea Expressway, Madam Speaker, is one of the biggest construction companies in the world. Today, they have built 4,000 km of motorway and they are managing it. They have built 900 bridges and

hundreds of tunnels. The biggest and tallest building today in the world is made of Korean Technology in Dubai. So, this is one of the best technologies that we have in the world today.

The second thing, the question which was raised was: how do we come to the discount? We have made a request. The proposal was - in the case of Jumbo roundabout and in the case A1-M1 Bridge - to design, to manage, to supervise the project and to be there during the defect liability period of one year. When we went around and we had standards, we came to the conclusion that it is between 10% to 15%. We took the 10% of Rs5 billion which is Rs500 m. So, that is how we come to this discount of Rs106 m because we told them that we wanted a grant in a G-to-G agreement and the South Korean Government told us that they don't have the policy of grant for middle income countries like Mauritius, so as a gesture of goodwill, what they wanted to do is to offer the best technology and to give us a discount. But the idea of bringing the South Korean technology in Mauritius is only to showcase Mauritius as a shop window of Korean technology because they want to move into Africa. And they want to move into Africa with Mauritian companies. Today, KEC is working with GIBB. They have chosen GIBB consultants to be their local partner and the sharing of expertise is fundamental.

Now, we are going to build a Metro Express. Can we imagine the sophistication of technology that we need to be able to have trains travelling 100 km/h and we have to do this in built-up areas? There are different stages of this Metro Express: the civil works, the laying of the rails, the electrification of the system, the electronic system, the rolling stock and then the whole management of the system. This is something we don't know. We don't understand anymore. We have never understood all this. So, we need the expertise, and I totally agree with what the hon. Leader of the Opposition said: that we need to be able to have supervision. But, at the same time, we should learn the trade. We should have engineers in Mauritius who have to be trained to be able to master rail technology. Dr. Mootanah who is now the officer-in-charge of the RDA was working in British Rail. That is why we brought him also because we need to have a new generation of Mauritian experts, consultants and professionals to be able not only to deliver in Mauritius, to interface with the foreign companies, but at the same time to be able to move into Africa.

To come again to KEC, the idea of Korean technology is for the future. We are having tunnels that we are going to build in Mauritius. They have built 600 tunnels. I visited one tunnel,

the India tunnel, which is 12 kilometres at 3,000 metres; it is four lanes. It is a cathedral in the mountains, Madam Speaker.

I understand the reservation when you go G-to-G because when you go G-to-G you can end up with maybe not the best technology. But you can also honour the best technology. Now, there is another problem nobody has raised, but we cannot solve it ourselves. It is what I call the syndrome of the lowest bidder.

I am going to give an example. Why did we go to Korea? Because we did a first tender exercise for consultants to design the Jumbo roundabout. We did it in January 2015; there was nobody. We did it again; there was nobody. We did it again for the A1 M1 Bridge; there was nobody. Nobody came as consultants. Now, let us say we would have had companies coming from I don't know where, but not having the latest technology or the best. We go for a bid exercise, and then we are told that the award should be given to X company. We are bound, we are fettered, we cannot do anything, and we are bound to have that consultant. At the RDA or at my Ministry, we don't understand anything about rails, about tunnels. So, we are bound to accept what the lower standard experts are going to propose as bid documents. Then, we end up again with bid documents and we have another tender exercise, this time for the construction. What is going to happen? We end up again with a company. This is what happened with the ring road, and this is exactly what happened with the Terre Rouge-Verdun. There are so many questions, but I really would like to answer them.

When it comes to Terre Rouge-Verdun, what happened? The company which was chosen to do the tests, Egis at that time - it is a French company, very well known -, did not do the proper tests. What did they do? They did the tests; they were inadequate. They did the tests over Terre Rouge-Verdun over two weekends. I have said this here. It cost a few million rupees. You cannot have tests for a project worth Rs4 billion by having experts for two weeks. So, again, there is the whole issue of supervision. We need to see to it that we will have value for money.

Now, when we come to the road which has collapsed, we have two solutions. One is, as I said, the horizontal columns, and then you have the vertical columns or the horizontal fill. We have thought about it thoroughly and we have come to the conclusion that it is better to fill on a horizontal structure rather than to have the stone columns because the stone columns did not go as far as the bedrock. Now we are going as far as the bedrock - you mentioned the volcanic ash -,

we are going to remove the volcanic ash, and for 13 metres, we are going to fill the embankment failure.

As regards the submission of bidding documents, I totally agree, but there was no motive in wanting to know what are the bidding documents, what are the specifications of the bidding documents. For example, in a bidding document, you can put plant and machinery cannot be important, so that a leakage can, to some extent, facilitate or advantage one company. So, that is why we have brought the amendment. Now, it will be for the recording of the CIDB and there will be no leakage. I would like to thank hon. Uteem, my hon. friend Rughoobur, hon. Dr. Sorefan and yourself for having raised this point, and we have found a solution.

Madam Speaker, when it comes to transfer of knowledge, this is what we are trying to do with KEC. I have had two engineers who have gone to Seoul. We are also having training of engineers with China. So, what I believe, under the G-to-G Agreement, this is a very interesting thing that we can do together. In the case of the Metro Express, definitely we will have to train a number of people as regards rail technology, electronics, the electrical system and the managing of this.

In fact, when the hon. Minister of Finance and Economic Development went to Delhi for discussions about the operation of the Metro Express, the agreement is that within five years Mauritian people should be able to man the industry and to be able to operate the whole system.

Madam Speaker, there was one issue about why we have deleted section 19A. I am being told that it was a typing error. The issue about the standards we are going to impose was raised by hon. Mahomed. It is for the client to set the standards. As regards Korean Expressway, it is going to be the international standards that we are using here. This is also one of the major challenges in the years to come, so that we have not only value for money, the quality of works, but we have the best technology, because once you build an infrastructure, it is for years. We are building the railway system, which is going to last 20, 30, 40 years, and infrastructure has to be a long-term basis.

What I wanted to say, Madam Speaker, is that I would like really to thank all those who have participated. We are lawmakers, and I think that they have enlightened us. There were a number of issues which we had not addressed; we have been able to address them. But what I would like to say is that the construction industry was a jungle. Now, we are putting some order

into it; now, we have the possibility, in the years to come, to have a boost, a new cycle of reconstruction of Mauritius. We want Mauritius to be a model, so that when companies come here, they exchange their technology.

There are two things we are imposing also. First, that plant and machinery, which is available in Mauritius, should no longer be imported by foreign countries. Second, local labour should be trained. We will be needing about 6,000 new hands, and we will train them. We would like to have people who will consider construction industry as a career, have a good salary.

We have been discussing with my hon. friend, the Minister of Labour, Industrial Relations, Employment and Training. There was one company which offered Rs425 to a mason, and then came to us saying, "Listen, I have put an advertisement in the papers and nobody has turned up." At this rate, you will never have anybody, because in the private sector we are having masons for Rs800, Rs1,000 a day. So, we will have to reengineer the industry, so that people can make a career in the construction industry.

I would like to end by saying that we are at the dawn of a new cycle of building modern Mauritius and we are going to spend about Rs50 billion in the next five years, Madam Speaker. This Bill will go to some extent to facilitate business, to have better quality of works and to make Mauritius a showcase for the future.

Thank you, Madam.

*Question put and agreed to.*

*Bill read a second time and committed.*

### **COMMITTEE STAGE**

*(Madam Speaker in the Chair)*

### **THE CONSTRUCTION INDUSTRY DEVELOPMENT BOARD (AMENDMENT) BILL**

**(NO. XXXII OF 2016)**

*Clauses 1 to 3 ordered to stand part of the Bill.*

*Clause 4 (Section 3 of principal Act amended)*

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

**Mr Bodha:** Madam Chairperson, I move for the following amendment in Clause 4 –

“(a) by deleting clause 4 and replacing it by the following clause –

**4. Section 3 of principal Act amended**

Section 3 of the principal Act is amended –

- (a) by numbering the existing provision as subsection (1);
- (b) in the newly numbered subsection (1), by adding the following new paragraph, the full stop at the end of paragraph (b) being deleted and replaced by a semicolon –

- (c) a foreign consultant or foreign contractor that provides consultancy services or undertakes construction works, as the case may be, in relation to a project under an agreement or arrangement between Mauritius and a foreign State.

- (c) by adding the following new subsection –

- (2) (a) Where a statutory corporation acts as a consultant or contractor pursuant to subsection (1)(b), that statutory corporation shall inform the Council accordingly.

- (b) Where a foreign consultant or foreign contractor provides consultancy services or undertakes construction works pursuant to subsection (1)(c), the Ministry or such other body to whom responsibility for that project is assigned shall inform the Council of the name of the foreign consultant or foreign contractor.”

*Amendment agreed to.*

*Clause 4, as amended, ordered to stand part of the Bill.*

*Clauses 5 and 6 ordered to stand part of the Bill.*

*Clause 7 (Section 19 of principal Act amended).*

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

**Mr Bodha:** Madam Chairperson, I move for the following amendment in Clause 7 –

“(b) in clause 7, by deleting paragraph (a);”

*Amendment agreed to.*

*Clause 7, as amended, ordered to stand part of the Bill.*

*Clauses 8 and 9 ordered to stand part of the Bill.*

*Clause 10 (New Section 21A inserted in Principal Act).*

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

**Mr Bodha:** Madam Chairperson, I move for the following amendment in Clause 10 –

“(c) in clause 10, in the proposed new section 21A, by deleting the words “prior to publishing” and replacing them by the words “after the publishing of”.”

*Amendment agreed to.*

*Clause 10, as amended, ordered to stand part of the Bill.*

*Clauses 11 to 15 ordered to stand part of the Bill.*

*The First Schedule ordered to stand part of the Bill.*

*The Second Schedule ordered to stand part of the Bill.*

*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 Construction Industry Development Board (Amendment) Bill (No. XXXII of 2016) was read the third time and passed.*

(3.33 p.m.)

### *Second Reading*

## **THE ADDITIONAL REMUNERATION (2017) BILL**

**(NO. XXXIII OF 2016)**

*Order for Second Reading read.*

**The Minister of Labour, Industrial Relations, Employment and Training (Mr S. Callichurn):** Madam Speaker, the object of this Bill is to provide for the payment of an additional remuneration to employees of the private sector drawing a monthly basic wage or salary of Rs50,000 or less as a measure to compensate them for the loss in purchasing power.

The payment of a salary compensation is entrenched in our socio-economic tradition since 1972, following the enactment of the first '*Wage and Salary Increase Act*'. It seeks to protect the purchasing power of the wage earners and principally of the lowest paid workers and has become over the years an important instrument of social justice.

Madam Speaker, in the formulation of its socio-economic policy, Government has given due consideration to both the economic and social factors. It is an undeniable fact that, on the economic front, the situation is very challenging. In its last Annual Report, the Bank of Mauritius has pointed out that the domestic economy is subject to fluctuations of a number of key drivers namely, the fallouts of Brexit and the revisions to the Double Taxation Avoidance Agreement with India. Coupled to that, there is the rise in the price of petroleum products following the decision of OPEC to reduce supply as from January 2017, and last but not the least the uncertain climate prevailing on the international scene following the election of the new President of the United States of America, more particularly on his proposed international economic agenda.

On the social front, Government has been coming up with innovative measures to address the issue of income inequality and poverty. For example, the Social Integration and Empowerment Bill which was recently passed in this House has as objective to promote social integration and empowering persons in absolute poverty within the philosophy of enhancing social justice and national unity.

Madam Speaker, the quantum of salary compensation for this year has been decided following discussions with both workers' and employers' organisations at the level of the sub-committee chaired by me and at a meeting chaired by the Minister of Finance and Economic Development, hon. Pravind Jugnauth.

In spite of the low level of inflation, which is estimated to be 1%, and an uncertain and unpredictable economic international environment, Government has, in line with its policy to build up an inclusive society, decided to grant a salary compensation to our workers as from January 2017. As such, workers earning wages up to Rs15,000 will be paid a salary compensation of Rs200 a month. Those drawing wages between Rs15,001 and up to Rs50,000 per month will receive a compensation of Rs125.

Madam, Speaker, some 325,000 workers, earning up to Rs15,000 a month and another 175,000 workers earning above Rs15,001 will benefit from the payment of this salary compensation. I would like to seize this opportunity to inform the House that it is the first time that the ceiling of those drawing above Rs15,000 a month has been extended to Rs50,000.

Furthermore, Government has, in spite of the difficult economic situation, considered it reasonable and appropriate to grant a salary compensation over and above the inflation rate to the lowest paid workers, with a view to alleviate their hardship. The House will observe, Madam Speaker, that for the year 2017 the rate of salary compensation varies as follows: 4% for workers drawing Rs5,000, 2.3% for those drawing Rs8,000 a month, 2% for those earning Rs10,000 a month, and finally 1.3% in respect of workers drawing Rs15,000 a month. I wish here to reassure the House that although the Bill is meant for private sector workers, the same rate of compensation will also be applicable to employees of the public sector. I also wish to inform the House that our retired citizens and beneficiaries of social aids will likewise benefit from the compensation being given this year.

The present salary compensation exercise, Madam Speaker, will cost the public and the private sectors a total amount of Rs1.9 billion. Madam Speaker, questions were raised regarding the relationship between the payment of an additional remuneration and collective bargaining. Allow me to shed some light on this issue. There is indeed a clear distinction between the additional remuneration and the collective bargaining. Additional Remuneration is about subsistence and is meant to compensate workers for the loss in their purchasing power whilst collective bargaining is about redistribution and is aimed at improving the living conditions of workers.

With a view to upholding the principle of 'free and voluntary' collective bargaining which presently covers less than 6% of the labour force in the private sector, provision already

exists in this Bill, whereby an employer is exempted from paying the additional remuneration where a collective agreement exists, provided that the collective agreement contains an explicit provision to that effect. This policy is consistent with Articles of ILO Convention No. 98 on Collective Bargaining. It is to be noted that the Employers' Organisations fully subscribe to this principle.

Madam Speaker, the issue of productivity has also been raised during tripartite consultations on salary compensation. It is an important variable of our economic development. Collective bargaining offers an avenue for constructive negotiations on this issue. On the other hand, it is to be noted that productivity enhancement rests on employers' capacity to modernise their work processes and to provide workers with an environment and a work culture that respect their rights and dignity.

It is only when productivity is perceived as a win-win situation that it will be fully realised. This is the challenge the employers and the trade unions will have to take.

Madam Speaker, I would like to sincerely appeal to employees who will not receive salary compensation this year to accept this decision in a spirit of solidarity with the most vulnerable segment of the population. In the same vein, I would like to make a special appeal to employers who have the capacity to pay to consider paying more to workers in the lower rung of the ladder in a gesture of solidarity.

There have been qualms regarding companies who are reluctant to pay salary compensation. Let me remind the House that the Additional Remuneration Bill will impose a legal obligation on all employers in the private sector to pay the prescribed rate to their employees.

It is also to be noted that non-payment of the additional remuneration is an offence. Defaulting employers will be prosecuted and shall on conviction be liable to a fine not exceeding Rs10,000 for each case of non-compliance.

Madam Speaker, on an ending note, I would like to remind the House that as a caring Government, we would have certainly wished to grant workers with a maximum compensation and get political mileage. However, as a responsible Government, we are duty bound to also set

the right equilibrium so that the economy continues to flourish and at the same time pave the way to take the vulnerable people of our society on the path of a decent life.

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

**Mr Jugnauth rose and seconded.**

**Madam Speaker:** Hon. Leader of the Opposition!

(3.43 p.m.)

**The Leader of the Opposition (Mr P. Bérenger):** Madam Speaker, the Ministry of Finance, through Statistics Mauritius, presented its figures, and we have just heard the hon. Minister say that the estimated inflation this year would have increased by roughly 1%. The reactions, as to be expected from the employers, on the one hand and from the trade unions on the other, of course, as it is the case every year, were quite different. The private sector, the employers argued that since inflation was only '1%', there should be no wage compensation for this year to begin on 01 January.

On the other hand, the trade unions argued that although it is true that inflation has gone down, but on three grounds they put different proposals forward for a wage compensation of Rs400 or around Rs400. The trade unions argued three points that –

- (i) the Statistics Mauritius figure, the way the CPI is calculated has nothing to do with real life, with the *panier de la ménagère*, they have carried out their own enquiries and their own calculations;
- (ii) they argued that there was an exercise of *rattrapage* to be carried out, especially that the occasion of the low inflation rate should be used to promote that *exercice de rattrapage*, and
- (iii) it was an occasion also to fight the inequalities in Mauritius in general and in the private sector in particular.

The fact is that expectations were raised very high by the Government Chief Whip, first of all. He was the first to come out with statements that raised expectations a lot amongst the trade unions and the workers in general. When you raise expectations, you must expect reactions.

After the Government Chief Whip was the first to say that the Bill is ready and so on, the tone raised expectations and Ministers followed along the same route.

Finally, Government managed to displease everybody. The private sector, as I said, after having argued that good economic management would have it, that being given that inflation is at 1%, there should be no wage compensation, the private sector expressed its disapproval of the proposal made finally by Government Rs200 and Rs125.

At the other extreme, the trade unions were furious. There were very forceful statements made. There is no doubt that expectations raised then on proposal made by Government have resulted in a very bad mood outside. It's a good thing, because last year we all remember that when the wage compensation was presented, *les pensionnés, les veuves, les orphelins*, those benefiting from social welfare benefits were forgotten, and we raised it. It is still fresh in my memory that the Minister of Finance rushed back and consulted and so on, and what had to happen happened, that is, it was corrected and it was made clear that the *pensionnés, les veuves* and *les orphelins* would be also covered by the compensation exercise that was being provided to the private sector. It's a good thing that this year the Minister of Labour, on behalf of Government, has made it clear right at the beginning of debates that *les veuves, les orphelins, les handicapés* and so on will not be forgotten, as was the case last year.

So, there is a lot of anger outside. The trade unions have made the comments they have made; the workers feel the way they feel. There is also anger - I won't be long, but I'll take this opportunity to say that there is frustration outside also because three things got mixed up. We are dealing with the wage compensation, but the minimum wage issue is still there at the back of the mind of the workers.

It is nearly a year ago that we voted the National Wage Consultation Council Bill. Nearly a year ago! Yet, the Board has still not been set up and this got mixed up with the wage compensation exercise. There is also another cause for frustration among the trade unions and this has been splashed out in the Press. It is the Cabinet communiqué of 02 September of this year, where Cabinet, on a report by the hon. Minister of Labour, Industrial Relations, Employment and Training, pointed out that that the wages of workers earning up to Rs6,500 are going to increase. Figures were given between 6% and 36% through amendments to a dozen of

Remuneration Orders. This has not taken place. In many cases, this has not taken place everywhere, in all the sectors that were mentioned in the Cabinet communiqué.

My point is that there has been a lot of frustration expressed by the trade unions and the workers concerning the Rs200 and Rs125 wage compensation, and it is very unfortunate that this frustration and anger even was increased that much being given that the National Wage Consultative Board has still not been appointed. The work has not yet started on the minimum wage whereas expectations, there also, were raised very high. Now, I am keen to listen to the Minister what he will say as far as these Remuneration Orders for the lowest paid are concerned. It was supposed to be adjusted for those earning more than Rs6,500 and later on for the workers of the Export Processing Zone.

Thank you Madam Speaker.

**Madam Speaker:** Hon. Pravind Jugnauth!

(3.52 p.m.)

**The Minister of Finance and Economic Development (Mr P. Jugnauth):** Madam Speaker, let me at the very outset, commend my colleague, the hon. Minister of Labour, Industrial Relations, Employment and Training for the Second Reading speech on the Additional Remuneration (2017) Bill. It would have been, in fact, logical to align the tripartite meeting with the new fiscal year, that is, July to June. However, Government did not want their employees, in particular those who are at the lower wage and salary bracket, to have to wait for another six months in order to know whether they will be able to obtain a compensation or not.

In fact, tripartite meetings are held to determine salary compensation based essentially - we all know, whatever one can say - on inflation rate for the current year. There have been a number of proposals. There have been changes in the past also. There have been new criteria that have been put in to determine the salary compensation, but traditionally we know for so many years, and we have come back to the same system where we look at the rate of inflation and we decide on the rate of compensation.

Again, therefore, this year, like in previous years, one crucial principle that has underscored this Government's approach to the salary compensation exercise, that is, for employees in the lower range and the salary brackets should at least be fully compensated in any

rise in the price level. In fact, Madam Speaker, when we look at the track record of this Government on salary compensation, for the period 2015-2017 it is by far one of the fairest and most generous. For 2015, we granted an across-the-board salary compensation of Rs600, which was well above the 2014 inflation rate of 3.2%.

Madam Speaker, this must have been one of the highest ratios of compensation to inflation, and, for the year 2016, we pursued the same philosophy of providing a higher compensation than the inflation rate in favour of the lowest paid employees. The inflation rate was 1.3% in 2015, as reported by Statistics Mauritius, and this Government provided workers earning up to Rs10,000 a monthly compensation of Rs250, that is, more than 2.5%; nearly the double inflation rate. Now, for the year 2017, employees earning up to Rs15,000 will be fully compensated for inflation. In fact, as has been mentioned by my colleague, for Rs15,000 it is slightly higher than the 1% inflation rate. Rs8,000, you just mentioned, is about 2.5%; two and a half times higher than the inflation rate.

When I look at the number of workers who are going to be affected, 325,000 employees will benefit from a salary increase of Rs200 and 175,000 employees will receive an increase of Rs125 per month. Madam Speaker, some 62%, therefore, of the total number of employees will obtain compensation higher than the estimated rate of inflation. It must be said also that the cost of this compensation to the public sector and the private sector would amount to Rs1.9 billion per year and - this has been going on and on for every year - which also includes the increase in basic pensions and other social benefits.

Madam Speaker, therefore, I was carrying out a simple calculation to find out on a cumulative basis. The compensation for the period 2015-2018 was 10.8% and even higher for those earning up to Rs10,000. This compares to a cumulative inflation rate of 5.6%. Therefore, Madam Speaker, the figures, in fact, speak for themselves. Again, they demonstrate in no uncertain terms that this Government is indeed a caring Government. We have made a pledge during the elections to reduce the inequality and to protect and enhance the purchasing power of workers. Madam Speaker, once again promises made, promises kept.

And it is not all, Madam Speaker. I just want to mention a few examples of how this Government is acting on many fronts in order to improve the purchasing power of workers and their standard of living. Let me recall some of them.

Firstly, we have lowered the price of *gaz ménager* for a 12-kg gas cylinder by 18%. Government is implementing a Rs1-billion Marshall Plan against poverty that comprises a historic Social Integration and Empowerment Scheme to take thousands of families out of conditions of absolute poverty. We are increasing, as from beginning of 2017, the meal allowance for each pupil in ZEP schools by 50% in the last Budget.

Students from poor families will now receive a cash award for successfully completing the Grade IX level under the Nine-Year Schooling, the School Certificate level or equivalent vocational certificate and the Higher School Certificate or equivalent technical qualification. We are paying fees for exams resit at the SC and HSC levels for students from poor families.

We have extended the basic invalidity pension to persons aged below 15 years who suffer from disabilities. We have reviewed the CSR to ensure that the resources are, in fact, used effectively to support civil society actions in priority areas like social housing, poverty alleviation, educational support, supporting persons with severe disabilities, dealing with health problems resulting from substance abuse and poor sanitations and family protection. I can go on and on. These are some of the examples of our commitment to supporting these families with very modest means.

Therefore, this exercise of salary compensation is just one of them. It is an important link in our endeavour to combat poverty and reduce inequality, but this Government also looks at the broader picture. As I have said, we are acting on all fronts. That is why we have consistently awarded a compensation higher than the inflation rate for workers at the low end of the wage and salary brackets.

Now, while deciding the quantum of compensation, we have had, of course, to consider, like every other previous Governments have done, the capacity of Government, on the one hand, the capacity of enterprises in the private sector also to pay and bearing in mind particularly the SMEs. I must say it has been a very difficult exercise because we have the Ministerial Committee when we discussed with the trade unions. Of course, I have a table of each representative of the federation, confederation, trade unions, their demands and their proposals. In fact, the minimum was for Rs500, and I would not go on to say what was the maximum in terms of the proposals that were made. On the other hand, true it is that the private sector, the

employers and the representatives, since they say that the rate of inflation is very low, 1%, there was no need to give any compensation.

Of course, not to say that they would not be agreeable to give any compensation in the years to come because there is also a recommendation by PRB that if it is less than 5% we do not give any salary compensation, but over the years, there is a calculation with regard to compensation for the previous years. But I must say we worked hard in trying to strike the right balance. We had consultations with the Rt. hon. Prime Minister, and I am confident that we have struck the right balance.

In fact, we have considered the economic situation on the local front, where I must say private investment is rather sluggish, but, of course, showing a sign of recovery. But it is still very fragile and we have to see to it that the tendency remains and we move in the right direction. Brexit – I think my colleague mentioned – is also a reminder that our economy is very vulnerable. There have been a number of enterprises which have suffered immediate prejudice in terms of the fact that the pound has gone down, therefore, revenue has been less, and we can expect anything. Everybody recognises it. I think we see what is happening in the world. There is so much uncertainty right now. We, therefore, gave a compensation that we thought was fair, that is, the due of workers at the low end of the wage and salary scale and, at the same time, without putting at risk investment and economic growth. That is why I say it has been very difficult to strike this right balance.

Madam Speaker, while this Government has a clear and definite commitment to protecting the purchasing power of workers through mechanism such as the Tripartite, we believe that a strong economy with higher level of employment, higher productivity, low inflation and stable prices is the most sustainable way to promote the wellbeing of workers in the long run. That is why this Government is investing massively in infrastructure to boost up employment creation and jobs.

There is also economic diversification and modernisation. Of course, we have to be again very careful because we need to create the necessary conditions and environment and the necessary investment opportunities for our entrepreneurs. To this end, we are acting on the labour market through intense investment in training and education that will meet the need of the

economy and aspirations of our youth, and we are hoping also to address the issue of skills mismatch.

The hon. Leader of the Opposition has mentioned, I must say, that the National Wage Consultative Council will come into operation. In fact, we had discussions, we informed the trade unions that things are moving on quite smoothly and early in 2017, this Council will come into operation. The Council, in fact, besides making recommendation on a national minimum wage, will also have the task - which is important - of collecting and analysing data on wages, carrying out research on wages and socioeconomic indicators, amongst others.

I must say, Madam Speaker, - and here I talk through experience - the hon. Leader of the Opposition also has been Minister of Finance; he has also presided over tripartite meetings. He said – well, I don't know who made what statement – everybody is unhappy, that is, the private sector is unhappy and the trade unions are furious. Well, generally, this is what happens when, on the one hand, you want to strike the right balance, when there are, I would say, unjustifiable demands, and generally, on the other hand, from the employers, although, I must say, some of them can be reasonable, but as a whole, it is difficult for them to be able to come with, I would say, reasonable proposals. That is why there is the Tripartite. That is why Government has to arbitrate in a way. Government arbitrates, but Government also looks at what is its capacity to pay. I can recall also that when I was Minister of Finance the hon. Leader of the Opposition who was then Prime Minister had congratulated me for the way I had conducted the tripartite meetings.

*(Interruptions)*

But that is for history, and I won't go into that. But just to say that it has always been a very difficult task, in a way I would say, how are you going to please either one side or the other. I must say this time maybe officially there has been a number of criticisms as usual, as has been in the past, but I can say that my colleague and I have spoken to some people, I won't mention names, and I think they realise that it was the decision that we have taken and the compensation that is being given in the circumstances is fair.

Now, with regard to *rattrapage*, again, this is a usual debate and I must say this normally comes from the trade unions' side because all the time they put forward this argument, saying that there has been a continuous loss of purchasing power. Again, I must say whether when the

Labour Party has been in Government, the MSM/MMM in Government, we have been in Government, we have always taken, and I have evidence in fact on statements made in this very House from the former Prime Minister who himself has commented to say that there is an inflation rate which is calculated by Statistics Mauritius, an institution whom we trust, in whom we have confidence, who comes up with the figure. There is a specific methodology and it is not invented in Mauritius. The ILO has also come up with a number of recommendations in the past, which have been adopted and, therefore, each time, I must say, to give credit to everybody who has been in Government to say that we have to show respect, faith and trust in the institution. When they have calculated on the basis of a basket of commodities that is taken into consideration to calculate the rate of inflation, therefore, we should be very careful not to discredit the institution.

But, of course, there has been this argument from the trade unions that there need to be *ratrapage*. But this exercise and salary compensation is not about *ratrapage*, it is about compensating for the loss of purchasing power with regard to the rate of inflation. *Ratrapage* is for reviewing salary altogether just like what the PRB does for the public sector, and there should be collective bargaining or remuneration orders also with regard to the private sector.

Therefore, Madam Speaker, let me conclude again by reiterating our conviction that the industrial relations system and the wage determination system, I hope, will evolve with time because there have been suggestions. I must say one thing. There has been proposal by the private sector, by the representatives of employers with regard to the mechanism which they feel should change, and there has been an agreement from some of the trade unions who also have agreed. I believe that the majority of them who were represented were not in agreement, but I can't recall whether it has happened. I can see signs, I can see changes in the way of looking at things and, of course, we will see in the future what happens.

Let me say that it is crucial, as Government redeems its pledge to put Mauritius on the path to an inclusive high-income economy, that we get the understanding of everybody, that is, both the trade unions and the private sector together, so that we can move forward for a better Mauritius.

Thank you.

**Madam Speaker:** Hon. Ganoo!

(4.14 p.m.)

**Mr A. Ganoo (First Member for Savanne & Black River):** Thank you, Madam Speaker, for having allowed me to intervene out of turn. Madam Speaker, year in and year out we are called upon to vote for the Additional Remuneration Bill. I am going to pick up from where the hon. Minister of Finance and Economic Development left, the remark he made about the tripartite negotiations, about the new proposals from the gurus or representatives of the private sector.

True it is, Madam Speaker, this year I have noted that there have been more voices talking about the *raison d'être* of the tripartite negotiations and suggesting that this is a tradition which should evolve and so on. But whatever may be said against this exercise, Madam Speaker, we know that these negotiations have guaranteed the social stability in our country. These negotiations are now enshrined in fact in our system. They have been instituted for decades in the country and they have taken place now for long, long years, and to me they are here to stay because they have become an essential part in our economic life and have become the centrepiece of the economic and political landscape in this country. In fact, it is the price we have to pay for sustained social stability in our country and the mere attempt of doing away with it has, in the past, generated a lot of social unrest and will no doubt provoke it again if we think of doing away with it.

In fact, in the past, there have been attempts to review this system and we know what has been the result. Even in the recent past, this year, when the Minimum Wage Bill was proposed, initially the Bill contained a proposal to set up this National Wage Council and to do away with the tripartite negotiations. Fortunately, after the unions had met the hon. Minister of Labour, Industrial Relations, Employment and Training, the Minister and Government made the necessary amends, reinstated the status quo, and this proposal in the Bill for the tripartite negotiations was removed. So much the better, Madam Speaker!

Madam Speaker, the Government has made its proposal, as has been spelt out in the Schedule. We all know, as this has just been repeated by the hon. Minister of Finance and Economic Development after the Minister of Labour, Industrial Relations, Employment and Training, in his speech, had announced what was the proposal of the Government.

True it is, Madam Speaker, the unions were not happy. Some went to say that this was *une insulte aux travailleurs*. They have expressed their disagreement to the proposal made by Government, but I just want to comment on one aspect of this proposal. I would comment on the methodology which has been used to calculate the rate of inflation and to come to the conclusion that it has been 1%. In fact, this is where *le bât blesse*, as we say in French.

True it is that it is the CSO which has calculated this figure, but the hon. Minister can enlighten us on this methodology which has been used to arrive at the conclusion that inflation has been 1% during the current year, Madam Speaker, because this inflation is determined on a salary *barème* of Rs15,000. I am asking the hon. Minister whether he can confirm that. The *barème* used is Rs15,000. In fact, 80% of the labour force in our country earn less than Rs15,000, Madam Speaker. This category is in the *Zone Franche*, the seafood hub and so on. I'm asking the question whether we should not have had different thresholds. I repeat, the inflation rate has been determined on the basis of a salary of Rs15,000. Added to that, Madam Speaker, is what the hon. Leader of the Opposition said about the items which have been chosen in the basket and whether they reflect the true consumption pattern of those at the bottom of the ladder.

Madam Speaker, the unions have expressed their disagreement. It is a bit normal saying that the offer of Government is too low. It is also true that although inflation rate for the current year has been 1%, the offer made today is above the inflation rate. Yes, I agree to that, Madam Speaker, but this is not something new. In the past - I have the list of what has happened in the past -, on many occasions, higher compensation has been granted than the inflation rate. In one year, in fact, inflation rate was 2.9% and compensation was 5%. So, there is nothing new in that, Madam Speaker; the fact that what has been offered to the unions, the percentage is higher than the inflation rate.

Madam Speaker, when we debate the issue of additional remuneration, as the hon. Minister of Finance has rightly said - he has explained this question of *rattrapage* -, the present exercise is not a question of *rattrapage*. When we talk about *rattrapage*, it means the PRB or the Remuneration Order. Rightly so! But, we also know, Madam Speaker, how this issue has been raised in this House very often in the past.

At one time, Madam Speaker, not under this Government, some 30 Remuneration Orders had not yet been updated. As we all know, this institution, the National Remuneration Board,

provides an essential mechanism in the form of the Remuneration Order in terms of wage setting. This updating of the Remuneration Orders should have been, in fact, the primary focus of every Minister of Labour since it is a redistributive tool that allows workers, especially those at the bottom of the ladder, to improve their living conditions and to catch up with their difficult economic situation. Especially, Madam Speaker, credible reports made by researchers in the wage setting mechanism in our country have demonstrated that Remuneration Orders adjustments are higher than salary compensation for the lowest paid, and the adjustments made in Remuneration Orders play more in favour of those who earn lowest wages.

Madam Speaker, I understand that there are presently about 40 Remuneration Orders where the prescribed wages are less than Rs6,000 per month, and they have not yet been revised. They were supposed to have been revised since September 2013. Out of these 40 Remuneration Orders, eight should have already been updated and revised according to Cabinet decision, which was just mentioned by the hon. Leader of Opposition, on 02 September. I am sure that the hon. Minister will enlighten the House on why, despite Cabinet decision of 02 September, the Remuneration Orders have not been revised so far.

But the most outrageous aspect of this, Madam Speaker, is with regard to the Free Zone sector which is, of course, covered by the Remuneration Orders. In the case of the Free Zone workers, Madam Speaker, the RO has not been revised yet and the prescribed wages today are only Rs5,250 *par mois*. The question we have to ask ourselves is how could we have allowed the Remuneration Order concerning this sector not to have been updated and revised all this time. This is why, I think, Madam Speaker, the question that we have to reflect upon is whether we should not legislate to make it compulsory, obligatory, imperative that all Remuneration Orders should be revised at least every three or five years. Government will decide, and this will put the workers of the private sector at par with the civil servants, Madam Speaker. I repeat what I just said a few minutes ago. 80% of the labour force in our country earn less than Rs15,000 today.

Madam Speaker, having said this, I must congratulate the hon. Minister. I don't think he mentioned it. I think it is for the first time that the law has provided that an employee whose basic wage or salary, whether or not the actual wage, exceeds the prescribed wage, all employees are remunerated on a piece rate basis, that is, the additional remuneration will be over and above the actual wages he is earning and not on the prescribed rate. This is a very good thing, that is,

the additional remuneration will come on top of the actual wages and not the prescribed wages concerning that particular employee. This is definitely *un grand pas en avant*, and this should be applauded, Madam Speaker. It also concerns workers who are earning on a piece rate basis, which is, I think, *une grande première*, and I thank the hon. Minister for that.

Madam Speaker, before ending, I would also like to raise the issue of a group of workers. This issue has also been raised in this House, and it is the case of the cleaners working in our schools and other educational institutions. There were 629 cleaners, 300 of them have been paid Rs8,500 ...

**Madam Speaker:** Hon. Ganoo, I am sorry. I have to interrupt you here because this is a matter which should be taken at Adjournment time and not on a Bill which is being presented for additional remuneration.

**Mr Ganoo:** My point is that these workers, *les 329 qui restent*, will not be paid any additional remuneration. No end-of-year bonus. This is why I wanted to make a plea to the hon. Minister to look into this matter and see whether this category of poor workers who are still paid between *R 1,500 à R 2,000* right now ...

**Madam Speaker:** Hon. Ganoo, I have given a ruling on this matter. I have said that this is a matter which should be taken up at Adjournment time usually and not on this Bill. You have made your point, I understand. So, could you please pass on to the next point!

**Mr Ganoo:** I appeal to the hon. Minister to see to it that they are paid an additional remuneration.

*(Interruptions)*

As I said, Madam Speaker, I will end up by making an appeal to the hon. Minister concerning the Remuneration Order which has not been updated...

*(Interruptions)*

...and to see to it that these female cleaners working in schools are paid an additional remuneration.

Thank you.

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

*At 4.34 p.m., the sitting was suspended.*

*On resuming at 5.15 p.m. with Madam Speaker in Chair.*

**Mr T. Benydin (First Member for La Caverne & Phoenix):** Madam Speaker, I am honoured as a career trade unionist to take the floor today at this august Assembly to air my views on a subject which is of great interest and importance to workers of our country.

The object of the Additional Remuneration Bill is meant to ensure payment of additional remuneration to employees of the private sector. It goes without saying, on the other hand, that the employees of the Civil Service, parastatal bodies and local government as well are entitled to the salary compensation as per recommendations made.

First and foremost, I would like to thank the Government, in particular, hon. Pravind Jugnauth, the Minister of Finance and Economic Development, and also hon. Callicurn, Minister of Labour, Industrial Relations, Employment and Training, for the recommendations made with regard to additional remuneration referred to as salary compensation, which will be paid as per the Schedule (Section 2) and effective as from 01 January 2017.

Madam Speaker, I would also like that it be placed on record, that, in October 2010, hon. Pravind Jugnauth, as the then Minister of Finance and Economic Development, abolished the contested National Pay Council which was set up administratively by Mr Sithanen in May 2007 with the task of determining the salary compensation to be paid to workers. We remember that even workers' representatives on the National Pay Council were imposed, were chosen not by the trade unions themselves, but by the then Minister of Labour, and this provoked growing protest and unrest among the working class. Thanks to hon. Pravind Jugnauth, Minister of Finance and Economic Development, he re-established the tripartite committee and responded positively to requests made by trade unions. In fact, tripartism offers the possibility of more social peace, more equity and rights, and less poverty in our society.

Madam Speaker, it would be relevant for me to stress out that this recent exercise was not an easy one. In fact, the employers outright manifested their opposition for the payment of salary compensation to workers and even put into question the need for discussion at the level of the tripartite committee.

We still remember that the CEO of Business Mauritius even considered that the present system of determining salary compensation is outdated and went so far as qualifying the actual mechanism as being a *bombe à retardement pour le pays*. This was how he qualified that. It is to be reckoned that, in Mauritius, the salary compensation is one of the issues around which social dialogue takes place, and this is because collective bargaining is practically not effective in various sectors of the economy. It is, therefore, important to look at ways to overcome and remove obstacles to the effective functioning of collective bargaining, which can contribute to lowering wage inequality and improve working conditions.

Madam Speaker, year in year out, we hear the same language from the employers, warning Government that the private sector will not be able to bear the cost of additional remuneration and have always '*crié au loup*', pretending that the payment of a salary compensation would lead to laying off of workers. We all know that this has never happened, and it has been proved by studies conducted by the ILO that in the majority of countries where workers have been compensated for loss of purchasing power, there have been practically no negative effect on employment; on the contrary, this has boosted productivity.

Madam Speaker, I seize this opportunity to clarify matters regarding an interview that I gave to '*L'Express*' in its edition of Saturday 09 December to the effect that, I stated –

*« La compensation salariale est loin d'être satisfaisante. »*

This statement is incorrect. On the contrary, I clearly pointed out to the journalist that while the inflation rate is 1%, a salary compensation of Rs200 has been recommended; twice at the rate of inflation or even more in certain cases to workers drawing salary up to Rs15,000. I even referred to Mr Sithanen who was Minister of Finance in 2007 and who granted a mere pittance of Rs135 to workers in spite of the fact that the inflation rate was 8.8%. I was also gratified by the same Press with a caricature in its edition of Monday 12 December. So, this speaks for itself whether the title of the interview was right or not.

Madam Speaker, it is to be noted with satisfaction that the philosophy of higher compensation to those at the bottom of the ladder has been applied and is evidently of more benefit to workers belonging to poor households. As such, we are on the right side of history.

Madam Speaker, in Schedule (Section 2), Part II, the additional remuneration will also apply to part-time employees earning up to Rs15,000, 2% rounded up the next rupee subject to a maximum to Rs200 and above Rs15,000 up to Rs50,000, Rs125.

Madam Speaker, it is also comforting to know that the additional remuneration will also apply to beneficiaries of basic retirement pension and other social aid schemes in line with the philosophy of promoting the fundamental concept of solidarity with vulnerable groups of our society. Through the payment of a salary compensation, we are aware that Rs1.9 billion will be injected in the economy and that 325,000 workers earning salary up to Rs15,000 will be entitled to a compensation of Rs200 and that 175,000 workers earning more than Rs15,000 will receive Rs125 as compensation. The underlying policy behind this is to protect workers who are at the bottom of the ladder.

Madam Speaker, in the strict terms of the word, it should be pointed out that the salary compensation is not a salary review, but a mechanism whereby workers are compensated for loss of purchasing power over a given period of time. As such, it is meant to be paid to workers as a result of an increase in the cost of living in respect of that period.

Madam Speaker, we should not lose sight of the fact that, through the setting up of a National Wage and Consultative Council, Government has made a leap forward with a view to establishing a national minimum wage to prevent workers from falling into the poverty trap. The minimum wage translates also Government's commitment to providing workers and their families with a decent living to allow them to meet basic social needs.

Madam Speaker, we should not forget Government's geared action at fighting poverty and eliminating absolute poverty, as enunciated in the Social Integration and Empowerment Bill adopted just a few days ago, particularly by topping financial assistance to families on the social register, that is, a maximum of Rs9,520 for a family of five persons.

To conclude, Madam Speaker, let me quote from Pope John Paul II. I quote –

“All must work so that the economic system in which we live does not upset the fundamental order, the priority of work over capital, of the common good over private interest.”

I would like to end also by a quote from Mahatma Gandhi. I quote –

“There is enough for everybody's needs but not for everybody's greed.”

On this note, I would like to thank you, Madam Speaker.

**Madam Speaker:** Hon. Ramano!

(5.21 p.m.)

**Mr K. Ramano (Third Member for Belle Rose & Quatre Bornes):** Madam Speaker, at a time when the distribution of income is visibly fraught and income disparity has become increasingly pronounced, more and more people are finding it difficult to meet both ends. In this context, I welcome Government's initiative to introduce a legislation to ensure that, at least, some people are better off and none is worse off. This is a basic criterion to ensure efficiency, but it is not sufficient by itself.

While I am tempted to congratulate the Minister for his forceful measure to relieve a little of misery, the destitute, the vulnerable and the disabled, I am equally tempted to say that the quantum is not adequate. I would not be surprised if in some quarters this meagre increase is regarded more as insult rather than an additional remuneration to meet the growing needs of people. Against a backdrop of myriad pledges, this Government, since two years, obviously, expected something much more substantial and wide-ranging.

Mauritius cannot progress at two different speeds: one for those who have been fortunate to take a lead and another one who have been slow and disadvantaged from the start. For the past decade and a half, we have come with policy measures albeit unintentionally that makes the worse-off worse. We need to come with policies that reverse the trend to ensure the worse-off catches up with the well-off. In this respect, the additional remuneration is a positive step in restoring some form of social injustice.

My contention, Madam Speaker, is that this is too small relative the growing social injustice. Mauritius is not only cropped in the middle-income labyrinth, but also in the global trap of widening income disparity. It is easy to put forward arguments that we cannot jeopardise the economy and take the risks of pushing some firms down the precipice. It is equally true that thousands of people are struggling to feed their children and meet both ends.

Madam Speaker, here was a golden opportunity for a Government that claims to be caring to address the poverty issue as well as distribution at one stretch. Let us as a nation consider the plight of those living at the lowest rung of the social stratification.

First of all, Madam Speaker, there has been a generalised loss of purchasing power that affects each and every Mauritian, but the worst hit is those at the bottom because there are certain basic commodities in life that every person, rich or poor, needs and has to buy.

Owing to the monetary policy implemented by this Government when it came to power, our *per capita* income has dropped; our *per capita* income fell from USD10,017 in 2014 to 9,434 in 2016. Trying to depreciate the currency to assist in aiding the manufacturing sector, not only harms other sectors like the financial sector, but also vulnerable segments of the population. It is not depreciation that will bring growth, but competitiveness, innovation and high quality.

Our inflation recently is influenced by imported inflation. The goods consumed by the lowest strata of the population are different from those consumed by the average Mauritian. In the basket of goods used to compute inflation, goods, the prices of which have gone down like petroleum products owing to global over supply or dampening prices, occupied quite a significant weight. It is this dramatic fall in global prices that has influenced the cost of living downwards. However, such goods are irrelevant to those in the lowest strata of income-earners. These people do not and rarely consume such goods. So, the low inflation we publish has no strong impact on such people. In contrast, the goods they consume have seen high increases like pharmaceutical goods.

A second vulnerability of the lower segment of the population is a haphazard and perpetual increase in prices of specific essential goods. A typical example is pharmaceutical goods, as I said earlier. The prices of pharmaceutical goods continue to go up and the vulnerable segment of the population who cannot always have a balanced diet often fall sick and have to resort to pharmaceutical drugs. Surprisingly, these always remain expensive. Prices rarely if at all come down. Even if in the wake of Brexit, one would expect British pharmaceutical goods to be lower because the pound sterling loses its value against most of the world's currencies, they did not. So, poor people do not have any protection against such traders because Government has neglected to monitor the situation and protect them.

I am not advocating price control. I am arguing for proper administrative infrastructure to protect against unfair trading and pricing of essential goods against monopolistic interest and connivance and in favour of enforcing the Fair Trading Act, so that people get a better deal. What do we get for Rs200 these days, even less for Rs125? In what way will this additional remuneration improve the lives and purchasing power of such people? Just a little window-shopping will tell you that finding a small toy for Rs200 is like finding a needle in a haystack. How do we imagine those eligible to a remuneration of Rs200 will feel? The intention of Government is good, but it could have been better if the additional increase was meaningful and could bring positive changes in the family unit.

Over the last decade, income in equality has increased, yet a smaller group of people have become excessively rich. This is admittedly not restricted to Mauritius. However, what the Government could do is to adopt a sort of Robin Hood policy approach through a more progressive tax. Take from those who have too much and distribute more fairly to those who do not have enough to satisfy their basic needs. Becoming richer is a glorious objective, but not so if it is merely to satisfy the greed of a few and at the expense of those who live in abject poverty. Let us ask ourselves in this august Assembly if it is a normal feature that some cleaners are paid a mere Rs1,500 per month! What do we get with Rs1,500 these days?

**Madam Speaker:** No, hon. Ramano, I am sorry. I think you are broadening the debate too much because we are not talking of salary, we are talking of an additional remuneration. So, I would request you to come back to the Bill instead of broadening the scope of the Bill.

**Mr Ramano:** This is why, Madam, I say that here was an opportunity for the hon. Minister to come with a more comprehensive approach and use the legislation to uplift Mauritius to a level of greater equality and social justice. I will, therefore, urge the Minister to initiate action for a national survey for workers who are exploited in this despised manner and to propose to them a more decent additional remuneration in order to bring them with mainstream social development. It is time we start correcting the Gini coefficient, and I appeal to the Minister to use this opportunity to reduce the gap, alleviate absolute poverty and add another provision in the Schedule for a more substantial amount, so that people can aspire to live more like human beings.

We need to look at the proposed increase in the additional remuneration. Given that the bulk of those eligible to the additional remuneration are found in an income bracket with a high consumption incidence, it can be safely assumed that these workers would spend the totality of the increase on consumption. This implies that Government would earn on average some 15 per cent of revenue from value added tax. As regards inflation, it is true that currently inflation is low, but there are signs that it will be increasing, as the Bank of Mauritius Report shows. This increase will be absorbed very quickly. This is why I say the increase is too low.

The low inflation reflects a past crude effect of imports and one of the biggest items is fossil fuel and related projects. The fall in their prices was never reflected in either the CEB invoices or the CWA bills. On the contrary, we hear every day of impending increases in the price of water. On electricity, the Government has fleeced the poor people. The CEB selfishly pocketed the windfall gain without ever thinking of sharing a little part with those at the bottom of the income scale to relieve a little of their misery through a process of what economists call an increase in real income. The additional remuneration can also come in different ways.

In a nutshell, Madam Speaker, I commend the increase proposed in the Bill, but would move that a more substantial amount be paid for those earning below Rs6,000 pending a proper study that brings them with mainstream wages and salary earners. This is critical in view of the widening Gini coefficient, the impoverishment of people at the lower end of wage earners and new items added in the daily basket of our consumers with the advent of new technology and the temptation to indulge into socially undesirable activities because of low income.

I thank you, Madam Speaker.

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

(5.32 p.m.)

**Mr S. Mohamed (First Member for Port Louis Maritime & Port Louis East):** Thank you, Madam Speaker. I have listened as usual with a lot of interest to all speakers talking about this additional remuneration piece of legislation, and it brings me down memory lane. I have said that before and I think it is important for me to repeat it; I have had the pleasure of sitting next to hon. Pravind Jugnauth when he was Minister of Finance and I, as Minister of Labour, to prepare discussions with the trade unions. It was a pleasurable event I must say because we worked well

in giving together, as one Government, the right remuneration to the workers of the day. I remember that very well. I have had the honour and pleasure also of having by my side the hon. Deputy Prime Minister who was then Minister of Finance when he chaired the committee together with me for this very exercise, and I had the honour of presenting Additional Remuneration Bills on many occasions. I agree with hon. Pravind Jugnauth that it is not an easy exercise. I agree with the actual hon. Minister of Labour, it is not a simple exercise.

But allow me to comment on what hon. Benydin was saying. I have had the honour and pleasure of being with him as well when he was trade unionist, and I remember the days when hon. Benydin would - whatever Government would decide - say it is not good!

*(Interruptions)*

I was tempted to also walk the same path as hon. Benydin and be the unionist that he is in his blood and keep on saying whatever Government is doing is not right. I am not saying that whatever Government is doing is right. I am not saying the other way.

But let me come to the complicated exercise that any Government has to face when it has to calculate what is exactly the additional remuneration that it will give, what will be the threshold, what are the issues that have to be taken into account, what happens in a technical committee. Very often, members of the public and trade unionists believe that this whole exercise, Madam Speaker, is a futile exercise. They believe and they say so, I understand, because I guess maybe there is not enough transparency in the method that we, when we were in Government also, worked with or maybe actually as well. They believe that this is all a prepared exercise, that the whole point of meeting with the Ministers is pointless and that everything has been decided. Hon. Benydin would remember, Madam Speaker, that this was the feeling. Hon. Soodhun is smiling, and I guess he also remembers that he also felt the same thing.

But it is not the case. It is not a question of it being already a prepared exercise. It is a question of we have a system, it is not the best system. This is the methodology that we have used for negotiations. I guess unionists and the employers come and tell us what they want. They talk about the global outlook.

They talk about the unemployment situation in Mauritius. They talk about the capacity to pay. They talk about the growth of the economy. Those are but a few of the important issues that

have to be taken into account when deciding what would be, in fact, salary compensation. I have not heard the actual Minister of Labour talk about growth. I have not heard him talk about unemployment actually. I think it is a very important element, unemployment or loss of jobs or job creation.

When I was in that position, I have also come across the difficult situation of trying to please both parties. The hon. Leader of the Opposition says, rightly so, that today what we have is that unions are not happy because they say they should have obtained more and employers are not happy because they say they should not have paid. When I was Minister of Labour, I loved that situation. Whenever we had unions who were not happy and whenever we had employers who were not happy, I always smiled and said we have reached the middle ground; therefore, it is perfect because we are not in any way siding with anyone particular group.

But, then, again, when I reacted that way, it was to face the difficult task, we still have to face the same system. That is why the Government came forward with a piece of legislation that I had started with Professor Herault of the ILO with the minimum wage, and the Government came forward with the National Wage Consultative Council. So, in actual fact, Madam Speaker, for a minute during this year 2016, I was under the impression that the Government had forgotten the issue of additional remuneration. For another minute, I said to myself it is maybe because the inflation rate is 1.3 per cent and, therefore, they would not consider the issue of remuneration, which was a political risk that they were going to take. I thought that was it!

But, then, I also thought that maybe it was also because there was this confusion at some stage because of the new piece of legislation, the National Wage Consultative Council that was brought forward. I thought they were in the process of trying a transitional phase, let me call it that way, of coming up with a new system because the actual system, whether we like it or not, we have to admit, is not the right system. It is not the right system. I have come across speeches that were made by hon. Jugnauth, himself, when he was in the Opposition. After we had spent some nice moments together in Government, then he went to the Opposition...

*(Interruptions)*

We did!

*(Interruptions)*

I know he is jealous! We should have spent better times together with the Chief Whip, but we did spend good times in Government! And in those days...

*(Interruptions)*

**Madam Speaker:** No provocation, please!

**Mr Mohamed:** He shouldn't be jealous! In those days, when we were dealing with the issue of compensation, there is the issue about what he said when he was in the Opposition. He did come up in one of his speeches in 2012 in the Opposition and he talked about those five factors, as I mentioned, that must be taken into consideration when deciding the growth rate, the unemployment rate, the capacity to pay and labour productivity. I must say that hon. Jugnauth was very, very tough in his approach when he was in the Opposition against hon. Duval who was then Minister of Finance. They were throwing at one another, Madam Speaker, such beautiful flowers and garlands. It's amazing how...

*(Interruptions)*

That's why they are together today! I guess they were planning it! There was also the intervention on hon. Jugnauth who was saying to the then Minister of Finance to take a '*billet avion aller do.*' So, I don't know how they ended up together.

*(Interruptions)*

Yes! *Prend to billet aller, alle voyager!* I was wondering how they ended up together. Fair enough!

Now, after this new legislation, Madam Speaker, it is true that there has been delay. We have to accept it. We have to identify where Government maybe could have done better is to go faster on the National Wage Consultative Council. It is a good project. It is not an easy project that will have to be implemented, but one has to go faster, *pour chercher l'oiseau rare.* As from 02 December, there has been an advert to try to look for the person who was going to chair that Council. Fair enough! I have seen it on the website of the Ministry of Labour. But the fact remains that there are important issues that the hon. Minister of Labour has not mentioned and those are the following.

I refer to Statistics Mauritius that we all rely upon and we all believe in the way it calculates things as the Rt. hon. Prime Minister says the same thing. It is the same way, the same

methodology. But what is important to bear in mind is the employment situation of Mauritians. 537,000! Because I am only referring to latest figures of Statistics Mauritius and this is on the website. 537,000 employment of Mauritians compared to 542,000 at the second quarter of 2015. So, clearly there has been a drop in the number of employment compared to 2014, 2015 and 2016. There has been a drastic drop in the number of people who are in employment in Mauritius. Statistics Mauritius says: '43,000 unemployed'. I am here referring to the latest figures available from the website, that is, 18,400 males, 24,700 females as they put it, but what's striking, and this is where we have to be very careful as a country, is 19,300 unemployed are below the age of 25. So, when it comes to youth unemployment, we got a serious issue because the percentage that Statistics Mauritius says of youth unemployment is 45% in 2016. Now, 45% of youth unemployment is extremely high because I recalled in 2014, when I was co-chairing the Committee, together with the hon. Deputy Prime Minister, pertaining to salary compensation, youth unemployment was only 25%. So, between the time that we left Government, it was 25%, and today it is 45%. 20% in terms of figures more! That's a huge increase in terms of youth unemployment. Those are figures which I humbly request Government to look into because it is a dangerous situation when we reach almost double the number of unemployed who are the youth under 25.

Now, the forecast, as far as the latest figures of Statistics Mauritius show, is employment of Mauritius is expected to rise ...

**Madam Speaker:** Hon. Mohamed, I am sorry once again to interrupt you. I have given you some leeway to expand on the different factors that you have mentioned, and unemployment is one of them. I think you shouldn't go deep into that debate, but come back to the essence of the Bill, and this is what I am requiring you to do.

**Mr Mohamed:** I totally agree and I thank, Madam Speaker, for having given me the leeway. I have got only one last figure to quote and I will not dwell any further into it. It is basically that, for 2016, it says that it would be only 542,000 people in employment as opposed to almost 580,000 when the last time I carried out the exercise in 2014. So, there is a drop in the number of people who are working. Obviously, we are going to say that there has been a drop in unemployment when we are going to have a lesser figure to compare with. That is simple mathematics.

Now, we talk also about the Remuneration Order. The hon. Minister of Finance, Madam Speaker, talks about the Remuneration Order as a means of correcting measures. I have had the pleasure of talking to the actual Minister of Labour on the 14 Remuneration Orders that were referred in 2013 by me. For all the sectors, they were less than Rs6,500 on a monthly basis in terms of salary. I have looked at the website of the Ministry of Labour and that of the National Remuneration Board and I see that all the 14 Remuneration Orders from baking industry, cinema workers, domestic workers, export enterprises, factory employees, field crop and orchard workers, light metal and wooden furniture workshops, livestock workers, nursing homes and even pre-primary school employees and then the private secondary school employees Remuneration, the salt manufacturing industry, the sugar industry agricultural workers, the tea industry, the public transport buses workers, the catering tourism, the fishermen and *frigo* workers all are but a few of the Remuneration Orders that I have in those days referred to the National Remuneration Board, and the National Remuneration Board has already given their recommendations. I was also informed, just a few minutes back by the hon. Minister of Labour that, following me sending this between 2010 and 2014, they've already given their recommendation and the hon. Minister has, himself, in all of the 14, already made Regulations as opposed to what hon. Ganoo said. Just to put it right.

So, today, yes, the hon. Minister of Finance is right, Madam Speaker, that the workers are also benefiting from the changes in the Remuneration Order by getting a higher salary, following my intervention when I was Minister of Labour. So, what I invite the hon. Minister of Labour to do is to follow suit, to also choose all those other Remuneration Orders that need to be revamped very often. But, as I have said to him, and I'll share it to the House, he needs to keep this discretion of the hon. Minister of Labour to refer it, not after three or five years, but at important moments where the national economy demands that those workers have to be helped. This is already in the law, I know. But you have to make it more flexible for him to be able to refer to the NRB. This is one advice, if I may be allowed to give, that he should look into by changing the law.

Now, with regard to another issue, which is *le pouvoir d'achat*, this is also another chapter which was important and considered by the unions. Yes, 1.3% is the inflation rate...

*(Interruptions)*

I am looking at what is the situation outside. As I have said, I was also Minister of Labour, and each and every time we were in Government - hon. Jugnauth realises that – we talked about inflation rate. That is why I say the system maybe is not the best one because in actual fact the inflation rate shows one thing, but the cost of living shows another thing. Yes, hon. Pravind Jugnauth talked about *rattrapage* and all governments have stuck to a certain formula where we have not gone on *rattrapage* issue. We have kept on speaking the same language, but we have to admit to one another that inflation rate may show a low figure; let's say 1. Fair enough! That is what Statistics Mauritius says. We believe in them and we have faith in them. But the actual truth, Madam Speaker, is that actually the prices of commodities have increased. From tea to sugar, all the way to commodities like lentils, juice, fish, meat, even *bomli*, *gros pois*. Each one of them has increased. *Le montant de la hausse* between November 2015 to November 2016, every single one of them has increased.

So, the actual fact is to really try to find what would be the right methodology; how does one compensate this loss of purchasing power at the same time having to ensure the viability and sustainability of employment and protect jobs. Not an easy task! The private sector always says, “If we are to look at the Consumer Price Index and cost of living as opposed to inflation and to really help them, compensate them for the increase in the price of living and commodities, it would put them out of business”. Is this true or is this not true? Hon. Benydin said that they always complain. He is right! They always complain. I never remember a time when I was there that the private sector said, “We are happy, let's pay.” I never remember that! But what would be the right middle ground? How do you ensure it? We are 100% sure that the system that we have today does not compensate the workers as they should. And this is the system we have always worked through. So, how do we come up with a new one? Will this new National Minimum Wage Consultative Council come up with it? I do not necessarily think so, unless we are to bring this element of consumer commodity prices therein. So, the fact is prices of commodities have gone up from vegetables, Madam Speaker, to meat, to chicken, to fish, *conserve*, even the price of transport.

Price of energy has gone down because the price of gas has gone down through a budgetary measure, but the Consumer Price Index has constantly gone up whereas inflation has been going down. So, which of those two make sense to the everyday life of every Mauritian out there? It is clearly not the inflation rate. It is the price of commodities. That is what we all

agree with. But, yes, we are going to say, “What should be the right method?” I do not really have the answer right now. I don’t! But what we have to do is, together, for posterity, ensure - as hon. Ramano had said just now - that the Gini coefficient is such that the difference between the rich and the poor cannot continue increasing because the fact is it is continuously increasing. The reason why it is continuously increasing is because those who have money are not really concerned about this compensation issue, but those who are in the ‘do not have it’ and who have difficulties *pour faire joindre les deux bouts*, those are the ones who really need that compensation.

The Government has come forward with a compensation, fair enough! Is it sufficient in the context of the methodology that is used? Maybe! But is it fair? I would humbly disagree with hon. Pravind Jugnauth. I do not believe it is fair. I do not believe it is reasonable. Maybe a new formula could come up with the help of the Members from Government. Then, maybe, that fairness would come then. But, until then, I think that even any other new government that comes in and sticks to the same system, we will continue having unfairness.

So, those are my views, and I only hope that the difficult task that all governments should have with that system would be diminished in the future. The difficult tasks that the officers of the Ministry of Labour, Industrial Relations, Employment and Training have and the technicians of the Ministry of Finance and Economic Development have would be reduced with time when we find a new formula. But, otherwise, it is not easy to do justice in such a case.

So, I thank you, and those are my contributions.

Thank you very much.

**Madam Speaker:** Hon. Sinatambou!

**The Minister of Technology, Communication and Innovation (Mr E. Sinatambou):** Thank you, Madam Speaker. When the hon. Member for Port Louis Maritime and Port Louis East took the floor, I was for once nicely surprised because he started on such a honey-like tone and I was wondering why such sweetness this afternoon in front of this House.

*(Interruptions)*

I must say that I have a lot of respect for him and his oratorical ability. I felt that that there was something which must be happening. The nexus of his speech, I believe, gives me reason

because the hon. Member, unfortunately, went on to speak about a number of parameters which are simply not relevant to an Additional Remuneration Bill.

Indeed, Madam Speaker, Remuneration Orders are not issues which are relevant to the Bill being brought before the House today. The National Wage Consultative Council is about minimum wages. We are today speaking of Additional Remuneration. However, I still tried to catch the purpose of this honey-like attitude. And I believe, I honestly believe, that the reason for that is because Government has done a good job. If inflation is actually 1%, isn't it a wonderful job, or let us be as humble as possible, if Government gives a compensation to those who are at the lower ebb of the flow, four times more than what the inflation rate is? So, if only from that perspective, I would strongly suggest, Madam Speaker, that we must commend the Minister of Labour, Industrial Relations, Employment and Training for bringing this Bill before this House this afternoon, and, at the same time, commend the hon. Minister of Finance and Economic Development for providing the funding in order to make payment to no less than 500,000 citizens of this country. It is half a million Mauritian workers who are going to actually benefit from the additional remuneration. Half a million workers, making up 62% of the employees of this country, who are going to actually receive the additional remuneration which, I believe, we should acknowledge, is of a good standard when you compare it to the inflation rate of the year. If there is one thing I may perhaps agree, is subject for debate, would be whether calculating the rate of remuneration is the best one. But, until we find another formula, we will have to do it with the one we have been doing for so long. At least, the hon. Member for Port Louis Maritime and Port Louis East should acknowledge that we have been very right to do away with this National Pay Council which, unfortunately, was poisoning the life of those who should be receiving the additional remuneration.

Here, I must say that I could not resist from going back to one of the repartees of the hon. Member, dated 11 December 2012, where he was, I think, in a very bad manner, with all due respect, claiming that it would be the joke of the century if someone would believe that the hon. Minister of Finance and Economic Development is someone who believed in tripartism. The proof of the pudding is in the eating.

Here it is today! What we can see is, with this Additional Remuneration (2017) Bill, the hon. Minister of Finance and Economic Development is providing the funding in a tripartite

negotiation, which brings about the payment of no less than Rs1.9 billion - and Rs1.9 billion to be repeated every year.

If we go back to last year, when it was Rs250 and Rs150, it was another Rs1.8 billion for last year, repeating every year. If we go back to the Rs600 of our coming into office, my understanding is that it came to Rs4.4 billion, repeating every year. If that is not believing in the tripartite system, if that is not a Government which is actually looking at the wellbeing of its people, what would it be?

In fact, many of the issues which have been raised by the other side are issues which have nothing to do with what we are saying today. What has to be the focus of attention is how much money is being put at the disposal of half a million Mauritians. It's Rs4.4 billion in 2014; Rs1.9 billion in 2015, and another Rs1.9 billion in 2016.

I think the hon. Minister of Finance and Economic Development, earlier in his speech, mentioned that we had reached Rs10.8 billion. Maybe I am wrong in the addition. But, what I would like to say, Madam Speaker, is that the salary compensation which is being proposed is another good decision in favour of those of our fellow citizens in the low and lower middle income brackets onwards.

I see a lot being made about this National Minimum Wage Council; why is it not yet here. Well, it is because we have been working on other things of utmost importance. Only a few days ago, the Social Integration and Empowerment Bill was passed with the view to genuinely eradicate absolute poverty in this country, even though Mauritius is classified as the least poverty-stricken country in Africa. So, we were speaking of all those people who were on the absolute poverty level who would get, in a household of two adults and three children, Rs9,520 per month. That should be in force as from early next year.

*(Interruptions)*

It is already in force. I am even mistaken!

So, speaking of those people who are at Rs1,500, Rs2,000, they just have to register! There is going to be a topping up for them to earn Rs9,520 per month for a household with two adults and three children. Look at where we were before and what we have done in two years!

In fact, I must say that when the hon. Member for Port Louis Maritime and Port Louis East started speaking and was so sweet, I was thinking, “Oh! The *narien pas bon* syndrome is improving!” Now, there is going to be something good to come out. Because if you are genuine, if one wants to be really fair, one would see that already putting the threshold for absolute poverty at Rs9,520 for a household of two adults and three children augurs some good days for those who are going to be the subject of discussion by this National Minimum Wage Council. I cannot pre-empt what it is going to be, but what I am saying is Government has put a mechanism, and we will not – I often say that – be led by the timing of the other side. Government has its agenda; Government will do what it feels is right.

What I would like to say is that the present salary compensation, Madam Speaker, for this year, which is being presented before this august Assembly, bears testimony of the determination of this Government to continuously uplift the living conditions of fellow workers of this country in all the sectors of our economy. We have made it our duty to ensure that the purchasing power of our fellow workers is not only maintained, but improved as well, given that, as I said before, the compensation to be paid is in some cases four times more than this year’s rate of inflation. And this is being done while taking into consideration the broader view of the economy and the many challenges ahead, because any higher amount of salary compensation, Madam Speaker, would impact on job creation and investment.

We had and we have to strike the right balance between the longer-term economic interest of the country and the payment of annual compensation, which is no easy task. Yet, we believe that this Government has not only proposed a decent salary compensation, but has also preserved the economic momentum of the country.

I want to be brief, Madam Speaker, and, therefore, I will just say perhaps one or two more comments, which I have not heard in the course of the debates. I went to check, because that was something which raised a lot of mayhem in 2012 in the Additional Remuneration Bill of 2012 because Government then had decided to give a salary compensation of so much, but then the pensioners were not given the same compensation. So, I went to check what have we done this time, and I was very happy to note that all pensioners are going to receive the same compensation as for others in the same wage bracket, and even one step further, Madam Speaker. Let us say you have someone who is between 60 and 64. If that person is still working, that

person also earns old age pension today and that person will get an additional remuneration for both the pension and the salary, so that they will be topped up both for the pension and the salary.

So, I believe, Madam Speaker, that this Government is to be commended for what it has done throughout the last two years. All those decisions that we have taken for the good of this country, for the embetterment of this country, for the improvement of people's life, all this has to be recognised. You know, Madam Speaker, we are only two years out of a five-year mandate. In fact, I made it a point, because I was on radio the other day with hon. Uteem and he was saying that if you look at horseracing, as a horse gets out of the stall, you can know whether it is going to win the elections or lose the elections. I told him that is why he is on the other side!

*(Interruptions)*

But I made it a point to have a football analogy, and when I had the football analogy, I tried to see what two years out of five years mean in a 90-minute match. So, we are only at the 36 minutes of a 90-minute match and at the 36 minutes, I think we have already done a good job. Indeed, there may be things to do better, but as it is now, we have another 54 minutes and such other good work to do. We are confident that this is going to be done. We believe that this Government has to be commended.

I thank you for your kind attention, Madam Speaker.

(6.10 p.m.)

**The Minister of Financial Services, Good Governance and Institutional Reforms (Mr S. Bhadain):** Madam Speaker, I have listened attentively to the speeches of various Members of the House and I very much believe there is one fundamental aspect of what is being debated today which needs to be highlighted.

How much money has gone into the pockets of the people of this country since this Government took office? Madam Speaker, old age pensioners have received, of course, Rs5,000 each month which, in effect, has put an incremental Rs4.7 billion in their pockets in year 2015. The same goes for year 2016 and the same will happen in 2017. So, only in terms of money going into their pockets, the old age pensioners, in 2015, 2016 and 2017, we are talking of an

incremental amount of Rs14.1 billion into the pockets of some 190,000 old age pensioners. This is what this Government has already done.

Now, with regard to additional remuneration to workers, the Rs600 compensation which was paid across the board as from January 2015 has in effect put an additional Rs3 billion in the pockets of workers of this country in 2015 alone. Same goes for 2016 and, of course, now for 2017. So, in total we are talking of an incremental amount of Rs9 billion into the pockets of some 500,000 workers in this country, Madam Speaker.

Then, of course, there was the additional remuneration paid effective as from 01 January 2016. This, Madam Speaker, has put a further Rs2.5 billion into the pockets of workers and also pensioners and handicapped people in year 2016. Same goes for the coming year 2017. Madam Speaker, with this proposed Bill, workers of this country will have a further Rs1.9 billion paid to them.

So, if we were to look at the total amount of money which is going into the pockets of the people of this country since this Government took office, the figure, Madam Speaker, is a staggering Rs30 billion since December 2014! This is since this Government took office, and we are talking of additional money, we are talking of money which has gone into the pockets of the people of this country since December 2014; Rs30 billion! That is not all, Madam Speaker. To this, we also have to add the payment of the PRB which has put a further Rs3 billion into the pockets of some 80,000 civil servants of this country. So, the total amount in effect, Madam Speaker, is Rs33 billion into the pockets of the people of this country since this Government took office under the leadership of the Rt. hon. Prime Minister! Extra money into the pockets of some 700,000 persons of this country when you add up the old age pensioners, the handicapped persons, the workers of this country, including, of course, the civil servants. This is what Government has done.

What about the most vulnerable in society, earning Rs10,000 or less? Madam Speaker, let us start with the rate of inflation since this Government has taken office. Of course, the statistics show that it has gone down from 3.2 per cent in 2014 to 1.3 per cent in 2015 and now 1 per cent in 2016. A lot has been said about the rate of inflation. The hon. Leader of the Opposition stated, and I noted down that the rate of inflation computed by Statistics Mauritius does not reflect the actual loss in purchasing power. Then, we had hon. Ganoo who has gone a bit further and he

said, “*C’est là où le bât blesse*”. Why? Because he has got certain qualms about the inflation rate methodology calculated. To which, the Rt. hon. Prime Minister rightly stated, “But it is the same as in the past”! And it is true.

Then, of course, we had my friend, hon. Shakeel Mohamed, who talked about the price of commodities. Then, of course, he basically stated that the Consumer Price Index (CPI) has gone up, but inflation has gone down. Then, in all humility, he stated that he does not have the answer as to how this has to be rectified. But, probably, the answer is to be found in this document. This document is prepared by Statistics Mauritius and it explains the methodology. So, the methodology used for computing the CPI and the inflation rate is given in the technical note at annex. I believe this document is on the Internet. It can be checked. When you look at the technical note, paragraph 1 (c), which talks about the CPI basket, and I quote –

“The CPI basket is based on the expenditures of private Mauritian households in a reference period, currently January to December 2012. The composition of the current CPI basket has been derived from the 2012 Household Budget Survey (HBS) data. It has been determined in accordance with latest ILO and SADC recommendations.”

Then, it goes on to say that –

“The commodities in the basket are classified according to the UN COICOP (Classification of Consumption Expenditure according to Purpose) with 12 divisions, 42 groups and 80 classes.”

Now, when you look at price coverage, paragraph (d) states –

“The prices used in the CPI calculation are those that any member of the public would have to pay to purchase the specified goods or services.”

And that is the answer.

“Any taxes on products attached to the goods are included. Price collection is done on a regular basis. Each month, around 7,800 price quotations are collected in respect of 1,020 item indicators from some 500 outlets selected to be representative of regions across the islands of Mauritius and Rodrigues.”

This is the methodology! So, saying things for the purposes of saying things, Madam Speaker, can only be misleading.

When we look at the cumulative situation, because I very much believe that we have to look at the cumulative situation, we cannot look at things in isolation. Today, of course, we are looking at the additional remuneration of Rs200 paid to people earning up to Rs15,000 and Rs125 between Rs15,000 to Rs50,000. But when we look at things cumulatively, the cumulative rate of inflation comes up to 5.5 per cent over three years. So, if we take the 3.2 per cent in 2014 and we add the 1.3 per cent in 2015 and the 1 per cent in 2016, it is 5.5 per cent cumulatively. And when we look at the quantum of compensation paid to those earning less than Rs10,000, those vulnerable groups, we add the Rs600 which was paid across the board in January 2015, the Rs250 which was paid as from 01 January 2016 and, of course, we add the Rs200 which is now proposed in the Bill, Rs600 plus Rs250 plus Rs200 makes Rs1,050. Rs1,050 expressed as a percentage of Rs10,000 is 10.5 per cent. Now, cumulative inflation rate for the three years is 5.5 per cent. Compensation rate paid is 10.5 per cent. 5 per cent above cumulative inflation!

In effect, the 10.5% compensation basically caters for more than what is lost in purchasing power. The most vulnerable ones who are earning Rs10,000 or less in society are better off by 5%. Madam Speaker, it has been stated - I hear - by the Leader of the Labour Party, the former Prime Minister, out there, that people were better off when he was here. It has even been stated: *'Kan mwa mo ti là, ou la kwisine ti pe roulé.'* But it is now that people are better off because it is now that when you take 10.5% and you minus 5.5% inflation rate, you get 5% better off situation for these people earning Rs10,000. How could their kitchens have been in a better situation before? I can't understand. Yes, most probably, it might have been a kitchen of *'poisson salé'* or *'poisson sounouk.'*

Madam Speaker, not only did the previous Labour regime abolish the tripartite mechanism in the Budget 2006/2007, but when we look at inflation between 2005 and 2009 - because we have to make comparisons. Then, we will see who is doing what and in the interest of whom - inflation rate, Madam Speaker, had risen by 37.1%. In financial years: 2005 - 5.6%, in 2006 - 5.1%, in 2007 - 10.7%, in 2008 - 8.8% and in 2009 - 6.9%. In total, 37.1% between 2005 and 2009. The Sithanen days!

Now, when you add up the quantum of compensation paid for that same period, 2005 to 2009, to the most vulnerable category at the lower level, the threshold was Rs4,300, Madam Speaker. It is now that the hon. Minister of Finance and Economic Development, and, of course,

the hon. Minister for Labour and Industrial Relations, Employment and Training working together for the interest of the people have brought that up to Rs15,000 from Rs4,300 in the Sithanen days. When we look at the cumulative figures of the compensation which was paid to that vulnerable group, it comes up to 33.1% between 2005 and 2009 to the lowest vulnerable group when inflation was 37.1%! So, they were worse off by 4% as compared to now being better off since this Government took over, by 5%.

Now, Madam Speaker, what did the World Bank – because we hear people from the Labour Party talking about the World Bank all the time – have to say about all of these? The World Bank in its Systematic Country Diagnostic Report of June 2015, which covered the period 2007 to 2012, highlighted the remarkable increase in inequality between the rich and the poor of our country. I quote from the Executive Summary of this World Bank report, Madam Speaker, which states as follows –

“During the last five years, there has been a remarkable increase in inequality in Mauritius and the Gini coefficient after transfers increased from 0.34 to 0.37, slowing down the pace of poverty reduction.”

Slowing down the pace of poverty reduction in Mauritius!

“As a result relative poverty has increased from 8.5% in 2007 to 9.8% in 2012, but, more importantly, income growth of the bottom 40% of the population has been disappointing.”

This is what the World Bank is saying.

“An increase at an annual rate of 1.8% compared to 3.1% for the population at large.”

Madam Speaker, what the World Bank, in fact, confirmed is that in the days of the Labour regime, the rich became richer and the poor poorer. This had been the economic model of the Labour Party.

*(Interruptions)*

They are saying - still now - that in our days, people were in a better situation and had more money to spend. That’s what being said in the ‘*karo kane*’ these days.

*(Interruptions)*

**Madam Speaker:** Hon. Rutnah, no provocative remarks, please!

*(Interruptions)*

**Mr Bhadain:** Madam Speaker, I will also add to all of what has been said, certain remarks which have been made by the hon. Minister of Finance and Economic Development which we should not forget. This Budget was one of the most fantastic Budgets that this country has seen. The price of gas went down by 18%, as he mentioned before. The Marshall Plan against poverty, increase in meal allowance, cash awards to students of Grade 9, SC, HSC and, of course, all of that into an international context. Let us not forget Brexit and everything which has been done plus reforms have been brought in the financial services sector, tax treaties and a new vision has been put in place. All of that has to be taken into consideration. Of course, I totally agree with the hon. Minister of Finance and Economic Development when he says that this is fair. It is all about fairness and reasonableness.

So, Madam Speaker, it is indeed a complex exercise to strike the correct balance between the expectations of the employees on the one hand, trade unions also and then the employers' capacity to pay on the other hand. All of that wrapped up into a broader picture of national economic considerations. Any responsible Government undoubtedly has to consider a number of factors; the impact on the budget deficit, employers' capacity to pay without putting into jeopardy the jobs of the workers. And then, of course, the financial and economic challenges which are facing the country, the international context, as we mentioned, and then the impact of an increase in recurrent expenditure. It is always a challenge to do two things at the same time. Here, I would agree with the hon. Leader of the Opposition in his speech on the Appropriation Bill 2015 when he stated, and I quote –

“It will be particularly difficult to do two things at the same time, *le maximum de justice sociale*, but at the same time investing the billions that are required to create productive employment to eradicate poverty, to develop infrastructures, to develop education, formation (...). This is the challenge that is before us.”

I would almost believe that he was in Government himself the way this was said. I agree with that!

Madam Speaker, we should all ask ourselves the overriding question as to what is the principle behind the payment of additional remuneration. It is to provide for an increment in the salary of both full-time and part-time employees to compensate for the loss of purchasing power arising from inflation. But we must always look at the cumulative situation, that is, what this Government has done since it took office. Now, the choice is whether we provide for compensation to protect the most vulnerable groups of society or to provide for compensation which benefit those who are already well off. Again, under the Labour regime, Madam Speaker, it is no secret that the economic development had benefited the few and not the many like was the case in the financial services sector also. *C'était cela leur démocratisation de l'économie.*

I have to commend, Madam Speaker, the efforts made by the hon. Minister of Finance and Economic Development because at the end of the day, the funds are in his hands, and he decides in terms of what can be done with the money. Then, of course, my good friend, the hon. Minister of Labour, Industrial Relations, Employment and Training, who, I know, has put a lot of efforts in terms of the meetings and how he had been to interact with all those groups. Very often, people don't say how much effort he is putting into finding those solutions. The workers earning basic salaries less than Rs15,000 will earn additional remuneration of Rs200 and those between Rs15,000 and Rs50,000 will also benefit from a salary compensation of Rs125.

Again, it should be highlighted that this is the first time that a Government is increasing the eligible band for the lower income group to Rs15,000 and that of a middle income group to Rs50,000. In so doing, Government has broadened the lower income group and the middle income group to allow more people to benefit from the salary compensation.

Madam Speaker, we are a Government of the people, for the people. I very much believe, as has been said by my friend, hon. Etienne Sinatambou, that we have played only 36 minutes of the football match. Wait until 90 minutes is over, and then you will see the score!

Thank you very much.

**Madam Speaker:** Hon. Callichurn!

(6.30 p.m.)

**Mr Callichurn:** Madam Speaker, first of all, I would like to thank all the hon. Members who have intervened in this debate. As usual, some quarters of the Opposition have been critical

in their argument and some of them have made general comments. I must thank hon. Members on this side of the House, as some hon. Members have beautifully responded to the criticisms and comments made by hon. Members on the other side of the House.

Madam Speaker, before I start to respond to those comments, let me say it here; when talking about alleviating poverty, today itself we have paid, through bank, some 8,000 families who are in extreme poverty, a subsistence allowance. For that, a budget of Rs500 m. has been committed for the next two years. This measure is commendable, and I commend the hon. Minister of Finance and Economic Development and hon. Minister of Social Integration and Economic Empowerment for that.

Madam Speaker, I agree with the hon. Leader of the Opposition that things did not move as fast as we expected with the National Wage Consultative Council, but there are reasons to that. The House will recall that in May this year we passed the National Wage Consultative Council Bill which was, subsequently, proclaimed on 01 September 2016. But what did we do in the meantime? Madam Speaker, setting up a Council is not easy. First of all, we have to look for the right building to host the Council, which we did; it took time.

Secondly, administrative procedures had to be undertaken. Fortunately, the hon. Minister of Finance and Economic Development did allocate a budget for the Council in the last Budget, and I am in a position to inform the House that necessary arrangements have been made for the recruitment of staff of the Council. Only recently, two weeks ago, as promised, we have advertised for the post of chairperson. I am glad to inform the House that we have received applications for that post. Due consideration will be given in the shortest possible delay and I expect the Council to be functional early next year.

Madam Speaker, true it is that the NRB submitted its recommendations to my Ministry regarding the 14 ROs, which were referred then, in 2013, by the hon. Member of the Labour Party, hon. Shakeel Mohamed. But I must inform the House that Regulations have already been made to that effect, and they came into effect on 01 December this year. So, basically, another 100,000 workers at the lowest rung of the ladder will benefit from a salary increase. I need to be honest. There is only one sector where we, unfortunately, cannot give an increase, out of those 14 ROs which were referred, that is, the EPZ sector. And we all know for a fact why. With the falling out of the Brexit, it has been decided to stay action. I will be having meeting with the

MEXA next week because we gave them sufficient time to consider their position and what proposition they will come up with. So, I will be having a meeting with them next week, and then we will decide on the course of action.

Madam Speaker, some hon. Members in this House will recall, when we were debating on the National Wage Consultative Council Bill, I did announce that it is my intention that ROs be reviewed every five years. We are still considering this option, and with the amendment which will be brought to the Employment Rights Act and Employment Relations Act next year, due consideration will be given to that proposition. Next year, it will be the year of the workers. It will be their year because the Employment Rights Act and the Employment Relations Act will be amended, as we promised, to better protect their rights. I am pleased to announce, hon. Pravind Jugnauth mentioned it in the tripartite meeting. It is good that all hon. Members in this House know that a Ministerial Committee has been set up to look into the different proposed amendments. Next year, the Bill will be presented to this House.

Madam Speaker, I won't be long. Like I said at the beginning of my intervention, my able friends have already responded to the comments and criticisms made on this Bill.

I seize this opportunity to wish all workers of this country a Merry Christmas and a Happy New Year, and I thank you for your attention.

*Question put and agreed to.*

*Bill read a second time and committed.*

### **COMMITTEE STAGE**

*(Madam Speaker in the Chair)*

*The Additional Remuneration (2017) (No. XXXIII of 2016) Bill was considered and agreed to.*

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

*Third Reading*

*On motion made and seconded the Additional Remuneration (2017) Bill (No. XXXIII of 2016) was read the third time and passed.*

## ADJOURNMENT

**The Prime Minister:** Madam Speaker, I beg to move that this Assembly do now adjourn to Tuesday 20 December 2016 at 11.30 a.m.

**The Vice-Prime Minister, Minister of Housing and Lands (Mr S. Soodhun) rose and seconded.**

*Question put and agreed to.*

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

## MATTERS RAISED

(6.40 p.m.)

### RENAL TRANSPLANT – PROTOCOL

**Mr S. Rughoobur (Second Member for Grand' Baie & Poudre d'Or):** Madam Speaker, very briefly, I have a request for the hon. Minister of Health and Quality of Life. It relates to renal transplant in Mauritius and the protocol presently in place in hospitals for such a transplant. I wanted to just ask the hon. Minister if we have equipped, qualified medical practitioners among local professionals to handle the list of patients awaiting treatment.

Thank you.

**The Minister of Health and Quality of Life (Mr A. Gayan):** Madam Speaker, this issue is governed by the Human Tissue (Removal, Preservation and Transplant) Act. Patients who suffer from renal failure have the option of having a renal transplant, kidney transplant, and we do have doctors and consultants in Mauritius who can perform that kind of transplant, but of course, we need to have a donor, we need to have a recipient, and we also need to make sure that the donor and patient's blood, etc., match. But we do have the facilities in Mauritius to have the operations. This is not something that we send overseas for treatment because we can do it here.

**Madam Speaker:** Hon. Osman Mahomed!

### ONÉSIPHO BEAUGEARD GOVERNMENT SCHOOL –SECURITY MEASURES

**Mr O. Mahomed (Third Member for Port Louis South & Port Louis Central):** Madam Speaker, I have an issue which concerns Onésipho Beaugeard Government School,

located in my constituency. The school has been closed in or around 2010 and has been since then the subject of visit from thieves and more often thieves are coming there.

In 2015, a thief was caught red-handed, stealing Government properties and, last month, the same thing happened again, but this time the thief could not be caught because Police arrived late. So, these recent visits are causing a lot of inconveniences and a sense of insecurity to the people there. My request to the hon. Minister tonight is for her to kindly consider reinforcing security measures there or better still provide a watchman that will provide relief to the inhabitants in this peaceful region of Port Louis.

**The Minister of Education and Human Resources, Tertiary Education and Scientific Research (Mrs L. D. Dookun-Luchoomun):** I will certainly look into the matter.

**Madam Speaker:** Hon. Uteem!

#### **WARD IV – DRUG ADDICTS**

**Mr R. Uteem (First Member for Port Louis South & Port Louis Central):** Madam Speaker, I would like to raise an issue regarding the security of the inhabitants of the region of Ward IV in my constituency, especially those living near the St James's Street and near the former Immaculée Conception School. There has been an increase recently in the number of drug addicts going to some of the houses that have been left unoccupied for a certain number of years. There is also an increase in prostitution and an increase in theft, especially theft in houses which have fruits in their garden. So, this is causing a lot of concern for people in the Ward IV area, and I would respectfully ask the Rt. hon. Prime Minister if he can speak to the Commissioner of Police to increase the number of patrols in that region. Thank you.

**The Prime Minister:** I will pass on the information to the Commissioner of Police.

#### **MELROSE PRISON - ACCESS**

**Mr V. Baloomoody (Third Member for GRNW & Port Louis West):** I wish to raise an issue to the Rt. hon. Prime Minister regarding access to prison, especially the prison at Melrose. Up to recently, the practice was, except for Barristers and others, to have a permission from the Prime Minister's Office, and for religious persons, they have to be accredited by the appropriate religious bodies. But, unfortunately, up to recently, it would seem that access to the Melrose prison - I have been informed - is being granted to certain persons without authorisation

from the Prime Minister's Office and, in certain cases, for religious bodies, even without accreditation from the appropriate religious bodies. This is creating great confusion and some Prison Officers are saying that it is their prison, they decide who to accept inside and who not. We are talking about a high security prison, which is the Melrose prison. So, can the Rt. hon. Prime Minister look into it, so that we have appropriate procedure to be followed? Because even we, Members of the PAC, when we went there, it took us 15 days to have permission from the Prime Minister's Office to go as Members of the PAC, but, now, it looks that there are some people who are being favoured there for access. So, if we can have a standardised access to the prison.

Thank you.

**The Prime Minister:** I will look into the matter.

### **CHEBEL – ROAD TRAFFIC**

**Mr F. Quirin (Fourth Member for Beau Bassin & Petite Rivière):** Madame la présidente, ma requête ce soir s'adresse à nouveau à l'honorable ministre des Infrastructures publiques et du Transport et concerne le trafic routier à Chebel, en particulier, à Chebel Branch Road.

Avec l'aménagement des nouveaux bâtiments commerciaux, des petits commerces et le nombre grandissant de véhicules qui empruntent cette route, il est devenu très pénible aux heures de pointe d'emprunter cette route, que ce soit pour ceux qui vont au Kovil de Chebel ou pour aller à Albion, Petite Rivière ou Gros Cailloux, certains roulant à vive allure, d'autres se garant n'importe comment. Je pense qu'il est devenu plus qu'urgent que le *Traffic Management Unit* s'active à faire installer de nouveaux panneaux de signalisation, de revoir le marquage de la route de façon à permettre justement à ceux qui empruntent cette route de le faire en toute sécurité et ainsi permettre aussi à ceux qui viennent dans le coin pour aller à la boulangerie, etc., puissent se garer et circuler librement.

Alors, je compte sur l'honorable ministre pour faire activer les choses dans le bon sens.  
Merci.

**The Minister of Public Infrastructure and Land Transport (Mr N. Bodha):** Madam Speaker, we will certainly look into the matter. I think it is a classified road. So, we will ask the

Traffic Management and Road Safety Unit and the Road Development Authority also to look into the matter and to see whether we can diligently take some measures.

### **FLACQ MARKET – HAZARDS**

**Mr R. Dayal (First Member for Flacq & Bon Accueil):** Madam Speaker, I have to raise a point concerning a very thorny issue of safety and security at Flacq market, basically, because of shortcomings in the design of the infrastructure and also because of the goods and services disposed of thereat, and the public outcry has been there for more than two years. Therefore, I would humbly request hon. Nando Bodha to appoint a taskforce of all stakeholders to seriously look into the matter before a catastrophe or disaster occurs thereat.

There are various options. The first one is to have a modification in the structural design. The second one is to make use of technology like it is being done with the solar system in Flacq Coeur de Ville Super “U”. The third one is to make sure that it is looked after as per specifications regarding area at risk. We have done various site visits, all three of us, elected Members of the constituency, my colleague Roopun and also hon. Rampertab, and every time we have had lots and lots of complaints from almost everyone thereat.

Thank you.

**Madam Speaker:** You have already been given the solution, hon. Minister.

**The Minister of Public Infrastructure and Land Transport (Mr N. Bodha):** Madam Speaker, we will look into the matter. I think I answered a Parliamentary Question on the issue. I think it is a question of the route being not high enough. There are three options which have been proposed by the hon. Member, but a lot will depend on not only the technicality of it, but also the availability of funds. Certainly, we will do another survey and see what can be done financially and see to it that we have the appropriate measure taken for the better comfort of the constituents of my hon. colleague.

**Madam Speaker:** Hon. Osman Mahomed, you had an issue for the Rt. hon. Prime Minister?

### **RUISSEAU DU POUCE – PARAPET**

**Mr O. Mahomed (Third Member for Port Louis South & Port Louis Central):** Yes, it concerns inhabitants living along Ruisseau du Pouce, more specifically where Swami

Sivananda Street meets the Ruisseau du Pouce. There is a very narrow pathway abutting the entry to their houses and a few of them have approached me, telling me that the old and sick people have fallen into the canal because of their age and health state. So, I think the hon. PPS did conduct a site visit some time ago with a view to solving their problem. My request to the Rt. hon. Prime Minister is to see whether, at the level of the NDU, the works can be expedited. All they are asking for is a parapet wall that will serve as a security measure to prevent them from falling into the canal.

**The Prime Minister:** Well, I will pass on the information to the NDU and I will ask them to look into it.

*At 6.55 p.m., the Assembly was, on its rising, adjourned to Tuesday 20 December 2016 at 11.30 a.m.*