

Debate No. 19 of 23.06.2007**ORAL ANSWER TO QUESTION****RICE & FLOUR, SC/HSC EXAMS FEES – INCOME SUPPORT**

The Leader of the Opposition (Mr N. Bodha) (*By Private Notice*) asked the Minister of Social Security, National Solidarity & Senior Citizens Welfare & Reform Institutions whether, in regard to income support for rice and flour and subsidy on School Certificate and Higher School Certificate Examinations Fees, she will, in each case, state –

- (a) the number of beneficiaries and the criteria used during the financial year 2006-2007, and
- (b) how the targeting exercise will be carried out in relation to the budgetary provisions made for the financial year 2007-2008.

Mrs Bappoo: Mr Speaker, Sir, let me first say that we are putting our money where our heart is, that is, we are protecting those who really need help seriously and also helping those who can do so to help themselves. Notwithstanding that we have limited resources, we have done more than the previous Government to help the neediest whilst not forgetting the middle class and adopting policies that have benefited the whole nation.

This is why we are providing income support for rice and flour to almost 76,989 families, that is, almost 140,000 persons, about 12% of our population, Mr Speaker, Sir, and according to the recent publication of the CSO, the percentage of population below poverty line is only 8.8% which means we have gone much more beyond to help those above poverty line. Moreover, we are ensuring that the neediest Mauritian households have 100% of the cost of SC and HSC examinations subsidised by Government. We expect to provide this full benefit to about 8,500 students, about a quarter of the students taking the exam in 2007/2008 and the new budget has provided about Rs80 m for these needy students in our 2007/2008 Budget.

This is in stark contrast to the policies of the previous Government that assisted only a handful of students on social aid. Mr Speaker, Sir, the

previous policy only covered about 1,600 needy students, only 6 percent of the total.

Mr Speaker, Sir, let me remind the House that the previous Government provided two thirds of the wealthiest Mauritian with three-quarters of the subsidy on SC and HSC examination fees, while the poorest of our compatriots were not being well protected.

Only Rs8 m were spent on the needy by this policy in contrast to the tenfold increase this Government is providing despite the lack of fiscal space that has resulted from the failure of the previous Government to keep public finances in order and leave skeletons of over Rs3 billion for us to deal with.

Despite the constraints imposed on us by the catastrophic legacy and the numerous skeletons of the last Government, we have removed over 36,000 Mauritian from the tax net. These lower and middle income Mauritian have received a benefit of over Rs400 m as a result, far more than provided by the previous Government and making them net winners by a large margin from the overall package of policies we have adopted.

We have also lowered the top tax rate from 30% to 15% in one year. The new tax and subsidy regime is providing a strong incentive to reward performance and encourage investment and growth whilst protecting those who need it most. So, this policy package will now create the incentives to move us to full employment in the coming years and increase real wages so that purchasing power for all will increase. Clearly, our policies have protected the neediest whilst giving the lower and middle income groups the means to meet expenses on rice, flour and exam fees. Indeed, the removal of over 36,000 lower and middle income taxpayers from the tax net and the tax reduction from 30 to 15 per cent more than compensates the overwhelming percentage of the population. This is the whole history and philosophy about our policy. Now, I'll come to parts (a) and (b) of the PNQ.

First, let us tackle the issue on rice and flour. Mr Speaker, Sir, subsidies on rice and flour were first removed in 1993 and an income support for purchase of rice and flour was then paid to needy persons; this allowance came to be known as food aid. The food aid was paid at the rate of Rs25 per month in respect of each member of a needy household under the Social Aid Act and food was individual based. The following categories of households were entitled to receive food aid –

- (i) all the beneficiaries of social aid;
- (ii) all the beneficiaries of a basic pension under the National Pensions Act where these beneficiaries would have been entitled to receive social aid if the basic pensions were not payable to them. Four categories of persons receiving basic pensions were concerned, namely, the beneficiaries of the basic retirement pension, the basic widow's pension, the basic invalidity pension and the basic orphan's pension. As at June 2006, only 27,474 households comprising of 48,683 persons were in receipt of the food aid.

The allowance for food aid was then increased from Rs25 to Rs30 in 1994 and an additional compensation of Rs5 a month was granted for every member, although there was no increase in the price of rice and flour that year.

In October 2004 the food aid was increased from Rs30 to Rs50 a month for each member of needy households though there was no increase in the price of rice and flour.

I must also point out that, in addition, an annual amount of Rs400 m. was provided to STC for subsidy on rice and flour, which benefited the whole population including the high income groups and the breakfast of the tourists also.

This policy could not be sustained any more, besides it was not equitable and just. As from July 2006, the policy of this Government is to reorient the subsidy towards the most needy and destitute, in other words, towards the poorest of the poor. In fact, there has been no removal of subsidy. It has been a re-orientation of subsidies and, to that end, my Ministry has carried out an exercise targeting the poorer segments of the population. The 24,474 households who were in receipt of a food aid of Rs50 for members, were granted an additional Rs35 per member, which represents the full amount of the subsidy which has been removed.

Following press communiqués and aggressive information campaign in the media inviting needy households to register for the income support, the number of households entitled to the income support increased substantially to reach 60,196 members, that is 36,912 families. In addition, around 12,603 CEB households comprising 28,971 members and consuming

not more than 75 kwh per month were also granted an income support of Rs40 per member. This amount represented the full amount of subsidy removed, that is, Rs35, plus a bonus of 15%. To date a total number of 76,989 households, comprising 137,850 members, are being paid an income support.

The eligibility criteria which have been used for the year 2006-2007 for purchase of rice and flour, are the same which have used for the financial year 2007-2008. They are as follows –

- (a) beneficiaries of social aid and unemployment hardship relief automatically qualified for income support of Rs85 per person;
- (b) beneficiaries of basic pension who have qualified for social aid if they were not in receipt of the basic pension would also qualify for an income support. An inquiry is carried out by officers of my Ministry to determine eligibility and this is as per the Social Aid legislation.
- (c) the CEB households with electricity consumption not exceeding 75 kilowatt hour per month, is also entitled to Rs40 per member

As far as the targeting exercise is concerned for financial year 2007-2008, my Ministry will proceed as follows –

- (i) for the beneficiaries of social aid and unemployment hardship relief, income support and refund of examination fees will be paid automatically to them, as social aid and unemployment hardship relief is means-tested and this exercise of means-testing has already been carried out in connection with the social payment, with the payment of social aid and unemployment hardship relief, given that they are ongoing cases;
- (ii) beneficiaries of basic pensions who are already in receipt of income support for rice and flour will continue to benefit from this grant, and they will also be entitled to full payment, that is, the 100% of examination fees for SC and HSC and new cases will also be on board following enquiry to determine eligibility by officers of the Ministry of Social Security, and
- (iii) the CEB households in receipt of income support will also continue to benefit from the allowance as long as their names

appear on the social list of CEB, that is, their electricity consumption does not exceed 75 kilowatt hour.

I come now to the payment of SC and HSC exam fees, Mr Speaker, Sir. Prior to 2006/2007, the social aid scheme provided 50% refund of examination fees for SC and HSC in respect of students and first timers whose parents were also in receipt of –

- (a) social aid ;
- (b) unemployment hardship relief ;
- (c) widow's basic pension, basic retirement pension, invalid basic pension, orphan's basic pension and would have qualified for social aid were they not in receipt of that basic pension. The other 50% of the exam fees were refunded by the Ministry of Education & Human Resources, and
- (d) students sitting for a second time, were refunded the full amount of the exam fees by this Ministry. The total number of beneficiaries was only 1,600 and the amount disbursed was only Rs8.2. m.

The criteria for 2006/2007 were –

- (a) 100% payment of SC and HSC fees were paid in favour of –
 - (i) all the children whose parents were in the receipt of the social aid, unemployment hardship relief, basic benefit,
 - (ii) were in receipt of a monthly income which did not exceed Rs7,500 and
- (b) 50% payment of SC and HSC fees were effected for children whose parents have more than one child sitting for the examination and whose income was between Rs7,501 and Rs10,000. A total number of 8,695 students benefited from the payment and an amount of Rs74,214,479 was disbursed, and
- (c) all other school students sitting for SC and HSC exams in December 2007 for the first time have been paid a 25% of the cost of examination by the Ministry. I lay emphasis on this, Mr Speaker, Sir, because it was a *moratoire* only for 2007.

An amount of Rs35 m. was disbursed by the Ministry of Education. This meant 22,285 students benefited from that. The criteria to be used now for the year 2007/2008 for payment of payment of examination will be as follows-

- (a) 100% payment of SC and HSC fees will be paid in receipt of –
 - (i) the children whose parents are in receipt of social aid, unemployment hardship relief, basic benefit but would qualify to receive social aid were they not in receipt of that benefit;
 - (ii) households were in receipt of a monthly income which does not exceed Rs7,500, and
- (b) 50% payment of SC and HSC fees will be paid to parents who have more than one child sitting for the examinations and whose income is between Rs7,501 and Rs10,000.

Mr Bodha: Mr Speaker, Sir, how can the hon. Minister say that their heart is with the small people when with one stroke of the pen, with a cut of corporate tax, they have given Rs1.5

Mr Speaker: Hon. Leader of the Opposition, this is a comment, this is not a question!

Mr Bodha: Mr Speaker, Sir, the hon. Minister mentioned the poverty line and said that 8% of Mauritian households fall below that poverty line. May I ask her how she qualifies the poverty line?

Mrs Bappoo: I have taken the exact figures from the CSO report, Mr Speaker, Sir.

Mr Bodha: My question is very simple, Mr Speaker, Sir. What is the income which the hon. Minister considers as the income for the poverty line?

Mrs Bappoo: Everyone knows about it, Mr Speaker, Sir. It is 50% of the lower income.

Mr Bodha: Mr Speaker, Sir, referring to poverty line, often in other places, we say people living with one dollar a day. My question is very simple. What does the hon. Minister describe as the poverty line? What income a normal family in Mauritius, that is, of two parents and two children should have, to qualify as a poverty line?

Mrs Bappoo: There is a standard criteria; the CSO makes regular statistical publication on poverty line. I am not going to do the work of the CSO, but it comes to 50% of the medium income of the family.

Mr Bodha: Mr Speaker, Sir, how is it that the hon. Minister of Social Security does not know what is the meaning of poverty and poverty line?

Mrs Bappoo: Mr Speaker, Sir, after the PNQ, I will intervene on the Budget Speech, and I am giving all the details about the meaning of poverty. In two seconds, I cannot explain the whole philosophy, but the Leader of the Opposition should perfectly know what it is, I am just keeping to the CSO report.

Mr Bodha: I will go with that answer, Mr Speaker, Sir. Is the hon. Minister aware that out of 330,000 households in this country, 20% of them earn a total income of less than Rs7,000 to Rs8,000?

Mrs Bappoo: Mr Speaker, Sir, the average income of the family goes on changing and it evolves each year. It depends on the currency fluctuation, the inflation and the number of jobs that are being created. It depends also as to whether these people are losing their jobs, whether there is a sustainability of employment that is being created. The statistics by the CSO are the criteria that set the base for the Ministry and the Government to work out all its social policies. The sets of criteria for measuring poverty line and income are international sets of standards.

Mr Bodha: Mr Speaker, Sir, may I ask the hon. Minister how the figure of Rs7,500 was chosen for those who are going to be granted a 100% subsidy on examination fees and why is it that though over the year, there has been an inflation rate of 10.7%, we are still stuck with the figure of Rs7,500 for the exercise of 2007/2008?

Mrs Bappoo: Mr Speaker, Sir, the criteria established since a long time back to give subsidies on examination fees to poor families were to those beneficiaries on the social aid list. As a caring Government, we wanted to broaden this base of poor families. By referring to the official figures of the CSO and with the help of the economists of the Ministry of Finance and together with those of the Ministry of Social Security, we widen the base and we came to the first criteria, that is, those with an income of Rs7,500. Then, we set the second criteria which was from Rs7,501 to Rs10,000. This is how we are reaching so many more of these poor people at the lowest row of the ladder and same to cater for the refund of examination fees of their SC and HSC children.

Mr Bodha: Mr Speaker, Sir, how is it that there has been an increase in the allowance for casting of slabs and in the case of income support and examination fees, there has been no increase? As far as the examination fees are concerned, may I ask the hon. Minister why did the Government back-pedal and come with a formula to give 25% of the examination fees of SC and HSC over and above of what was decided?

Mrs Bappoo: The hon. Member of the Opposition failed once more to understand the policy of our re-orientation of subsidies either on rice or flour or on the SC and HSC examination fees. In fact, we have catered to more and more number of students and more and more needy families on the issue of rice and flour. We have done far better than the previous Government. We have catered mostly for 25% on this issue and 12% on the income support issue.

Mr Bodha: Does the hon. Minister agree with me, Mr Speaker, Sir, that the consumption of ration rice has increased because the price of basmati rice has gone up 3 times, that is, from Rs50 to Rs150 for five kilos? Is she aware of that?

Mrs Bappoo: Mr Speaker, Sir, I am a mother, a housewife and also a grandmother, and I know who are purchasing ration rice and who are purchasing basmati rice. Yesterday, there was one Member who said that people were used to offer basmati rice for *pouja*, now they are not. God does not see if it is basmati rice or *du riz ration* or whatever it is! What is this nonsense! If a proper question is put to my colleague, hon. Jeetah, he would certainly answer ...

(Interruptions)

Mr Speaker: In fact, raw rice is better for *pouja*!

Mrs Bappoo: I was just saying, Mr Speaker, Sir, if a proper question is being put to my colleague, hon. Jeetah, on the amount of imported ration rice, I am sure we will definitely see that it is on the downward trend, which shows that the consumption of *du riz ration* is going down and down.

Mr Bodha: Mr Speaker, Sir, will the hon. Minister agree that for those sitting for SC and HSC examination this year, for those who have parents earning R10,000, this Government is not going to give any help to 20,000 students sitting for SC and HSC? Does not this mean that we are making money become a barrier for education because we have many parents who cannot afford to pay the full fees for SC and HSC?

Mrs Bappoo: Mr Speaker, Sir, again, I will come to that part of the reply which I gave concerning our new economic and income tax rate policy. Despite the constraints imposed on us and the numerous skeletons of the last Government, we have removed over 36,000 Mauritians from the tax roll. They are saving millions or savings. And if they are making savings, they are ready to share the examination fees issue of their children. But we should not forget, Mr Speaker, Sir, that it is this Government in 1976 that came with *éducation gratuite*.

(Interruptions)

It is this Government of Dr. Navin Ramgoolam who gave free transport to our children and catering for more than 8,000 students for the refund of SC and HSC examination fees.

Mr Dowarkasing: Mr Speaker, Sir, the hon. Minister has stated that one of the criteria to benefit from income support for rice and flour is social aid and she has conceded in the present Budget that the number of beneficiaries of social aid will increase. Can I know from the hon. Minister how she is going to fund the income support for rice and flour when she has provided for the same amount as last year in the Budget and that the number of beneficiaries is being increased?

Mrs Bappoo: There is no problem on that, Mr Speaker, Sir. We are going to meet the request of those who will qualify for the criteria. This is why I said at the very beginning that we are to help the poor. We are a caring Government and we want to help our people and to find a solution to their request. This is our policy.

Mrs Dookun-Luchoomun: Mr Speaker, Sir, the hon. Minister has just mentioned that people are saving millions on tax. May I ask her whether the people earning more than Rs10,000 per month can be considered as such taxpayers? The Minister has repeatedly stated that such people do not pay tax and we are bothered about only 33,000 persons paying tax?

Can I ask the hon. Minister whether she considers these people to be earning millions in terms of tax rebate when we know that they need to pay for the fees of their children and are failing to do so?

Mr Speaker: The hon. Member should put her question, please.

Mrs Bappoo: Of course, Mr Speaker, Sir! Because it was our first project that we remove these people from the tax roll. We know what we are saying; we are telling them not to pay.

(Interruptions)

Mrs Martin: Mr Speaker, Sir, the hon. Minister has considered that those who benefited from the subsidies are people in need. May I ask her, as regards the examination fees of SC and HSC, whether refund has been made to those who are in need?

Mrs Bappoo: This is a normal administrative policy of the Ministry of Social Security where we entertain this refund exercise and they are being paid.

Mr Dowarkasing: Mr Speaker, Sir, the hon. Minister has said that the number of beneficiaries for social aid is increasing. Does she concede, therefore, that the population is getting poorer and poorer after one year?

Mr Speaker: No! Hon. Leader of the Opposition!

Mr Bodha: Will the hon. Minister agree that the whole exercise about the income support was a humiliating one ...

(Interruptions)

.... and the whole exercise of back pedalling of this Government on the 25% was an unnecessary conflict with the students and their parents?

Mrs Bappoo: Mr Speaker, Sir, we have never threatened our people requesting income support. There is no circular letter, no memorandum or whatever it is. This has never been our policy.

(Interruptions)

Mr Bodha: Does the hon. Minister consider that it is fairer to give an old age pension to people above Rs20,000 than giving SC and HSC fees to parents who get only Rs10,000? How can she reconcile this?

Mrs Bappoo: Mr Speaker, Sir, this is a matter of opinion for the Leader of the Opposition. It is not the way that we are defining our help on the social protection level to help these people.

Mrs Dookun-Luchoomun: Mr Speaker, Sir, the Ministry has proposed to carry out a means test to find out whether some people were eligible for to be given income support on rice and flour. May I ask the hon. Minister whether the means test has been completed and whether there are still people who are waiting to be encompassed in this particular group?

Mrs Bappoo: If the hon. Member compares the number of people that are beneficiating under this Government and those of the previous Government, the Member will be astounded. But, Mr Speaker, Sir, means test has been completed. There is no report in any social security office where cases of applicants have remained pending because they have not given the opportunity to have this income support, and this is since a few months back.

(Interruptions)

Mr Speaker: Order! Order!

Mrs Labelle: Mr Speaker, Sir, with the salary compensation, there will be less people earning Rs7,500. May I ask the hon. Minister whether an exercise has been carried out to see by how much this group will decrease with the compensation of this year?

Mrs Bappoo: The same formula stands good and we will apply the same formula. For the time being, we have already gone beyond, mostly 25% of those who are benefiting.

Mr Speaker: A last question!

Mr Bodha: My last question, Mr Speaker, Sir is: is not this Government going to cause a great social tension in the weeks to come with all the students coming to the streets claiming, once again, that they should

be given a subsidy for SC and HSC examination fees and that they will back-pedal again, Mr Speaker, Sir? May I ask her this question?

Mrs Bappoo: Mr Speaker, Sir, I want to assure the hon. Leader of the Opposition that there won't be any tension. They are those who are going to create tension. There won't be any tension coming from any quarters. The Prime Minister did meet the representatives of students and the whole policy was explained and there will be no tension. The tension will come only if these *prophètes de malheur* want to raise this tension!

Mr Speaker: Time is over!

MOTION

SUSPENSION OF S.O 10 (2)

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

The Deputy Prime Minister, Minister of Public Infrastructure, Land Transport & Shipping rose and seconded.

Question put and agreed to.