

ORAL ANSWERS TO QUESTION

WAGE DETERMINATION AND COMPENSATION SYSTEM

The Leader of the Opposition (Mr N. Bodha) (*By Private Notice*) asked the Deputy Prime Minister, Minister of Finance & Economic Development whether, in regard to the mechanism for annual salary compensation, he will state

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(a) the factors which —

- (i) were taken into consideration in 2005-2006 to address the issues relating to the payment of a salary compensation to workers, and
- (ii) will be used this year, and

(b) if issues like minimum wages and loss of purchasing power by the workers in the public and private sectors will be addressed this year.

The Deputy Prime Minister, Minister of Finance & Economic Development (Mr R. Sithanen): Mr Speaker Sir, last year we announced a number of fundamental reforms to stop the decline of the economy into a recession, to breathe new vitality in the economy and to address a number of major macroeconomic disequilibria ranging from high deficits, unsustainable public debt, huge trade and current account deficits and high and rising unemployment. Thus, our reform, Mr Speaker, Sir, spanned the product market, the productive sectors of the economy, the labour market and macroeconomic policies, in particular fiscal consolidation to undo the inherited burden of high deficits and growing public debt.

The reforms, Mr Speaker, Sir, are bringing results in many areas and sooner than we had expected. The fear of the economy going into a recession is now behind us. GDP growth has more than doubled in 2006 to reach 5 percent from 2.2 percent in 2005 and we are expecting 5 percent growth in 2007. FDI is flowing in like never before and in more diversified areas. As the House may be aware, in our

first year we have obtained more Foreign Direct Investment (FDI) than in the last preceding four years.

Private investment is also on the rise again. But to maintain the dynamism and secure greater confidence in the economy, it is important that our strategies in the labour market and in wage policy and determination are consistent and compatible with the transition from a preference based economy to a globally competitive model. Our challenge will be to translate this economic revival into declining unemployment. It is equally important to understand the background to the new approach to wage determination and to labour policy.

To quote Prof. Lim -

“A persistent budget deficit at a very high level, a rising trend in the rate of unemployment and a falling volume of FDI are a recipe for a future economic disaster’.

This is exactly where the previous Government landed the country in July 2005. It was indeed a recipe for economic disaster.

Indeed, as the Minister of Finance in 1982 rightly explained, I quote –

“The painful choice is between protecting fully the purchasing power of those who have a job and creating jobs for the vast number of jobless. Unfortunately, we have to strike a balance between resources required for the *relance économique*, which is the key factor in job creation and the sustainable level of the deficit.”

Unfortunately, the choice was not made.

And it is precisely for this reason that we need a completely new approach.

Mr Speaker, Sir, let me remind the House that since 1992, we have seen growth rates reaching as high as 8.9 percent and averaging 5.5 percent annually without having any impact that is significant enough to reverse the rising unemployment trend. In fact, the unemployment rate has maintained its upward trend undisturbed by rising economic growth. Even in years when a high number of jobs were created and years of rising vacancy rates, the unemployment rate has maintained its upward thrust.

It is thus clear that our unemployment is also the result of a badly functioning labour market than caused by weak aggregate demand. The unemployment problem in Mauritius is more often a structural problem and not necessarily a cyclical one. This is confirmed by the fact that we are having to import labour while vacancies are not finding takers locally. When we know the facts and the reality, we just cannot continue with the illusion that higher growth will solve our unemployment problem and give jobs to all the women and men who are without jobs or will need to move from declining activities to the new sectors our policies are creating. And there will be no growth with social justice if we continue like in the past 15 years with positive growth and rising unemployment. It is clear, Mr Speaker, Sir, that the obstacle to reducing the unemployment rate lies also in the old structure of the labour market and wage determination system that is still with us.

The current system allows employers with the ability to pay to stick to the minimum mandated by Government with no mechanism for workers to claim their due. It also penalizes, Mr Speaker, Sir, semi-skilled and skilled workers who are given a uniform pay, regardless of the ability of their employer to pay a higher wage that recognises their skills and their vital contribution to the firm.

The answer to the unemployment problem lies, Mr Speaker, Sir, in matching demand and supply on the labour market. Sustained high economic growth is necessary, but it is not sufficient to curb rising unemployment in our country.

That is why we need to switch to a new and modern labour policy. There are, broadly speaking, two types of labour policy that a country could follow. One is our current policy which protects the job that a person holds. As a result, shifting workers to good jobs is very difficult and job creation is low. Countries that have followed this path have paid a very high price in employment, wage levels and economic growth.

The second broad type of labour policy, introduced by an increasing number of Governments, has focused on providing security for the individual worker rather than trying to unsuccessfully protecting jobs.

These modern systems are characterised by labour mobility towards higher paying jobs. It also requires employers and unions to assume their responsibility in setting wages according to the ability of the firm to pay and the contribution of the worker.

This new labour policy allows earlier and less painful responses to changes in the economic environment. In a globally competitive world this is, Mr Speaker, Sir, the only way of bringing down the unemployment rate, improving the chance for the unemployed to get a job and providing workers with security in a rapidly changing environment.

Mr Speaker, Sir, the cost of the present system is high and persisting unemployment. Can we afford to continue forgetting 50,000 brothers and sisters currently without jobs? We need to display the courage to implement the reforms needed to create jobs. After all, the best job security is full employment.

Mr Speaker, Sir, the need to review the wage determination and compensation system goes back many years and all of us know this in this House. In fact, I was just checking on my computer and I think two questions were asked by the hon. Leader of the Opposition last year on this specific issue, Mr Speaker, Sir.

In fact, numerous studies have been carried out by various Governments on the issue of wage determination in Mauritius. I will cite only the four important ones -

- (i) In 1986, Professors Roberts and Robinson examined Government regulation of wages and industrial relations in the private sector. It questioned the very basis on which cost of living allowance is awarded and also raised doubts about the Remuneration Order system;
- (ii) In 1994, Joji Arai examined the issues and recommended the setting up of a National Pay and Productivity Council of around 30 members that would provide guidelines to both Government and the private sector “on wage levels that output per worker could justify without inflation”. It concludes by stating beyond any doubt, I quote –

“The long standing practice of setting minimum wages and benefits independently by different organisations and irrespective of performance and without due regard to economic factors was not and is not conducive to the economic progress of the country”.

- (iii) In 1998, Zafar Shaheed studied the various issues and proposed a Pay Advisory Council which would make informed recommendations to the PRB and NRB on “performance-sensitive percentage increases” that would link pay determination to labour productivity.

- (iv) Last but not least, in 2002, Professor Lim was invited by the then Government to conduct a study on the existing legal, regulatory and institutional frameworks governing wage determination in Mauritius. Professor Lim's report highlights...

(Interruptions)

Mr Speaker: Order! Order!

Mr Sithanen: The report highlights in a very articulate and comprehensive manner the various weaknesses of the current wage determination system. Some of the shortcomings are its rigidity and lack of uniformity in basic policy fundamentals.

Mr Speaker, Sir, as Members of the House are no doubt aware, the established practice until the recent reforms has been to provide compensation based on the inflation of the previous year. However - we all know, Mr Speaker, Sir, and let's not hide behind arguments - all Ministers of Finance – and I repeat it, all Ministers of Finance - have always, and rightly so, factored in the state of the economy and the ability of firms to pay before deciding on the quantum of compensation to be awarded to people in this country.

The new approach will, in fact, allow enterprises which are facing difficulties to preserve their current level of employment and for those doing well to better pay their employees.

For this year, the system will formalise – I repeat it, will formalise - some of the past practice by explicitly taking into account the three factors that have always implicitly been considered in granting wage increases –

1. inflation;
2. capacity to pay, and
3. productivity.

The National Pay Council will take the above into consideration in making recommendations to Government on the minimum increase that must be granted to all workers. The system also envisages that workers are appropriately compensated taking these factors into consideration at both sectoral and firm level.

Mr Speaker, Sir, there are 29 sectors that remain covered by remuneration orders that prescribe the minimum wage. This covers about 85 percent of employment outside the public sector.

Mr Speaker, Sir, purchasing power, as in past years, remains an important consideration together with capacity to pay and productivity. At the end of the day, purchasing power depends on output and growth rather than pay increases. This is why we must accelerate reforms to unlock Foreign Direct Investment and restore growth as the only means to restore purchasing power of the population. The best way of protecting purchasing power of workers is to increase the demand for labour as opposed to setting wages administratively.

Mr Bodha: Mr Speaker, Sir, in view of the fact that the salary compensation relates to more than 535,000 workers, may I ask the hon. Deputy Prime Minister how many workers last year benefited only from the Rs135 of compensation and how many workers benefited from the second tier of the process?

Mr Sithanen: Mr Speaker, Sir, some 35,000 private sector workers and 225,000 pensioners have obtained the full compensation. The total number of workers obtaining compensation amounts to about 420,000 out of whom 96,000 are in the public sector. In fact, there are many of them in many sectors of the economy who have received significantly higher than what was recommended by Government, but also above the rate of inflation last year.

(Interruptions)

If the hon. Member comes with a substantive question, we'll try to get the answer, Mr Speaker, Sir.

(Interruptions)

Mr Speaker: Order! Order!

Mr Bodha: Mr Speaker, Sir, in view of the fact that the Deputy Prime Minister agrees that we are referring to half a million workers, will he agree with me that with a two-tier system, in fact, less than 10% benefited from a compensation above the Rs135 minimum which was given?

Mr Sithanen: Mr Speaker, Sir, I think the hon. Member is locked within a boxed paradigm. Let me try to explain, Mr Speaker, Sir!

(Interruptions)

The Leader of the Opposition has asked a question and hon. Soodhun does not want me to answer. He has to be fair!

(Interruptions)

Mr Speaker: Hon. Soodhun, I am calling you to order.

(Interruptions)

Order! Order, I said!

Mr Sithanen: Mr Speaker, Sir, any responsible Minister of Finance has always taken into account the capacity to pay and the performance of the economy. Let me enlighten the House on how the current system operates. I am sure the hon. Leader of the Opposition knows, because there are many Members on the other side who have been Ministers. The way that the system operates, Mr Speaker, Sir, it tapers off. There is a declining formula and, in fact, we know very often that when the rate of inflation is 5%, the average increase that is given, because of the tapering off, is basically 50% only. And the hon. Leader of the Opposition also knows – and I am sure hon. Soodhun also knows because he has been Minister of Employment – that in the case of the EPZ and the other sectors, very often, the compensation is given on the basis of basic wage and not on take on pay. The reason for this is very simple, Mr Speaker, Sir. We are living in a world where our EPZ sector needs to compete with countries like China and India, where global competitiveness is extremely important.

Gone are the days where we could rely on preferences and privileged access to markets to sell our products. We need to compete and if we are not competitive and we cannot sell our products, Mr Speaker, Sir, factories will close. We have known this for five years, Mr Speaker, Sir, when a number of factories have closed down, when 30,000 people have lost their jobs, out of which 85% were women. We need to evolve a policy that will protect people, that will give a chance for people to increase their take on pay and this is what this new system will do. In fact, let me remind the hon. Member that all Ministers of Finance are driven by the least common denominator. We all know what this means, Mr Speaker, Sir. We are a responsible Minister and we have only two enterprises. One can pay five and one pay twenty. I challenge any responsible Minister of Finance who will argue that we should give 20%, because you will kill the factory that can afford only 5%. What happens basically is that the Minister of Finance who is responsible, goes for

the minimum wage which is 5%. This has penalized our brothers and sisters who operate in sectors where these firms are making money and profit. What we are saying, Mr Speaker, Sir, is that this two-tier system will afford some level of protection to workers in some sectors where union is weak, but it will unleash the capacity of those sectors that can afford to pay.

Let me end, Mr Speaker, Sir, by reminding the House that we had three possibilities. The first one was to maintain the system with all its perversion; the second one – there are many experts that have recommended this - is that we do away completely with the system and go straight to sectoral wage negotiation. There are countries in the world that have embraced the system. We went for a midway course, Mr Speaker, Sir, and a midway course is a combination of the old system that will give some protection to people that require it and, at the same time, to give an opportunity for people to get more income depending on the capacity to pay of the enterprise and also the profit that is made in these sectors.

Mr Bodha: Mr Speaker, Sir, will the Deputy Prime Minister agree that this two-tier system has been an utter failure last year?

Mr Sithanen: I hope the hon. Leader of the Opposition realises where jobs are being created in this country. Most of the jobs are coming from small and medium enterprises, Mr Speaker, Sir, and, very often, we lose focus on this fundamental issue. It is only as from last year that the big companies have restarted to reemploy people in the textile and garments sector, in the hotel sector, in property development and in the seafood hub. But we should not, Mr Speaker, Sir, take a decision that will kill the small and medium enterprises.

Very often, the SMEs that employ 10 or 15 people are working very hard to make both ends meet, and they are contributing to the success of this country. We cannot implement a wage policy that will first and foremost attack the very foundation on which these people have based their business, Mr Speaker, Sir.

Mr Bodha: Est-ce que le vice Premier ministre serait d'accord que ce gouvernement est en train de livrer les travailleurs à la merci du patronat ...

(Interruptions)

Mr Speaker: Order!

Mr Bodha:...et qu'avec ce système, la majorité des travailleurs va se retrouver avec une compensation minimale de R 135, comme ce fut le cas l'année dernière ?

(Interruptions)

Mr Speaker: Order! Order! Hon. Chief Whip! You are not the Minister of Finance yet!

Mr Sithanen: You never know, Mr Speaker, Sir! He might be in the secret of God!

Mr Speaker: Yes, the possibility is there!

Mr Sithanen: Mr Speaker, Sir, I know the 1st of May is very close. But, I would request the hon. Leader of the Opposition not to dabble in demagogy. Many people in the Opposition are saying that we have put an end to tripartite. This is not true. We have not put an end to the tripartite. We have changed the architecture of the tripartite. What is happening, Mr Speaker, Sir? Instead of a politician, namely the Minister of Finance, chairing the tripartite committee, it is going to be chaired by another person.

(Interruptions)

Hon. Bérenger should be the last person to laugh. He did not even have the courage to preside over the meeting!

(Interruptions)

Mr Speaker: Order, please!

Mr Sithanen: Mr Speaker, Sir, first, it is not a politician who is going to chair the meeting. Second, it is going to be a real tripartite, where each partner will have five representatives. Third, it is going to meet at a more regular interval, instead of two meetings chaired by the Minister of Finance. It is a permanent institution and we are, in fact, reinforcing tripartism by the new wage policy that we have.

Mr Bodha: Mr Speaker, Sir, in the new architecture, the workers have the ground floor; they are being trampled. Let me ask the hon. Deputy Prime Minister whether he is aware that the Rs135 given last year could not even complement the loss in purchasing power in the price of bread? One box of 'Red Cow' is Rs135. Now that the rate of inflation is 10.5%, what is this Government going to do for the workers, at least this year?

Mr Sithanen: Mr Speaker, Sir, the hon. Leader of the Opposition is getting excited for nothing. Let me give two set of statistics to him. First, in 1988/89, inflation was 16%; in 1989/90, inflation was 10.7%; in 1990/91, inflation was 12.8%; in 1982, it was 13.4%. I will ask the hon. Leader of the Opposition to go and check what happened in these years. I will also request him – because I don't want to make cheap politics and gain points – what was the compensation given in 1982/83, when the rate of inflation was 13.4% and second, what was the rate of

compensation given in 1983 when the rate of inflation was less than 5%. There have been instances where we have had double digit inflation. We have had many circumstances that have played against us. But, Mr Speaker, Sir, the rate of inflation will come down as from the second semester of this year. What we are suggesting is that this new wage policy will give more income to people who work in sectors that are performing well.

Mr Bodha: Mr Speaker, Sir, in view of the fact that, up to now, a 10.5% inflation is their doing, because of the weak rupee, what is this Government going to do for the workers this year? Is there going to be the same two-tier system and a minimum salary compensation for the workers?

Mr Sithanen: Mr Speaker, Sir, if the hon. Leader of the Opposition had cared to listen carefully to the reply that I gave, he would have noted that I said that we have shifted from a paradigm that was driven by trade preferences to a system where we have to earn our living in global competitiveness. I stated very clearly that we had three options. One was to retain an obsolete system that was the recipe for rising unemployment and also the recipe for consigning many of our workers to low income jobs, Mr Speaker, Sir. I hope that we have a debate on this one day. How many people in this country have suffered because of the system that makes them believe that they don't need to be trained, for at the low end they can relatively get more compensation than the rate of inflation? We need to do this transition. Between a system that has outlived its usefulness and a system where some experts were telling us that we have to let only market forces determine what should be the wage compensation, we have opted, as a responsible and a socially responsive Government, to basically a midway course, where part of it would be driven by the cost of living and part of it would be determined by the capacity to pay on the productivity of the economy.

Mr Cuttaree: Mr Speaker, Sir, the hon. Deputy Prime Minister is surely aware that, in reply to a PQ, his colleague, the Minister of Labour, had said that only some 25% of workers in large enterprises actually belong to a trade union. What I am saying is that most of the workers in the SMEs do not belong to a trade union. I can also cite the tens of thousands of people who work in households who do not belong to a trade union. Can I ask the...

(Interruptions)

Shut up! The hon. Minister should go and talk to Murray!

(Interruptions)

Mr Speaker: Order!

Mr Cuttaree: Can I ask the hon. Deputy Prime Minister how these categories of people I have mentioned are going to negotiate to get a better deal than what he is going to offer?

Mr Sithanen: Mr Speaker, Sir, I think it is a fair question. Let me give some *éléments de réponse*. First, Mr Speaker, Sir, this is the very reason why we have opted for a two-tier system. A minimum protection has to be given to the workers who find themselves in a situation where they are not adequately represented by unions. That's why we have a two-tier system. The first tier is basically for this particular protection. As regards the second one, my colleague, the Minister of Labour, will come forward with legislation that will make it excessively easier for people to constitute themselves in bloc in order to negotiate salary compensation for workers.

(Interruptions)

Mr Speaker: Order!

Mr Sithanen: Third, there are instances, Mr Speaker, Sir, where there are mechanisms for these people, in order to negotiate with their employers.

(Interruptions)

Minister *ferraille!*

Mr Speaker: Can I ask the hon. Member to ignore the hon. Minister and to address the Chair please?

Mr Soodhun: Thank you, Mr Speaker, Sir. I repeat the question. I would like to ask the hon. Deputy Prime Minister whether he is aware that, with regard to the decision of the trade union movement not to be represented on the NPC, the NPC is becoming *de facto caduc*, as its operation is contrary to the basic principle of tripartism and ILO Convention 144, and, if so, whether he proposes to abolish the NPC and recall the annual tripartite meeting to discuss and decide the additional remuneration for 2007?

(Interruptions)

Mr Speaker: Order! Order! I said Order!

Mr Sithanen: Mr Speaker, Sir, I am not aware that there has been a change in the Standing Orders that two PNQs are allowed in the same day, because the way the question has been put....

(Interruptions)

Mr Speaker: Order! Can hon. Members keep quite?

Mr Sithanen: The way the question has been put with one main question and five links and two sub-links and three sub sub-links give the impression that it is a question.

(Interruptions)

Mr Speaker, Sir, I know to answer questions and don't have to take lessons from them. Mr Speaker, Sir, we have proposed a new institutional arrangement and set up for the determination of wage and compensation. We have said that this is going to reinforce tripartism. We have an independent Chairman. We are going to have five representatives of employers, five representatives of Government and five representatives of the trade union movement. Mr Speaker, Sir, each and all of us will have to assume our responsibility.

Mr Ganoo: Can the hon. Deputy Prime Minister and Minister of Finance confirm that in the letters sent recently to the unions by Government or the Ministry of Labour to attend the sittings of the National Pay Council, the unions were called upon to discuss - the expression which was used - a yearly minimum wage and not an annual compensation? If that is so, may I ask the hon. Deputy Prime Minister and Minister of Finance, whether he is confirming, therefore, that the National Remuneration Board, the PRB, the Remuneration Orders will be done away with, in the course of the year, because this is what workers and unions will be called to discuss upon?

Mr Sithanen: I am not aware of the contents of the specific communication or letter that the hon. Member is mentioning. But, I have read in the newspaper about this specific issue. Let me make it very clear to the House, Mr Speaker, Sir. What we have agreed is basically the new institutional arrangement that will determine on the basis of the three factors that have been spelt out what would be the minimum yearly increase in wages and salaries. This is the first sphere of the two-tier arrangement system and then the rest would be determined by the second one. I think the word 'increase' was missing, but it is clear that it is linked to the minimum compensation that needs to be given. I saw a big debate in the papers on minimum and maximum, Mr Speaker, Sir, and I had to rush to my first lesson in Mathematics to understand the difference between the two. I was always told that minimum is better than maximum, because when you say it is a minimum, it

means that you can give higher than that, whereas if it is a maximum it sets basically a ceiling about it.

Mr Rucktooa: The hon. Minister of Finance has just stated that it has always been the case previously to give salary compensation depending on many factors, mainly inflation, productivity and so on. He also stated that the purchasing power depends on output and growth. He also stated that sustained economic growth is not enough in decreasing unemployment. My question is: taking into consideration the price rises in the domestic products, that is inflation up, plus imported inflation which is going on, on, will the hon. Minister consider as a priority in taking into consideration all these factors to put inflation on top in the calculation of the annual compensation for the year?

(Interruptions)

Mr Speaker: Order!

Mr Sithanen: Mr Speaker, Sir, I quoted what the hon. Minister of Finance said in 1982, that basically it's always a delicate balance that we need to strike between higher wage and unemployment. In fact, that's why we have said that there are three factors that need to be taken into account. One is inflation as determined by the CPI, second is productivity and the third one is the ability to pay. In fact, Mr Speaker, Sir, I wonder if we have adjusted the institutional system we would not have been able to avoid the huge redundancies that we have experienced in some of the vulnerable sectors of the economy. True it is, we have to take inflation into account, but, at the same time, we have to act responsibly in order to protect the jobs that are available, especially, in the small and medium enterprises, but, more importantly, in order to create more jobs for people.

Mr Speaker: Last question from the hon. Leader of the Opposition!

Mr Bodha: Mr Speaker, Sir, I have two last questions. Will the Deputy Prime Minister agree that workers are going to get poorer and poorer every year because they are not going to have a salary compensation to compensate for the rise in prices year in, year out? So, they are going to get poorer and poorer every year.

(Interruptions)

Mr Speaker: Order! Order!

(Interruptions)

Order, please! Order, please!

Mr Sithanen: Mr Speaker, Sir, that's why I refer again what I told my hon. friend, the hon. Leader of the Opposition, namely that the paradigm has shifted, he should think outside of the box. The best way to protect people is by protecting people and not to try to protect jobs that will move away. Let us look what is happening in many countries in the world; that's why we have to train our people. The system that we have today has consigned, maybe I hope unwittingly, Mr Speaker, Sir, many of our brothers and sisters in low income jobs. We need to protect people by giving them jobs and the best way to do it is to create a conducive environment where there are more jobs. Mr Speaker, Sir, when they were in power, people were looking for jobs and they could not get it. Today, jobs are looking for people, Mr Speaker, Sir.

(Interruptions)

Mr Speaker: Order! Order!

Mr Bodha: In view of the dire circumstances and conditions in which most the households are living in Mauritius today, with an inflation of above 10.5%, will he not agree that an adequate salary compensation is a *sine qua non* condition for social justice and stability?

Mr Sithanen: Mr Speaker, Sir, I mentioned very clearly and emphatically that we need to address the problem of structural unemployment in the economy. Let me tell the hon. Leader of the Opposition that the best to improve the lot of the working class is to increase the demand for labour. I'll request the hon. Leader of the Opposition to go and see what is happening in the ICT sector. Because the ICT sector is doing well, the demand for labour is increasing so fast that wages and working conditions are improving considerably. The best way, Mr Speaker, Sir, to improve the lot of the people is to increase the demand for labour and to train people. This is exactly what this Government is doing and will do and unlike these people that shut factories and put many people on the streets, Mr Speaker, Sir.

(Interruptions)

Mr Speaker: Time is over! Questions addressed to Dr. the hon. Prime Minister.

(Interruptions)

Order!

DRIVING TESTS - LINE BARRACKS

(No. B/194) Mr S. Lauthan (Third Member for Port Louis Maritime and Port Louis East) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether he is aware that there are long queues of applicants for driving tests everyday at the Line Barracks as from 0500 hrs and, if so, will he, for the benefit of the House, obtain from the Commissioner of Police, information as to the remedial measures that will be taken, if any.

The Prime Minister: Mr Speaker, Sir, I am informed by the Commissioner of Police that on an average, 800 persons call daily at the Traffic Branch; out of those, some 450 call for booking of appointments for oral and practical tests and the rest for the purpose of undergoing driving and oral tests.

It is a fact that applicants for appointment for a test as well as those convened for driving or oral tests start queuing up very early at the Line Barracks to secure better positions in the queues.

In spite of a number of remedial measures taken by Police such as staggered timing for oral and practical tests, continuous service by the Licensing Office and radio campaigns by the Road Safety Unit, this situation has persisted over some time.

Mr Speaker, Sir, the present set up of the Licensing and Examiners Section has outlived its existence and needs to be modernized.

In this connection, I wish to refer the hon. Member to the reply I made to Parliamentary Question B/140 which pertains to the project for a new Licensing

and Driving Centre with more modern testing facilities and the adoption of the E-Business plan covering a number of major IT projects, including the management of driving tests.

The future measures for the efficient and effective running of the Traffic Branch will no doubt assist in a better administration and management as well as providing a better service to the population.

Mr Lauthan: Mr Speaker, Sir, it is not a question of only long queues since early morning, but everybody is aware that there are dozens and dozens of potential drivers undergoing the driving test during peak hours. Can the hon. Prime Minister envisage the advisability of decentralising the facilities to other parts of the island?

The Prime Minister: Mr Speaker, Sir, this is why I referred to the previous Parliamentary Question B/140. That is why we are saying that a new Licensing and Driving Centre and testing facilities will be constructed at Pointe-aux-Sables.

Mr Ganoo: I think the hon. Prime Minister will agree with me that it has already been suggested that there is a need of computerising the whole system. Can the hon. Prime Minister tell us what the time frame is?

The Prime Minister: As far as the centre of Pointe aux Sables is concerned, I know that the land which has already been acquired is about to be constructed and also the adoption of E-Business, the plans covering some of the parts of the management of the driving test is being considered.

Mr Ganoo: Sir, recently, many people who were accused of driving offences have had their licences suspended and before their rehabilitation, they were asked by the Courts to go and undergo a new test drive. This is, in fact, increasing the number of driving tests ...

Mr Speaker: This is not relevant to the question.

The Prime Minister: In fact, I am personally of the view that we should have new driving test.

Mrs Labelle: Mr Speaker, Sir, actually when a lady has to pass the test, she has to wait for the availability of a lady Police officer to accompany her. May I

ask the hon. Prime Minister whether he is considering the possibility of appointing more lady examiners?

The Prime Minister: Although, this is not the case in other countries, I will look into the matter.

MBC – HUMAN RESOURCE MANAGEMENT AUDIT

(No. B/195) Mrs S. Hanoomanjee (Second Member for Savanne & Black River) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether he will, for the benefit of the House, obtain from the Mauritius Broadcasting Corporation, information as to if the Management Audit Bureau has completed the financial and human resource management audit of the Corporation and, if so, will he state its main recommendations.

The Prime Minister: Mr Speaker, Sir, in reply to PQ B/1208 on 31 October last, I informed the House that the MBC had received the final report of Edge Consulting. Ltd. on the Human Resource Effectiveness exercise.

The recommendations contained in this Report pertain mainly to the consolidation of the HR Department to reinforce the Human Resource practices and policies as well as the elaboration of strategies to strengthen the organisational structure of the MBC.

I am now informed by the MBC that these recommendations have been taken on board in formulating proposals to the Pay Research Bureau for consideration in the next general review.

Mr Speaker, Sir, with regard to the financial audit, I am informed by the MBC that the Corporation will finalise the terms of reference of the exercise to be entrusted to the Management Audit Bureau (MAB), once a Finance Manager has been appointed. I am given to understand that the post has been advertised for a second time.

Mrs Hanoomanjee: Mr Speaker, Sir, with regard to human resources, can the hon. Prime Minister say whether he is aware of several statements which have

been made by the Chairman of the Corporation to the effect that the Corporation is overstaffed by about 200 employees?

The Prime Minister: Generally, it has always been felt that it is overstaffed and this is what the Human Resource Effectiveness exercise was all about.

Mrs Hanoomanjee: Sir, since the time the human resource audit was commissioned till the time it has given its report, can the hon. Prime Minister confirm whether recruitment of contract officers as well as permanent employees was being done, which is contrary to the usual practice?

The Prime Minister: It is not contrary to the usual practice. I explained last time that they have to assess the manpower requirements and evaluate the current state of human resources. But when they have to recruit, they have to do so.

Mrs Hanoomanjee: Can the Prime Minister confirm whether the human resource report has said that the MBC is overstaffed?

The Prime Minister: I am not aware, Sir.

MBC – MISSION IN FRANCE – LOSS OF CAMERAS

(No. B/196) Mrs S. Hanoomanjee (Second Member for Savanne & Black River) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to the loss of cameras in the course of an overseas mission last year, he will, for the benefit of the House, obtain from the Mauritius Broadcasting Corporation, information as to if the inquiry has been completed and, if so, the outcome thereof.

The Prime Minister: _Mr Speaker, Sir, In reply to PQ B/1209 on 31 October last, I informed the House that the MBC had caused a departmental inquiry to be carried out on the circumstances leading to the loss of one camera in France.

I am now informed by the Director-General of the MBC that the departmental inquiry has come to the conclusion that the loss of the camera was not due to an act of negligence. Nevertheless, the two officers concerned were both warned to exercise strict control in future over the Corporation's assets.

Mrs Hanoomanjee: Can the hon. Prime Minister state as to why in another similar circumstance in January this year, on the same issue of a loss of camera, two officers of the MBC were suspended? Does not that tantamount to a *politique of deux poids deux mesures* at the MBC?

The Prime Minister: Sir, I think it depends on what the inquiry shows. If negligence is established, I think that is a different case.

Mrs Hanoomanjee: Will the hon. Prime Minister give us the cost of the two cameras which were lost on a mission abroad?

The Prime Minister: I think I have answered that question. The camera was insured for an amount of Rs260,000. I answered that question last time, Mr Speaker, Sir, and the total cost was Rs416,500.

SPECIAL MOBILE FORCE MUSEUM, VACOAS

(No. B/197) Mr Y. Varma (First Member for Mahebourg and Plaine Magnien) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to the Special Mobile Force Museum in Vacoas, he will, for the benefit of the House, obtain from the Commissioner of Police, information as to -

- (a) when and why it was constructed;
- (b) the reasons for its closure, and
- (c) whether its re-opening is envisaged.

The Prime Minister: Mr Speaker, Sir, I am informed by the Commissioner of Police that the construction of the regimental museum of the Special Mobile Force, started in October 1990 and was completed in July 1993.

The museum was constructed by using the dressed stones which were secured by the Special Mobile Force when the former "*Ferme de Rhum*" was demolished to allow for the implementation of the Port-Louis through road project.

Given the historical value of the “*Ferme du Rhum*” and its rich architectural heritage, the Special Mobile Force deemed it appropriate to reconstruct the building at the Triangle of Peace in Vacoas and to use it as a regimental museum where exhibits collected during the different events

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marking the history of Mauritius Police Force, as well as artifacts and antique arms were displayed. Moreover, the museum yard was used as a place of recreation for the public.

As regards part (b) of the question, I am informed that the museum had been closed to the public since December 1997 on account of heavy leakages in its roof and ingress of rain water through the surface of its walls. Upon the recommendations of the Ministry of Public Infrastructure waterproofing and other repairs were carried out. However, the problem of leakage was not remedied.

As a consequence, all items of historical value, artifacts and antique arms were removed from the museum and are now under the custody of the Special Mobile Force.

Concerning part (c) of the question, I am informed that the museum may be re-opened once the building has been completely renovated. In fact, the Acting Commanding Officer of the Special Mobile Force is presently working on a renovation plan for the museum which, however, I must point out, would require heavy investment.

Mr Varma: Will the hon. Prime Minister kindly inform the House whether a detailed survey has been carried out of the items which were present in the museum to assess the real historical importance?

The Prime Minister: I am not aware that such a survey has been carried out to assess the value of the items which were there, but I can look into the matter.

Mr Varma: Mr Speaker, Sir, the hon. Prime Minister has just stated that the items are now in the custody of the SMF. Could the hon. Prime Minister kindly request the Commissioner of Police to transfer these items to the Mauritius Institute so that the public can have a look at them?

The Prime Minister: I agree with that, Mr Speaker, Sir, and I will pass on that request.

SSR INTERNATIONAL AIRPORT – VIP FACILITIES

(No. B/198) Mr S. Dayal (Second Member for Quartier Militaire & Moka) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to the grant of VIP facilities at the SSR International airport, he will –

- (a) state the policy in relation thereto, indicating the name and rank of the officer/s who has/have the responsibility to approve the requests in relation thereto, and
- (b) circulate a list of the persons who used the VIP Lounge from 01 to 10 April 2007, indicating the name of the person who approved the requests.

The Prime Minister: Mr Speaker, Sir, let me first clarify the matter of VIP lounges.

There is a VVIP lounge commonly known as the State Lounge and a VIP cum commercial lounge known as “*La Terrasse*”.

The VVIP lounge forms part of Government hospitality and the policy which sets the established list of persons having access thereto dates back to May 2000. I am circulating a list of the eligible persons. **(Appendix I).**

The use of the VVIP Lounge is under the control of my Office, and eligible persons have to notify of their arrival and departure so that we can extend courtesy to them.

Mr Speaker, Sir, as regards “*La Terrasse*”, access is provided against payment of a fee to Airports of Mauritius Ltd.

As it is a courtesy extended to VVIPs and VIPs for the use of both lounges, it would not be proper for me to circulate the names of such persons. However, if

the hon. Member would like to have specific information on any particular case, I am prepared to communicate same to him.

Mr Léopold: Can I know from the hon. Prime Minister whether there is any possibility to introduce a card system for the MPs to have automatic access to the VIP room?

The Prime Minister: May I ask the hon. Member whether he is speaking of the VVIP Lounge or the VIP lounge?

Mr Léopold: The VIP lounge?

The Prime Minister: For the VIP lounge, it is rather straightforward. The MPs are, in fact, qualified to go to the State Lounge, as far as I remember. I would be tabling the information. If the hon. Member wants to go the VVIP lounge, there is a payment, or else, you notify them.

MBC – FILMS - PURCHASE

(No. B/199) Mr R. Bhagwan (First Member for Beau Bassin and Petite Rivière) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to the purchase of films by the Mauritius Broadcasting Corporation during the last eight months, he will, for the benefit of the House, obtain from the Corporation, information as to –

- (a) the current standard procedures for the purchase of films;
- (b) the value and the suppliers in each case;
- (c) if prior negotiations were held and, if so, where and who participated in these negotiations.

The Prime Minister: Mr Speaker, Sir, I am informed by the Director-General of the MBC that, in accordance with the current procedures for the purchase of films, offers are received from potential overseas and local Right Holders, that is, the suppliers who are in possession of rights of these films. These offers, accompanied by synopses and trailers, are analysed and scrutinized by the Officer-in-Charge and staff of the TV Programme Department and a selection is made on the basis of ratings, category, quality and success at the Box Office.

Films are also sourced by the Programme Coordinators in the various languages from the Right Holders taking into consideration also viewers' requests.

When the list of films to be purchased is finalised by the Officer-in-Charge in consultation with the staff of the TV Programme Department, a quotation is sought by the latter from the suppliers. After negotiations and once the price is agreed upon as per the MBC's price policy, a recommendation is made to the Director-General. A contract is then signed between the Director-General of the MBC and the Right Holder.

I am further informed by the MBC that the Corporation has maintained the range of prices established since 2002 for the purchase of films, in spite of the increase in price of films on the market and repeated demands for an increase in price from suppliers.

It is also relevant to point out that telecast rights are negotiated on a multi telecast basis, which, therefore, enables the MBC to screen a film more than once.

Mr Speaker, Sir, with your permission, I am tabling a statement giving the information requested by the hon. Member in part (b) of the question.

As regards part (c) of the question, I am informed by the MBC that negotiations are carried out with the Right Holders at the MBC Headquarters or through correspondence with overseas suppliers. However, following the departure of the Officer-in-Charge of the TV Programme Department in January of last year, the responsibility for negotiating the acquisition of films rests with the Programme Coordinators for both General & Oriental Sections of the TV Programme Department.

Mr Bhagwan: Can we know from the Prime Minister whether the Director General has participated in negotiations here in Mauritius and if yes, was he accompanied by members of the management and has he travelled abroad in respect of negotiations for the purchase of films for the past months?

The Prime Minister: I am not aware if he has participated in negotiations, but, as I have said, once the first negotiations are made, the recommendation is then made to the Director-General.

Mr Bhagwan: Can the Prime Minister tell us whether the Director-General has travelled abroad for the purchase of films recently and, if yes, can he circulate later on the details of his missions?

The Prime Minister: If he has travelled for the purchase of films, yes, I will do so.

Mrs Hanoomanjee: With regard to the purchase of films from India, there used to be an agreement signed by the National Film Development Corporation of India and the MBC for the sake of transparency where the price was already known. Can the Prime Minister say why this practice is no longer there and whether the MBC negotiates and purchases films directly with suppliers?

The Prime Minister: Mr Speaker, Sir I am told that, for example, there is Noble Video Vision, an overseas company, which has been dealing with the MBC since 2002 and this has been continuing.

Mr Gunness: The hon. Prime Minister has just mentioned Global Video Vision. Can the hon. Prime Minister confirm whether MBC has bought films for a value of Rs18m from the same company over the last six months?

The Prime Minister: I will have to look into the matter and confirm.

Mr Gunness: Can the hon. Prime Minister also check whether these films which, according to my information, are surpluses, have not been released on the TV?

The Prime Minister: I can check that, but I should again point out what I said earlier, that the MBC has maintained the range of prices established since 2002 for the purchase of films, and this, in spite of the fact that the price of films has increased and also there is a demand from the suppliers to increase, but the prices have not been changed.

Mrs Hanoomanjee: For the sake of transparency, Mr Speaker, Sir, can the Prime Minister consider once again negotiating with MFDC of India, Government to Government basis, so that there is more transparency in the negotiations?

The Prime Minister: I hope the hon. lady is not asking me to negotiate, but I will certainly pass that idea to the Director-General.

MBC – BOARD - MEETING

(No. B/200) Mr R. Bhagwan (First Member for Beau Bassin and Petite Rivière) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer

Islands whether he will, for the benefit of the House, obtain from the Mauritius Broadcasting Corporation, information as to when its Board held its last meeting

The Prime Minister: Mr Speaker, Sir, I am informed that the last meeting of the Board of the Mauritius Broadcasting Corporation was held on Wednesday 28 February 2007 and the next Board meeting is scheduled on 26 April 2007.

I am advised that the Board of the Mauritius Broadcasting Corporation could not meet in March of this year as the Chairperson of the Corporation was undergoing treatment in a private clinic for the most part of the month.

MBC - *HUM TUM* PROGRAMME – FINAL ACCOUNTS

(No. B/201) **Mr G. Gunness (Third Member for Montagne Blanche and GRSE)** asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to the *Hum Tum* programme, he will, for the benefit of the House, obtain from the Mauritius Broadcasting Corporation, information as to if the final accounts in relation thereto have now been completed and audited and, if not, why not.

The Prime Minister: Mr Speaker, Sir, I am informed by the Director-General of the Mauritius Broadcasting Corporation that the revised statement of income and expenditure for the *Hum Tum* programme, as at 20 April 2007, has been checked and verified by the Internal Auditor of the MBC.

I am further informed that the final accounts of the MBC will be finalised on the 30 June of this year. These accounts will, thereafter, be audited by the external auditor of the Corporation who is, in fact, the Director of Audit.

Mr Gunness: Mr Speaker, Sir, I heard the Prime Minister say the accounts have been checked and verified on 20 April 2007. Am I right?

The Prime Minister: Yes, Sir.

Mr Gunness: Mr Speaker, Sir, on 01 of August, a Parliamentary Question was asked and, on 20 November, the Prime Minister said that he instructed the Corporation to complete the exercise. Can we know from the Prime Minister if he has been given a copy of the accounts and whether we can ask a few questions?

The Prime Minister: At the time, I had said that so far the MBC had shown a surplus, but, in fact, the revised accounts showed a slight deficit of Rs534,839.

Mr Guinness: Can we, therefore, know from the Prime Minister how much has been spent by the MBC proper to itself?

The Prime Minister: The revised accounts, as I said, showed a surplus of Rs147,822. in November 2006. Now, the revised accounts as at 20 April show a deficit of Rs534,839. The total expenses for the programme were Rs4,712,442. It is no more different than it was before.

Mr Guinness: I understand that there must have been money received from sponsors. May I know how much has been spent by MBC proper to itself?

The Prime Minister: The hon. Member would have to come with a substantive question, Mr Speaker, Sir. I know, for example, that Cell Plus, which was the main sponsor of the programme, had promised a sponsorship of Rs2m, and whether they have actually given it or not, I am not certain.

Mr Guinness: In the first Parliamentary Question, the Prime Minister answered that the MBC has earmarked a sum of Rs483,000 only. Can I know if this has been much more than Rs483,000?

The Prime Minister: The programme has been a self-finance project which did generate substantial revenue. In fact, it generated up to Rs3.8m revenue at the time.

MONT LUBIN, RODRIGUES – POLICE STATION

(No. B/202) **Mr C. Léopold (Third Member for Rodrigues)** asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to cases of road accidents, drug offences and crimes in the vicinity of Mont Lubin, Rodrigues, he will –

- (a) for the benefit of the House, obtain from the Commissioner of Police, information as to the number of cases reported since January 2005 todate;

- (b) impress upon the latter the need for the setting up of a Police station in the region

The Prime Minister: Mr Speaker, Sir, with regard to part (a) of the question, with your permission, I am tabling the information required.

With regard to the setting up of a Police Station in the vicinity of Mont Lubin, I am informed by the Commissioner of Police that the matter is under active consideration.

AGALEGA - HOTEL CONSTRUCTION PROJECT

(No. B/203) Mr P. Jhugroo (Third Member for Port Louis North and Montagne Longue) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether he will state if there is any project for the construction of a hotel in Agalega and, if so, the name and the origin of the promoter/s, indicating -

- (a) the area of land earmarked for the project;
- (b) the expected amount of investment, and
- (c) the number of jobs likely to be created.

The Prime Minister: Mr Speaker, Sir, I am informed by the Outer Islands Development Corporation that there is no project for the construction of a hotel, but rather a Destination Village Resort in Agalega. The promoter of the project is Arcon Africa (Mtius) which is represented by Mr Schmidt, a South African National and Mr Mardanamootoo, a Mauritian National who is a director of Arcon.

Arcon Africa (Mtius) is a conservation based development company, specialising in private wild-life estate developments throughout Africa and the surrounding islands.

The project under reference was submitted to the Board of Investment, which requested the promoter to provide a comprehensive feasibility study, including technical and environmental details. In November 2006, the promoters visited Agalega and have submitted a revised project, which I am informed, is being examined by the Board of Investment.

With regard to part (a) of the question, I am informed that no land has yet been earmarked for the project.

As for part (b) of the question, I am further informed that the project will entail an investment of around Rs8.1 billion.

As regard to part (c) of the question, the Outer Islands Development Corporation has indicated that Arcon Africa (Mtius) would create about 561 jobs at operational stage and 462 during development phase.

RAJIV GANDHI UNIVERSITY, DELHI – VICE CHANCELLOR – ACCESS TO MAURITIUS

(No. B/204) Mrs F. Jeewa-Daureeawoo (Third Member for Stanley and Rose Hill) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to the Vice Chancellor of the Rajiv Gandhi University of Delhi who recently travelled through Mauritius, he will, for the benefit of the House, obtain from the Commissioner of Police, information as to if he was denied access in Mauritius and, if so, the reasons therefor.

The Prime Minister: Mr Speaker, Sir, I am informed by the Commissioner of Police that according to records kept by the Passport and Immigration Office, there is no record of any Vice Chancellor of the Rajiv Gandhi University of Delhi on the list of persons who have been deprived access in Mauritius.

However, the Vice Chancellor of Jawaharlal Nehru University, Delhi, came to Mauritius on 01 April from India to attend a Conference at the Mahatma Gandhi Institute and left for Reunion Island on 02 April 2007. He came back to Mauritius on 05 April from Reunion Island and left for India on 08 April of this year. Each time he was given access to Mauritius.

LATE S.A. – GRAND RIVER PRISONS – DEATH

(No. B/205) Mrs F. Jeewa-Daureeawoo (Third Member for Stanley and Rose Hill) asked the Prime Minister, Minister of Defence & Home Affairs,

Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to late S. A., he will, for the benefit of the House, obtain from the Commissioner of Prisons, information as to –

- (a) the reasons for his detention at the Grand River Prisons;
- (b) the cause of his death in April 2007, whilst in prison, and
- (c) if any inquiry has been carried out into his death and the outcome thereof.

The Prime Minister: Mr Speaker, Sir, I am informed by the Commissioner of Prisons that late S. A. was remanded to jail by the District Magistrate, Port Louis District Court (2nd Division) on 09 April 2007 for failing to furnish the required surety in two cases, namely for “Rogue and Vagabond” and for “Larceny made by two or more individual”.

On 09 April 2007, late S. A. was admitted to the Central Prison Beau Bassin and on 11 April 2007, he was transferred to Grand River North West Remand Prison which is a remand centre.

I am further informed that on 13 April 2007 at around 1935 hours, Prison officers on duty found late S. A. hanged by the neck with a piece of bed sheet tied to the iron bars of his cell. The case was immediately reported to La Tour Koenig Police station.

On 14 April 2007, a post-mortem was performed by the Police Medical Officer who certified that the death was caused by “asphyxia due to hanging”.

Police enquiry into the matter is still under way.

Mr Speaker: Questions addressed to hon. Ministers. May I inform the House that questions B/215 has been withdrawn.