

MAURITIUS FOURTH NATIONAL ASSEMBLY

FIRST SESSION

Debate No 4 of 2009

Sitting of Wednesday 15 April 2009

**The Assembly met in the Assembly House, Port Louis,
at 10.30 a.m**

The National Anthem was played

(Mr Speaker in the Chair)

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MOTION

BILL (*Public*)

ADJOURNMENT

MAURITIUS

Fourth National Assembly

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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 rose and seconded.

Question put and agreed to

PUBLIC BILL

Second Reading

**THE ADDITIONAL STIMULUS PACKAGE (MISCELLANEOUS PROVISIONS)
BILL**

(NO. I OF 2009)

Order read for resuming adjourned debate on the Additional Stimulus Package (Miscellaneous Provisions) Bill (No. I of 2009).

Question again proposed.

(10.35 a.m.)

The Minister of Foreign Affairs, Regional Integration & International Trade (Dr. A. Boolell): Mr Speaker, Sir, I don't have to highlight what are the perils of the Opposition. Whether we like it or not, the fact remains that one has been bailed out and the other one is facing the biggest meltdown in its history. Therefore, what choice do they have, but to bluff! And we are going to call their bluff, Mr Speaker, Sir. They have made many attempts to throw invectives at the mover of the Bill, the Vice-Prime Minister & Minister of Finance, realising fully that this is a Bill which has been approved by Cabinet. There was a joint presentation made at a press conference by the Prime Minister and the Vice-Prime Minister & Minister of Finance, and this is a Bill which was introduced after wide discussions with all the stakeholders; hence the relevance of this omnibus legislation, which has 50 major changes and 23 amendments of relevant consequence. I can understand our friends, Mr Speaker, Sir. I would have expected them to formulate constructive criticisms, to formulate proposals, but instead they have done an exercise in futility and, except for some frivolous criticisms, they were like empty shells.

Let me, Mr Speaker, Sir, narrow the criticisms to two issues, which they have harped upon. One, that we are an ultra liberal Government and two, we are pro corporate sector. Mr Speaker, Sir, I don't have to highlight the achievements of this Government; achievements which have made echoes not only in international forums, but amongst many countries. I don't have to highlight the fact that this is a Government which has faced unprecedented crisis during its mandate, namely the food crisis, the fuel crisis, the financing crisis and, of course, feed and environmental crisis. Yet, Mr Speaker, Sir, we have been able to turn things round. I grant you there is a financing crisis, which is of unprecedented nature, compared to the 1930 economic depression.

Mr Speaker, Sir, when we look at our achievements, we have constantly placed people at the centre of this development, and our policy has been one of widening the circle of opportunities and create the space to take on board all those from the different stratum of our society. We have succeeded despite the fact that we have inherited an economy which was in bad shape. Today, we are going to bequeath a legacy of predictability and reliability to the future generations. Let us ask one basic question: why is it that we have brought people at the centre of development? It's because of human dignity.

We might as well live with some inflation, but see to it that people stay in employment, that they keep the jobs. But, of course, we cannot create circumstances which are not conducive, Mr Speaker, Sir. Let us look at facts. The National Empowerment Fund has created within a short span of time - less than three years - 4,000 jobs and has placed people from the lower rung of the ladder into jobs. Within one year, we have created more jobs than they ever did during the last four years, and they claim to be the champions of pro-poor. And yet, Mr Speaker, Sir, they did not hesitate to increase VAT by more than 50% and, at a time of unprecedented world trade boom - there was an unprecedented trade boom during the years of 2000 to 2005 – do you know what they did? They walked us into a debt trap; and debt trap, Mr Speaker, Sir, means poverty. This is a fact, Mr Speaker, Sir. If we had not revisited the economic model, do you know what would have been the consequences? These consequences would have been far-

reaching, which means that there would have been a descent into social chaos, a run on the country, and there would have been a currency crisis. This is where they would have led us, Mr Speaker, Sir. These are facts. Despite difficult circumstances, we have been able to create jobs and empower those at the lowest rung of the ladder, for example, the pig breeders, the small planters, the fishermen. When they were faced with similar problems, you would be surprised to find out how they addressed these problems.

Let me take the case of people in the Constituency of Rose Belle. The only way that they could give some so-called support to those poor people in Mare Chicose was to dish out a set of soccer jerseys to them. That was the only support that they could dispense to the poor, Mr Speaker, Sir, or a cap on the eve or threshold of Maha Shivaratree. That was their only contribution to alleviation of poverty. This is a fact, Mr Speaker, Sir. And they are the people who say that they are keen to fight and wage war on poverty, Mr Speaker, Sir! I want to know what they have done for the small planters. Yet, the former Minister of Agriculture claimed that, had it not been for them, there would have been the demise of the small planters community. I recall when they introduced, on the eve of the general election, a Budget to dispense little goodies to the public. They were caught with their pants down, Mr Speaker, Sir, no less by those who came from the most vulnerable sector of the economy. What was not said concerning the small planters! They said that they were going to dispense Rs500 m. upfront to regroup planters to derock their fields, to make the fields so smooth that you could easily play billiards on it. Mr Speaker, Sir, they lost their balls and they lost their marbles! On this particular issue, let me tell them, Mr Speaker, Sir, that we were the first to come up with a package of incentives, with accompanying measures to empower the small planters. More than 2,400 hectares of land have been prepared. We reduced the cost of production by 30%. They have achieved economies of scale. What have they done for the small planters? They came up with an amendment to the SIE Act to release one hectare of land to enable the planters to leverage their asset, to add value to the land. With what consequences? Hardly any application was entertained, and we had to bring an amendment to the SIE Act to release land for conversion, to enable the planters to leverage their asset, to enable them to invest their money in more remunerative purposes. We all know that, today, the cost of production of one tonne of sugar is more than Rs15,300, and revenue accruing to the small planters from the sale of one tonne of sugar is Rs11,300. If we do not regroup the planters, if we do not provide them with accompanying measures, Mr Speaker, Sir, we know what their fate would have been. I congratulate my good friend, the hon. Minister of Agriculture, who is seeing to it that we consolidate that process embarked right from day one by our Government. Let me make it quite clear, Mr Speaker, Sir. When it comes to the package which we have offered to workers of the factories, I asked them one question: whether they did bring an amendment to the report which we produced in respect of blueprint on centralisation for the workers.

Mr Speaker: I think the hon. Minister has sufficiently made his point on this issue. We are discussing the Stimulus Package; we are not discussing about agriculture as such. I think the hon. Minister has made his point, and that now he can move on with the debate.

Dr. Boolell: Mr Speaker, Sir, I am highlighting the relevance of waging war on poverty. What this omnibus legislation does is to provide the biggest antidote to poverty, Mr Speaker, Sir. And this is why I said that we need to create jobs. That was highlighted this morning by President Obama and, rightly so, because this is what needs to be done, Mr Speaker, Sir. As I have stated, we have to make sure that we put people at the centre of development.

Mr Speaker, Sir, let me make it quite clear. The explanation given by the Opposition in respect of amendment 23(f) on the Sugar Industry Efficiency Act was highlighted by hon. Mrs Hanoomanjee and, of course, as usual, she mixed issues. Either she deliberately wanted to mislead the House...

(Interruptions)

Mr Speaker: The hon. Minister cannot say that.

Dr. Boolell: I apologize. Either she deliberately wanted to confound and confuse Members of the House or she was not of good faith. Let me remind our friend that they were the ones who introduced the amendment to the SIE Act in 2001, and the exemption from the applicable time limit of five years to carry out land conversion with regard to conversion effected pursuant to sections 11, 14, 29(e), (g) and (i), was already provided for in the original Bill, which was introduced by the former Minister of Agriculture, hon. Pravind Jugnauth, and the Permanent Secretary was hon. Mrs Hanoomanjee. These are facts, Mr Speaker, Sir. Why should they come and say that this Government is dispensing and giving fiscal incentives to the sugar industry? And they did it when the price of sugar was very high, Mr Speaker, Sir and when there was no reduction by 36%. And they did it, knowing perfectly well that there was no need to dispense as much favour as possible to the sugar industry. They went even as far as to impress upon the Bank of Mauritius to dispense concessionary loans to the sugar industry. Mr Speaker, Sir, we did it in difficult circumstances, knowing perfectly well that the sugar industry had to incur losses. And when we talk of the sugar industry, we talk of an inclusiveness of small planters, workers of the sugar industry and the corporate sector. Then our friends made a disparate remark to say that the corporate sector and the planters have been given more than Rs5 billion simply because Government has agreed to liberalise the price of sugar on the local market, which was part and parcel of the deal concluded with MSPA. What is it that they wanted? They wanted the small planters to subsidise to the tune of more than Rs600 m., over the last ten years, the price of sugar on the local market, knowing perfectly well that the cost of input is going up. Let me also remind them that we revised the money accruing to planters in respect of sale of molasses, and we have to be thankful to hon. Ms Deerpalsing who put the question to us and, of course, the Ministry acted promptly and, today, planters are earning more than Rs1,000 from the sale of one tonne of molasses.

Mr Speaker, Sir, in fact, they should have congratulated Government that we have taken a firm decision to liberalise the price of sugar on the world market. Who are the beneficiaries besides the corporate sector? 30,000 small planters in respect of the sale of molasses, of the price of sugar which has been liberalised on the local market, and in respect of the accompanying measures being dispensed to empower the workers. I don't have to again compare notes with them, Mr Speaker, Sir, but let me remind them that

when we introduced an amendment to the SIE Act, we saw to it that the interests of workers have to be protected from the time they have acquired the title deed to the completion of projects, to be in line and consistent with the provisions of the *Morcellement* Board. This is what this Government has been doing. It has constantly been empowering those who are weak and making sure that we protect the weak and the vulnerable. And the way to do it is to save jobs also, Mr Speaker, Sir. But then, to save jobs, we need to come with a rescue package. We have been able to do it because we have revisited the economic model and this has paid dividends.

Mr Speaker, Sir, let me again highlight one issue, which was canvassed by hon. Mrs Hanoomanjee. I will make it a point to lay on the Table of the Assembly the review of conditions of *métayers*. What upsets me, Mr Speaker, Sir, is that she was party to the agreement, which was signed in the presence of the *métayers* in 1997. She helped to draft that lease agreement, which gave security of tenure to *métayers*. We cannot simply ask a *métayer* to vacate his land, Mr Speaker, Sir. When the agreement was concluded between MSPA and Government under the able leadership of the Prime Minister, we agreed to safeguard the interests of *métayers*. Not only that, Mr Speaker, Sir, a technical committee was set up to look at all the issues which may appear to be contentious and all these were addressed. If the Sugar Authority is failing in its task, then it has to assume its responsibility. I am not casting aspersion, but if it has, then it has to assume its responsibility. My friend, hon. Dr. Mungur, was right to state in no uncertain terms that the *métayers* who have lands in the region of Quatre Cocos and Palmar are fully aware of their rights. I can't understand why *métayers* in the region of Bel Ombre have been taken for a ride. If it is so, then appropriate action has to be taken and, certainly, they need to seek redress and if we have to dispense legal advice to them, we will certainly do so.

Mr Speaker, Sir, hon. Sayed-Hossen did an excellent job and addressed all the issues, be it strategic land, land swapping, rental charges, etc. I will lay a copy of the review of the conditions of *métayers* on the Table of the Assembly, to ensure that proper information is disseminated.

Before I address other issues, let me convey to our friends on the other side that the provisions in the SIE Act do not open a floodgate to enable the sugar magnates to convert lands on a scale of unprecedented nature, because that was the impression that hon. Mrs Hanoomanjee gave. The specific amendment made provisions in respect of VRS I and VRS II. What Government is saying is that we have identified lands which belong to State Land Development Company. We want State Land Development Company to leverage this asset because land has to be released to plan the setting up of an eco-friendly urban area, Mr Speaker, Sir. So, where is the wrong? I can understand if our friends from the Opposition would have made the suggestion that, perhaps, the name of Highlands should be highlighted. This is a fair comment.

Besides, Mr Speaker, Sir, the discretion to award this right does not rest with the Minister. It has to be approved by Cabinet. This is a fact. So, tomorrow, be it Tianli or Highlands - and for that matter we all know that Tianli has the possibility to create more than 34,000 jobs because our main objective is to ensure that the engine of growth creates employment, Mr Speaker, Sir. Discussions with Exim Bank are ongoing. Following the visit of the President of the People's Republic of China, there is an undertaking that Exim Bank will do the needful. Of course, there is a consortium which is keen to accelerate the

process, and we are looking forward for this project to be implemented, notwithstanding the fact that there is a financial crisis. The policy of this Government is to strike the balance between job creation and reconciliation of social and economic factors. On this, we have always been consistent, Mr Speaker, Sir.

Mr Speaker, Sir, I have discussed specific matters. Let me now come to broad issues. We all know, Mr Speaker, Sir, that, as a small vulnerable economy, far away from remunerative markets, a country which is a net food and fuel importing country, we have no choice but to export and to liberalise our services. If we don't export, we die, Mr Speaker, Sir. Hence the relevance of the measures announced in the omnibus legislation to rescue industries which are facing undue difficulties. We need to find markets, to tap markets and to address contentious issues like rules of origin. It is true that at the level of the World Trade Organisation, liberalisation of our trade is yet to be discussed. But at the level of SADC or COMESA, we have liberalised our trade by 100% and, of course, EU liberalisation of trade is almost 95% and as an outward looking country, Mr Speaker, Sir, we are bound to suffer from the local effects of this financial crisis.

As it has been rightly stated by all parties concerned, this is not our doing, Mr Speaker, Sir, and people are fully aware of this. Today people have access to information and it is no longer the privilege of a few. People know that in Dubai, projects have been put on hold or shelved; workers have been asked to pack up and leave, Mr Speaker, Sir, those who have travelled from different parts of India to come to Dubai. Philippines survive on remittances of 12 billion dollars, Mr Speaker, Sir, under the Budget support of Philippines. These are facts Mr Speaker, Sir, and prior to the G20 Conference there was a fear which was becoming inherent. Paul Krugman wrote a book on World Economic Recession, but not a single word was mentioned on Africa, let alone Mauritius which is not *le nombril du monde*, as we know, Mr Speaker, Sir. These are facts; hence the reason as to why developing countries, least developing countries had to put their case across very forcefully in international forum. We had to enlist the support of the UN representatives, of NEPAD, of the African Union and we had to identify somebody who could speak on behalf of the developing countries, to put across the case of Mauritius and like-minded countries. The person designated was the Minister of Finance of South Africa, Mr Speaker, Sir.

Mr Speaker, Sir so what is the purpose? At one time there was fear that these countries would opt for deglobalisation, that they would opt for beggar-thy-neighbour policy. In one word they would opt for protectionism. I am glad that at the G-20 the decision has been taken to name and shame those countries because whether we like it or not, interconnectiveness is a way of life and if there is no interconnectiveness there is no engine of growth and with contraction in world trade Mr Speaker, Sir, there is a tendency for countries to look inwards. But we know at whose expense those countries have vast internal markets. Mauritius has no choice, but to look outwards Mr Speaker. As the Vice-Prime Minister and Minister of Finance has said, we can pray and we can hope. We hope that the early shoots of recovery will not take time to come, Mr Speaker, Sir and if we subscribe to what has been spelt out by the Chairman of the Federal Reserves or the Governor of the European Investment Bank, there is hope. There is hope also because the outcome of G-20 is not to come with a wish list, but to implement decisions taken, Mr Speaker, Sir. The decision, for example, by UK to release £300 m. through World Bank

to support African countries whose price of commodities have dropped Mr Speaker Sir. We need to give them export credit and Mauritius is one of the countries that can benefit from these facilities, but thanks to God, so far, so good. This is why when we come up with the rescue package, it is precisely to enable the SME to restructure and save jobs. We have to be thankful that we have not been hit by any natural disaster, we have to be thankful that we have a sound banking system, Mr Speaker, Sir, and we are simply suffering from the knock-on effect of a financial crisis. We have to be grateful to the Vice-Prime Minister and Minister of Finance who, through his lobbying mission, has enabled Mauritius to safeguard the interest of the financial services sector. Today we are trying to make the quantum leap from manufacturing to services sector and services sector will be the purveyor of gainful employment, Mr Speaker, Sir. This is a fact. This is why we have to use this period of transition to look at the level of preparedness to make sure that the people are re-skilled to respond to changing circumstances and to demands of our country, of the region and of changes happening on the international scene. Migration has become an issue that we are addressing, Mr Speaker, Sir, because when there is recovery, the possibility for 500 Mauritians to take up employment in France is there, we have already signed an agreement and, of course, I don't have to highlight the number of people travelling to Canada to take up employment. Mr Speaker, Sir, there are conditions attached and we are going to make sure that there is compliance.

Mr Speaker, Sir, Government has clarity in its policy, there is certainty, there is predictability, there is reliability and we make sure that SME remains one of the pillars of the economy because the jobs which we created during the last three years, the 20,000 jobs created within one year are largely due to the number of SME enterprises which have been set up and today we have earned the respect of many countries in doing business in this country Mr Speaker, Sir. I don't have to highlight the praises heaped upon us in respect of Mo Ibrahim. Who are we rescuing? Are we rescuing Ahmed Parkar group, CMT, Ciel Group, Beachcomber, Rogers or Currimjee? No, Mr Speaker, Sir we are coming to the rescue of Small and Medium Enterprises,

(Interruptions)

Beachwear, Mr Speaker, Sir, has become a brand name, but the war was on the threshold of closure and had it not been for this Government, there would have been closure and what is true for Beachwear is equally true for many small medium size Enterprises. We have created the opportunities, Small entrepreneurs have grasped the opportunities, we have widened the circle, Mr Speaker, Sir, we have provided the accompanying measures and today they have achieved social and economic mobility and this is the policy of this Government. During the years that they had been in power, our friends had only looked inwards at their own self-interest, Mr Speaker, Sir. If today this Government is enjoying the confidence of the public, if today we command respect, it is because we have turned the economy round, we have been bold and courageous to take measures to respond to the needs of the country.

Mr Speaker, Sir I don't have to highlight what has been stated by my colleague when there was the AGOA week. Never before had there been a proper AGOA week to sensitise potential beneficiaries! Of course, conferences have been organised, but they have never reached out to the potential beneficiaries and we are a nation of entrepreneurs, we need to inculcate the entrepreneur spirit, we need to do away with handouts, but we

need to protect those who are weak and vulnerable, Mr Speaker, Sir. We need to eliminate the Panchavaty syndrome. This is why Government went out of its way to dispense one billion rupees to help the poor, the weak and to make sure that we give social mobility to students, Mr Speaker, Sir, because education is the passport to new avenues and this is why education remains a powerhouse in this country. I don't have to highlight measures announced to protect the weak, Mr Speaker Sir. My colleague, hon. Gowressoo did so.

(Interruptions)

Mr Speaker: The hon. Member is disturbing the proceedings of the House. What applies to others, applies to him also.

Dr. Boolell: Mr Speaker Sir, our remarkable achievements speak for themselves and have been highlighted by the President of the African Bank Development, EU Commissioners, and eminent professors from Harvard University. There was wide publicity given to our Prime Minister in respect of his leadership and vision, Mr Speaker, Sir. I can understand why we are the envy of the Opposition. But, we have the full support of the people of this country, Mr Speaker, Sir.

Mr Speaker, Sir, before I conclude let me speak on market access, because this is very important. We can produce, it may be quality products, but if there is no market access, we are neither here nor there. And, I must say, people from the international trade, together with the private sector, are doing a great job. I don't have to highlight the merits of this Government in respect of the third country fabrics. I don't have to highlight the merits of this Government in respect of obligations which EU has to honour vis-à-vis us. And let me tell our friends, to day we have a secured market for our textile, for our tuna, for our sugar. And, at the mini Ministerial conference which was held in July 2008, which was attended by the Vice-Prime Minister and Minister of Finance, we have a breathing space, a period of 10 years, in respect of reduction to be brought on tariff, Mr Speaker, Sir. We are also addressing non-tariff concern to maintain that level of competitiveness.

Mr Speaker, Sir, we have, as has been stated, left no stone unturned. We have made sure that our level of preparedness is good. We have made sure, Mr Speaker, Sir, that we are ready to reap the benefits of recovery. Manpower training, re-skilling, today, Mr Speaker, Sir, is being carried out in a very structured manner and the Human Resources Development Council is disbursing the fund, Mr Speaker, Sir. We are all in it together and we will rise with the tide and the boat will take us safely to our destination, because we want to bequeath to the future generation a legacy of predictability and reliability. But to do, so, Mr Speaker, Sir, everybody has to be on board. It was a golden opportunity for our friend to act as true patriots, to be with the tides, because this is not the doing of the Government or the people of this country. As an outward looking country, Mr Speaker, Sir, we have to rely fully upon overseas buyers. We know that there will be a lag time, because when these people will earn money they will use it to repay their debts, to try to recover their lost belonging, Mr Speaker, Sir. But in the meantime, every sector of the economy is being looked at in a very structured and professional manner to enable it to weather that storm, Mr Speaker, Sir.

Mr Speaker, Sir, as I have stated, this is an issue of national interest. It transcends political barriers; we need to stand united to safeguard the future of this country. The Government is doing what is humanely possible, Mr Speaker Sir, because it has vision and leadership. Thank you very much.

(11.15 a.m.)

The Minister of Industry, Science and Research (Mr D. Gokhool): Mr Speaker, Sir, I'll take up from where my colleague, hon. Dr. Arvin Boolell left. He concluded by saying that the time is for solidarity, it is a time of crisis and this crisis is affecting our people, our society. If we do not take the right decisions, it can put at stake the very future of our nation. Mr Speaker Sir, it is in these moments of crisis and adversity that we have to go for the test of national solidarity.

Mr Speaker, Sir, during my intervention, I will be speaking about three aspects: the global, financial and economic crisis, its impact, and how in Mauritius, Government is dealing with the crisis. The second aspect I would like to touch upon concerns the remarks coming from the Opposition benches. And thirdly, I will focus on the support measures which are being provided to the manufacturing sector. I will also clarify issues relating to governance and transparency, that have been raised by Members from the Opposition benches.

Mr Speaker, Sir, let me start with a general remark. As I was saying, we are in times of crisis. This global and financial crisis - I think we have heard the debates, and reference has been made to the recession of 1930s and the devastating impact on that recession of the livelihood of people, on the homes of people, families and industries is, indeed, a traumatizing period in the history of mankind. There is a parallel to be drawn between the crisis that the world is witnessing, especially the developing economies; it is unprecedented, unexpected, and we are yet to assess the full impact, the scale and depth of this crisis. As all specialists are saying, there is a lack of predictability and visibility as far as the crisis is concerned, but the signs are there. The industrialised economies are deep in recession and the Asian economies also are facing the brunt of this economic crisis. We, small economies like Mauritius, are also experiencing the difficulties. Our growth rate will be below three per cent; it was above five per cent over the last three years. So, we have to prepare ourselves to protect our people, our families, our children, our enterprises, and that is why I say these moments are defining moments in the history of people and nations. As my colleague, Dr Arvin Boolell stated, we have been consistent on this side of the House. In our Government Programme we said: People First. All throughout, if we analyze the speeches made from this side of the House, there is total consistency; we stand by the philosophy of our programme. We expected that the Opposition at this trying, defining moment, at least, in the interest of the people, of the future of the country, put aside our political differences and join hands together and demonstrate that spirit of solidarity, which is so vital, Mr Speaker, Sir.

But, once again, the Opposition has failed this test. What have we heard? We are terribly disappointed on this side of the House. My colleague, hon. Dr. Bunwaree, said that we are *très déçus*. In fact, it was pathetic, desperate. Mr Speaker, Sir, what have we heard? Let me take what the Leader of the Opposition has been stating in this House. We expected that. The thrust of his argument, his main point, is that this Additional Stimulus

Package is pro-private sector. *C'est du déjà vu!* This is typical stereotype rhetorics. *M. le président, le Leader de l'opposition a dit que l'Additional Stimulus Package is pro private sector, pro-business.* But, if he had gone a few steps further and stated that it is also anti-worker, then hon. Jugnauth would have had to revise his speech, because all that he said, trying to outdo the Leader of the Opposition, is that this Additional Stimulus Package is anti-worker. The Leader of the Opposition stated that it is pro-private sector and, to hon. Jugnauth, it is anti-worker.

Mr Speaker, Sir, to summarise the interventions, I wouldn't say that these have been valuable contribution. I would say that 90 % of what they have stated is outright criticism, sterile criticism. *On a déjà entendu tout cela dans cette Chambre, et aussi en dehors. Les 10% étaient des mises en garde. Faites attention! Il y a la corruption!* L'honorable Dowarkasing, tout au long de son discours, with a suspicious mind, said many things that can kill the whole project. He referred to no transparency, malpractices. As I said, 10% were only *des mises en garde*. There were no constructive proposals. Zero proposal! *Autant pour les interventions des membres de l'opposition. Mais il y a quelque chose de très intéressant, M. le président. C'est pathétique, parce qu'ici nous avons un gouvernement uni, solidaire qui travaille dans l'intérêt de la population et, de l'autre côté, depuis trois ans, comme vous avez pu le constater, en tant que président de cette chambre, il y a une fragmentation de l'opposition.* A fragmented Opposition! You know why I am saying that. I was listening with a lot of attention to hon. Dulloo. He is neither here nor there. He is most of the time in a limbo. What was his intervention? His intervention was that, when he was here, he was part of the recovery. Now that he has left, he is criticising what he helped to achieve. Do you know what is interesting? Having criticised the Additional Stimulus Package, he suggests to us to take measures in order that the economy recovers, so that when he comes back to power things will be alright. What is this logic? So, he wishes that things will be fine. We work hard to get the country on the rail, and then he will come back. *On sait que tous ces premierministrables rêvent! Laissons les rêver!*

Mr Speaker, Sir, there is another thing that we have to clarify. This is an additional stimulus package, and same measures have been taken before. This one is simply adding on to the stimulus package. When a patient is sick, we have to provide some medicines and support so that the patient gets well and then he is in good health. During the 2008-2009 Budget, the Vice-Prime Minister & Minister of Finance elaborated quite lengthily on this matter. We have introduced different measures to support development, the purchasing power of the consumers, workers, to support infrastructural development and other sectors. We introduced those measures to stimulate all those sectors. This measure that we are bringing to the House is additional to the stimulus that was provided.

Mr Speaker, Sir, this is, as I said, another testimony. Way back from July 2005, we can go down to July 2005, when we took the country from its legacy that had been left - I am not going to spend too much time on that because it can hurt. From 2000-2005, it was a state of stagnation, arrested economic development because of the mismanagement of the economy. Mr Speaker, Sir, that is why I say that we have been consistent on this side of the House. Because of the special circumstances, we have come with a coordinated, comprehensive and timely response. I will go back to what the

Opposition Members have been saying, namely that we have not addressed the issues when they had to.

Mr Speaker, Sir, there is logic of continuity. In all the policy measures that this Government has taken, right from 2005, there is consistency since we knew - we have given the benefit of doubt to our Vice-Prime Minister & Minister of Finance - that the signs were there, but they had not attained such alarming proportions. So, we have paid attention to all these signs and dealt with the situation. In fact, since 2005 onwards, the external environment has changed, the situation in the country has changed, and the difficulties have changed. So, we have been addressing at every stage the difficulties that we have been facing. Therefore, this Additional Stimulus Package is a coordinated, comprehensive and timely response to the global crisis affecting our economy with the objective of –

- (i) protecting our consumers;
- (ii) protecting employment, and
- (iii) more importantly, protecting employability.

This is where my colleague, hon. Dr. Boolell was elaborating on why we are investing so much on Human Resource Development through HRDC, the Empowerment Programme and IVTB. It is the HRD that has made the future of this country – investment in our people. We are protecting employment but, more importantly, this Government is protecting employability. There is a difference between employment and employability. Somebody may be in a job and lose the job. What happens to that person if he has not been retrained and re-skilled to take up another job? This is a very powerful concept, Mr Speaker, Sir, because in today's economy, the labour market is becoming very flexible, very fluid, and one has to be mobile. Therefore, we are protecting not only employment but also employability. We are also protecting enterprises. Mr Speaker, Sir, we have about 450,000 people who are employed in the private sector, only about 80,000 in the public and para-statal sectors. So, the large majority of our brothers and sisters work in the private sector. If we want to protect jobs, should we let the enterprises close down, like it is happening in America, Europe, Japan and China? Should we allow them to close? And, then, what will happen? Do we want to close and programme a social unrest, create more disturbance and instability in the country? So, our logic is to protect jobs and so we have to protect the enterprises. Of course, it is not a dish-out. We are taking all the precautions, because some enterprises are bound to close as they cannot be restructured. But, whatever enterprises we can save, we have to save them.

Let us not forget, Mr Speaker, Sir, you have been here and seen politics in this country for too long time. After independence when we started our economic development model, it is slowly that we built block-by-block our economy: import substitution, the Free Zone, the tourism sector and now we are diversifying the economy. In America, President Obama, and in other countries, they want to save their manufacturing sector. Why? Because it represents the industrial base and if you allow this industrial base to disappear, it will be difficult to bring it back. It is forty, fifty years of what we call the IPR-Intellectual Property Rights of Mauritian economy. Today we have textile factories, which are world class, recognised across the world. This is the effort of our policy makers. We have to support our enterprises, but we have to do it in a

transparent and responsible manner. Last but not the least, we have to look for the short, medium and long term and we have to prepare the country so that when the economic crisis goes away we can bounce back. This is essentially the purpose of this Additional Stimulus Package, a coordinated, comprehensive, timely response, to respond to the global crisis affecting our economy with the objectives that I have mentioned.

Mr Speaker, Sir, if we look around in USA, Europe, Japan, China, India any country, the Stimulus Package is the standard vehicle which is being used to stimulate economies. We, in fact, have been pre-emptive and I think the word is well chosen. We have been pre-emptive in 2008/2009 budget. We have pre-empted the crisis and we have taken a number of measures to address the issue. Mr Speaker, Sir, this Additional Stimulus Package therefore is timely and it has measures which are going to address the impact of the global crisis. Mr Speaker, Sir, the solidarity should be all throughout, we have to certainly draw the lessons and we have to go ahead with the measures which have been announced in this Additional Stimulus Package.

Mr Speaker, Sir, while we have looked at how the Stimulus Package is designed, it is a fact that it has been formulated to increase borrowing, reduce interest rates, reduce in taxes, increase spending in public infrastructure, support to financial institutions in the corporate sector and special schemes to protect employment and employability. We have not just copied the Stimulus Package formula, which other countries are implementing. In fact, we have modified, adapted it to our local circumstances. For example, we are not providing, as it is being done in USA and other countries, direct support to financial institutions because the financial system is sound. We have adapted the Stimulus Package to fit our circumstances. Let there be no misgivings about the purpose of this Stimulus Package.

Mr Speaker, Sir, the hon. Members of the Opposition tried to suggest or state that this Stimulus Package is in favour of private sector workers and they are trying to revive a conflictual dimension between workers and employers. But the Stimulus Package is a social contract, it has an element of inclusiveness. It brings Government, the population and the corporate sector together in dealing with the crisis. That's why this Additional Stimulus Package should not be assimilated to private sector. It will be unfortunate if the Opposition - and I don't know when the other orators will take the floor - will persist in attributing the measures that have been outlined in the Stimulus Package as being in favour of the private sector. The Additional Stimulus Package should not be viewed in a selective manner as efforts are being made to reform and restructure our economy to face the challenges of the globalised economy.

Mr Speaker, Sir, as I said, there are measures to protect the population, in addition, to the support provided by the institutions like the Trust for the Integration of Vulnerable Groups. Budget has been provided and support will be provided. The casting of slabs is another people-oriented policy, free transport, income tax relief and subsidies are being provided. We have taken the commitment that the decrease in prices should be passed on to the consumers and the consumers should benefit from that. The other component of the Stimulus Package, as I said, is creating more jobs and ensuring employability. In fact, this Government has created more jobs, but we have also to protect jobs.

The third element, Mr Speaker, Sir, as I said, we have to preserve the industrial base of the country because it is on this industrial base that we will build the strength of the economy, because once it is lost, it is difficult to bring it back. Mr Speaker, Sir, let me now turn to some of the points that the Opposition put forward, which I have already replied.

Let me now take the issue of the support being given to the manufacturing sector. Mr Speaker, Sir, the manufacturing sector is still one of the important pillars of our economy. It represents some 19% of the GDP and provides employment to some 225,000 people directly and indirectly.

We know that this sector, like tourism, is being affected by the economic downturn. Mr Speaker, Sir, this point has already been canvassed and, in fact, the Leader of Opposition tried to suggest that this Additional Stimulus Package or the Stimulus Package for that matter does not address the problems of the SMEs, small and medium enterprises. This is totally incorrect. Let me take this opportunity to clear the confusion and set the records right. The manufacturing and SME Development Fund of Rs500 m. has been set up with the overall vision of positioning the manufacturing enterprises and SMEs as globally competitive sectors. In fact, this Fund forms part of the Stimulus Package to assist the sector and we have a three-year strategic plan which has been elaborated. The Fund has already approved 51 projects to a total value of 474 m. Six projects have already been implemented while 24 are being implemented to support the competitiveness of the SME sector. For the remaining 21 projects, actions are being initiated by the implementing agencies namely Enterprise Mauritius, SEHDA and the National Women Entrepreneur Council. To ensure that these projects are implemented, 22 out of the 51 projects contained in the Strategic Plan are meant for SMEs.

Mr Speaker, Sir, over and above the manufacturing and adjustment of the SME Development Fund, we have also earmarked some Rs100 m. to provide direct support to SMEs in difficulties arising out of the crisis and the applications for assistance by SMEs are examined by the mechanism for transitional support to private sector. This also gives me the opportunity to clarify another issue. Government has mobilised additional financial resources to support, as I explained, not only the SMEs, but also the export-oriented enterprises and the mechanism for transitional support for private sector has been set up precisely to provide support to enterprises which are in financial and economic difficulties.

Let me also make it clear that the mechanism for transitional support for private sector, that is, managing the financial rescue plan for SMEs and the export-oriented enterprises, it is not exclusively meant for large enterprises. This is a wrong perception, and I have to clear that because the committee looks at all enterprises which make an application for support. So, the mechanism for transitional support to private sector is not meant only for the large enterprises.

Mr Speaker, Sir, as regards the export-oriented enterprises, apart from the additional Rs500 m. which has been earmarked - and that is where there are some misgivings in the minds of the orators on the Opposition side. They are assimilating the additional stimulus package as *cadeaux* to the private sector - it is only Rs500 m. of additional resources, out of the Rs10.4 billion. *Ce n'est que R 500 millions* of additional

resources. The additional sum of Rs500 m. will come from the banks. So, in this additional stimulus package for the manufacturing sector, Government is putting an additional sum of Rs500 m., which represents only some 5% of the total package of Rs10.4 billion.

Mr Speaker, Sir, the support that we are providing to the export-oriented enterprises, as I said, is to enable them to face the difficulties that they are facing, to preserve jobs, to preserve the competitiveness, and there is a number of projects which are in the pipeline to support our domestic and export-oriented enterprises.

I'll now come to the issue of how the funds are being utilised or will be utilised and also to the issue of governance and transparency. Mr Speaker, Sir, we have to stop this tendency to levelling accusations. This fund, the mechanism for transitional support to the private sector, has been operational since December 2008. The committee has been set up. It is a joint public/private sector committee. The Permanent Secretary of my Ministry is a member of the committee. The other members of the committee are the representatives of the bank, of the Ministry of Finance and Economic Empowerment. We have representatives of the State Investment Corporation and, of course, representatives of the companies which are addressing the problems to this committee and the guidelines are very clear Mr Speaker, Sir. I can tell the hon. Members of the Opposition side. I met the members of the committee and I did tell them: "This is Government money, be careful in the way the money is going to be used; because even me, as Minister, if I see anything which is going wrong, I will not hesitate to refer matters to ICAC." Also, Mr Speaker, Sir, Members of the Opposition can come to Parliament and ask for explanations as to how the money is being used. The Vice-Prime Minister and Minister of Finance has already said that as far as the Rs10.4 billion additional stimulus package is concerned, he will come with reports six-monthly, and we are going to publish on the website of Enterprise Mauritius which companies are receiving the financial support. The cases are being studied by a team of professionals. Maybe, I can grant that they do not have the information or, maybe, they have not done their homework. There are all kinds of speculation, but I can tell the House that this is the time when we have to address these issues in a very transparent and responsible manner. I am stating to the House that the money, which has been voted for additional support, will be used in a most transparent and responsible manner.

Mr Speaker, Sir, to conclude, I would like to say, as I said earlier, that there is a paradigm shift and with a paradigm shift there has to be a mind shift, otherwise the country will not progress. That is why I make an appeal to the Opposition. They are experienced Parliamentarians on the side of the Opposition; we cannot *regarder l'avenir dans le rétroviseur M .le président. Il faut regarder l'avenir avec beaucoup de confiance avec des phares*. We must stop this business of being pessimistic, of painting the picture as doom and gloom. *Il faut créer la confiance. Aujourd'hui, quand nous sommes dans une situation de crise, il faut qu'on renouvelle la confiance vis-à-vis de la population, des travailleurs, des entrepreneurs pour que l'île Maurice soit unie. United, we win !* This is what we should do and this is my appeal to the Opposition. I hope they will come to good feelings and support Government in what we are doing to support the country.

Thank you, Mr Speaker, Sir.

(11.47 a.m.)

Mr N. Bodha (First Member for Vacoas and Floreal): Mr Speaker, Sir, the hon. Minister has asked us to be supportive of Government and to support the Additional Stimulus Package. We will be as constructive as we can. We have always been and we will be as critical as we have been because, as we have always said, we will stress the priority and consistency on the criticisms that we have levelled on this side and the proposals that we have made.

Mr Speaker, Sir, there are fundamental questions which are being raised today. The first one: is this the best stimulus package for the country? Second: is it a stimulus package for the people? Third: is it a stimulus package for our future? How long this crisis is going to last? We have a new budgetary exercise coming? So, how does this fit in, in the whole governmental strategy to bring the economy to more growth, and to see that there is prosperity in the country?

Mr Speaker, Sir, this debate today raises a certain number of fundamental issues. The crisis that we have is a crisis of capitalism. Fundamental questions are raised about ultraliberalism, the economic system in the world, the financial system and how one hinges on the other, and how often. I am going to take an example. Let's say, we have IBM which projects a growth of six per cent, and the growth is five per cent, which means that IBM is doing well, which means that investment is doing well. But because IBM's growth is five per cent instead of six, the shares of IBM fall on the stock exchange. So we have an economic system in the world today based on economic factors. I would say the real economy and then you have a virtual economy, a financial system of people who are speculating and who are deciding and making a certain number of decisions which have an impact on the economic crisis.

Mr Speaker, Sir, let me take the whole issue of oil. The demand and the offer of oil in the world is more or less known. The demand is plus 15 per cent or 20 per cent less or more according to the consumption, but then how can we explain that, on the stock exchange, on the market the price of oil increases from 40 dollars to 147 dollars a barrel.

We know what has happened. This is so because of the crunch in the financial crisis that we have an impact on the economic crisis. We may have an economy doing well, a firm, a company doing well, but not doing well on the Stock Exchange. When we had the G20 meeting, we had at the back of the G20 Summit three words: stability, growth and jobs. Stability means stability in the system; growth means we need growth for the prosperity of the world, of humanity, and jobs. Why job as a top priority? Because job gives dignity, livelihood and gives a man, a family the means to do well, to have his basic needs, to have his social needs, to educate his children, and to provide for a better future, Mr Speaker, Sir.

When we come to the question about liberalism, it has to be put here, in Mauritius and in the context of the Mauritian history. We know about the concentration of capital and assets. That's why we have been fighting against the Vice-Prime Minister & Minister of Finance. The question is that the Government had two major issues: 'Putting People First' and, the second, democratisation of the economy. On these two issues, does this Additional Stimulus Package put people first? Second, does it help the democratisation of the economy? Who are we saving first? How do we talk to people

who put profit first? How do we sit at a table and discuss with people who put profit first when we want to put people first? That's the role of the State. Something fundamental has changed, Mr Speaker, Sir. Today, the whole liberal system has collapsed, socialism has collapsed, what are we doing today? Are we pumping billions of dollars at the IMF and the World Bank just to save the system? Because we want to save the system! America wants to save the system for a certain number of reasons, and China wants to save the system as well. My colleague was showing me a very interesting article, where the President of China was saying: "I am very worried, not about China, but about the United States, because China has a huge surplus in dollars, and those surpluses are in the United States". But the rate of the dollar is not calculated by China, but by the Bank of the United States. He said: "let us have a new currency, which is going to be monitored and managed by the International Monitoring Fund". *Nous sommes au chevet du capitalisme, du libéralisme*. We agree, today, that there should be offer and demand, and that we should have a market economy.

Mr Speaker, Sir, let me take a few sentences which have been said by a certain number of international leaders. The President of the United States said: "Stimulus should go with regulations", that is, there should be regulations. But the problem of liberalism is the *laissez-faire* attitude. They don't want to be checked; they don't want to be regulated. I will come to the fundamental debate. What is the role of the State today, when we have a market economy, but we have public funds being injected in the market economy? Formerly, somebody would say: "This is my money, I am investing. Just facilitate my investment and my production, and I will pay taxes and create jobs." But today, what is happening? We are contemplating the biggest nationalisation exercise in the history of capitalism, and it is nationalisation by public funds. What is the role of the State? That's where I think the Vice-Prime Minister & Minister of Finance has totally failed. He has done a one man show all through, and he has created a smokescreen. In fact, the smokescreen has prevented his colleagues to see what is happening. With figures, with statistics, with a certain number of statements! We started with laying the stage for robust growth. Then, we started by having an early harvest; from the early harvest we had a bumper crop; then, we said that we are resilient, and now we say we are not immune. We have done all this through 40 months. We have moved from a stage where there was robust growth, where we had early harvest, a bumper crop, where we were resilient and, now, we are not immune, and we are going to have a recession, because everybody knows that the growth rate, as my hon. colleague has said - and we are saying - is not going to be more than 2%. If the Stimulus Package is supposed to boost the economy by 1.5%, then what is the real growth of the economy? Are we nearing zero? *La récession est-elle derrière la porte, comme disent un certain nombre d'observateurs ?* That's where we are, Mr Speaker, Sir! As hon. Pravind Jugnauth has said, we have to tell the truth to the people. We have to tell them *quelle est l'ampleur de la crise à Maurice*. He said that the scope, the duration and the length of the crisis are not known. But we should do it! This is what is required outside! But here, we should sit down! This has been a one man show! Have any of the other Ministers talked to the Vice-Prime Minister to say what has to be done to address this crisis problem? No! He has been on his own ride; he has been riding alone! This language is that of the IMF and the World Bank, and we know where it comes from. He has been riding alone, creating a smokescreen of figures, and all his colleagues are not aware, Mr Speaker, Sir! They are

not aware, but they follow suit. What we are saying is that the Vice-Prime Minister is leading the economy towards catastrophe. He has been doing that for the last four years, and now we are appealing to the Prime Minister as well as to the hon. Members on the other side of the House to open their eyes and see.

Let me give you an example, Mr Speaker, Sir. Since 2006, we are getting about Rs2 billions as a grant for budgetary support from the European Union. This has never happened in history. What is it? It is official money, free money being injected in the economy. Mr Speaker, Sir, what does that mean? It means that it comes to your coffers, some strings are attached, but it is being injected in the economy. If we take Rs2 billions out of Rs60 billions of our Budget, this is 1/15th of it. So, if you have a deficit of 3%, it means that the deficit is due largely to the money coming from the European Union and not to what he has been saying about early growth, about the resilience of the economy. This is again playing with figures, Mr Speaker, Sir. I will not call it voodoo economics, but he has been playing with figures. We have changed the equation and the formula regarding unemployment rate. We have done it for inflation, for salary compensation, the basket has changed. Mr Speaker, Sir, I know you don't like the word 'manipulating'.

Mr Speaker: It is unparliamentary when applied to him.

Mr Bodha: What I am saying is that the Vice-Prime Minister has gone on a one man show all through, *et il est en train de jeter de la poudre aux yeux de ses collègues et aux yeux de la population. Mais la population a un problème parce que la population vit mal. Et parce que la population vit mal, la population n'a pas de poudre, la population souffre et la population voit venir.*

Let me now come back to what I was saying about the liberal economy. The President of the United States said: "Stimulus should go with regulations." Public funding in Mauritius should go with what? What are the conditions attached to the Stimulus Package when we are injecting money in billions? Do you know that in the United States billions were injected to save the car industry and General Motors? But President Obama insisted that the GM should be sacked and he had to leave. Can we imagine something like this here? That we would say "yes" we are going to give a textile industry Rs600 m., but it has to sack the CEO. We can't do that. *Lève paké allé!* Can we do that? No!

(Interruptions)

Mr Speaker, Sir, there are two fundamental changes. One is injection of taxpayers and public money in private companies. This has never happened before, it has happened in cases of nationalisation, but not as a Stimulus Package.

Secondly, the question which is raised is: what is the role of the State? Whom does the State preserve? Whose interest does the State preserve? Who are the most vulnerable ones? And the question I am asking, Mr Speaker, Sir, is that this debate is happening in April, the document was made public in December, but why didn't we call Parliament for a national debate on the Stimulus Package? This should have been done, Mr Speaker, Sir? Four months have elapsed and time is of the essence. We should have had a debate in December about the Stimulus Package because we were debating on the grant of public funds to the tune of billions, Mr Speaker, Sir.

The South Korean Minister of Finance said that with the injection of public funds, this is the greatest, as I said, new nationalisation of public businesses, the biggest ever in the history of capitalism.

Now, I will come to something else. The essence of the market economy, Mr Speaker, Sir, is profitability, but do you know what the Indian Minister of IT said? That the system has collapsed because we have had an unlimited level of greed which has fuelled the present crisis. What is the difference between a hotel group making Rs1 billion of profits and Rs1.2 billion? It is only a difference in figures. But if you take the Rs200 m. of profits and you shoulder your corporate and social responsibility, you bring what I would say social cohesion. That's the fundamental difference and we have to address this issue of greed. I am going to give one example and I would like the Vice-Prime Minister and Minister of Tourism to listen to this. Mr Speaker, Sir, in the whole world you have travelled, my colleagues also have travelled, have you ever seen a 5-star hotel of 500 rooms? Have you ever heard of one? If you have 500 rooms and you have a rate of occupancy of 70%, if you have 350 rooms and 700 people, if you have 3 persons working per room, that's 2000 people. Do you think that somebody who is a 5-star client will come to a bazaar like this? But we have allowed this. And we know what are the consequences in Trou aux Biches. This is what I am saying, Mr Speaker, Sir. There is profitability and there is greed. That's where Government has to see to it that profit is made, but that there should be a spillover of the profit. That is why the whole system, Mr Speaker, Sir, has collapsed and we have to see to it that in Mauritius as well we address this issue. Today it is the occasion for the Vice-Prime Minister and Minister of Finance to address this issue. And the question was: Is this the best Stimulus Package for the country? Is it the best Stimulus Package for our people? Is this the Stimulus Package which will help the democratisation of the economy, Mr Speaker, Sir?

I move on and we agree on one thing. Growth has to go with stability and regulation. That's where the State comes in because the State manages public funds, Mr Speaker, Sir. We know that we can have creative accounting to evade fiscal scrutiny and we have to ask whether the companies deserve a Stimulus Package or not, Mr Speaker, Sir.

Let me move on to what has happened elsewhere and what has been said. Here, as I said, the Vice-Prime Minister and Minister of Finance has taken us for a ride on a one-man show for the last four years and all the figures that have been bombastically presented in the Assembly to say that we have, as I said, robust growth, early harvest and bumper crop. And now, a few months later, we are no longer immune because we have no vaccine. But who was the doctor who was administering medicine to the economy? We have moved from resilience which was 7% of growth forecast as hon. Pravind Jugnauth rightly said. Resilience was 7% of growth and now we are not immune, we have come to less than 2% of growth. *On est en train de badiner avec les chiffres. C'est ce qui s'est passé au fil des années.*

Mr Speaker, Sir, inflation has been all through above 8% to 9%. Salary compensation has been all through less than inflationary rate. The population has been poorer and poorer. We know this. The CSO has said so. That's why I am coming again to the question: the Stimulus Package is for whom?

Now, let me come to this issue of employment. We have to create and preserve employment. As rightly pointed out by my colleagues, the managers in the private sector said that they welcome the Stimulus Package. And in the textile sector, they are asking for a second Stimulus Package. But when it comes to commitment, they don't want to have any commitment with regard to employment, Mr Speaker, Sir. Why is then Government intervening? How many jobs are we saving? Again, as the Minister of Industry, hon. Gokhool said, there should be a change of mindset. Why should the change of mindset come from the people? And the change of mindset and the paradigm should not come from those who are benefiting from the Stimulus Package. The change in mindset should come from them, Mr Speaker, Sir. It should come from the economic sector. I don't want to use the word private sector; we have used it a lot. What I am saying is that *les opérateurs économiques ne jouent pas le jeu*. All those who have been a Minister know this. What should have been done is that *il faut changer les règles du jeu parce que pour la première fois c'est l'Etat qui est en train d'injecter des fonds et des capitaux dans les entreprises, M. le président*. So, we should have a condition and my colleague here said that one of the conditions should be that we should not talk in terms of employability, but in terms of preservation of employment. I will come with a list of proposals on our side. Hon. Pravind Jugnauth has mentioned some and my colleagues have mentioned others.

Once we know that we are going to give a Stimulus Package, there need to be a national consensus, *c'est à dire, face à la crise, le pays avant tout*, and not a one man show! That is what I do not agree with the Vice-Prime Minister. *C'est le pays qui doit être au chevet de l'économie. Le Premier ministre l'a dit*: his priority is the economy. It should be a national effort; all stakeholders together, the most brilliant minds. What I do not like is that this has been crafted in the Ministry of Finance, Mr Speaker, Sir. All the Ministers have learnt about it, just like us, from the newspapers and the press conference. This is what is happening. It should have been a totally different exercise, with everyone involved in his own Ministry.

Let me give you an example in the Ministry of Youth & Sports, Mr Speaker, Sir. We are talking about infrastructure, and my colleague raised this point. It concerns the upgrading of three football pitches to the tune of Rs5 m. for international teams to make a camp here for the World Cup 2010. France is interested as well as Italy and Spain. This is a priority. We can do that, because it will help us for more visibility. This is money well spent but, again, this Stimulus Package was crafted - in Bretton Woods language - in the Ministry of Finance. *C'est complètement coupé de la réalité!* I am going to give another example. Tomatoes, today, are being sold at Rs70, Rs80 per pound. Do you find this normal?

(Interruptions)

Mr Speaker: Order!

Mr Bodha: Mr Speaker, Sir, did you see the quality of the tomatoes which were served to us yesterday at lunch? What I am saying, Mr Speaker, Sir, is that one sector...

(Interruptions)

Mr Speaker: Order please!

Mr Bodha: ...where the Stimulus Package could have given brilliant results right away is in the area of agriculture, and hon. Dr. Ramloll is right. We should have given top priority to agricultural diversification and local food production, involving the small planters. Maybe the Vice-Prime Minister would have given a package if the big estates were to launch huge projects of food production. I mentioned hydroponics when I took the floor when we were debating the Budget. There is huge future in that. We can make thousands of tonnes, and I said that women who are aged 40 and who have lost their jobs at Floreal Knitwear and elsewhere could be taught how to do that, because hydroponics is like nurturing a baby. Women are very good. When I was Minister of Agriculture, I have seen it. This is another area which should have had packages, incentives.

A second example, Mr Speaker, Sir, is food production. What I am saying again is that this document was crafted, in Bretton Woods language, in the Ministry of Finance. If we want to have a Stimulus Package which stimulates the economy and which gives a respite to our people, there should be a national consensus, Mr Speaker, Sir. As one economist who has studied the whole issue of capitalism and ultraliberalism says: 'In times of crisis, as always when a crisis breaks, those who have insist that we are in the same boat together, hoping that we don't notice that a few privileged people - that is, those who have - stand with a whip over the rest who are chained'. This is what is happening, Mr Speaker, Sir. And I said so! There should be a national consensus; *tout le monde à bord!* The second thing which we should have, Mr Speaker, Sir - and this is missing again, because of the way the country is being managed - is *un pacte social pour sortir de la crise, M. le président. Et, aujourd'hui, qu'avons-nous fait? Nous avons antagonisé la classe des travailleurs. Je vais vous donner quatre raisons. Premièrement, les 1% de levy avec les travailleurs du secteur privé.* Second, the two laws, namely the Employment Rights and the Employment Relations Bills. And here, we have come with a suggestion. Let us come with a National Tripartite Committee, and sit down. *Il nous faut ce pacte social.* We need a national consensus, Mr Speaker, Sir, to say 'Yes, *l'économie avant tout.* Nous avons besoin d'un pacte social avec les travailleurs et les syndicats. Il faut s'y mettre pour faire bouger le pays. Nous les avons antagonisés avec les 1%; nous avons antagonisé la classe des travailleurs avec les deux législations, notamment le Employment Rights and the Employment Relations Act. Nous avons antagonisé la classe des travailleurs avec le problème de la compensation salariale. As has rightly been stated by hon. Pravind Jugnauth, we should, at least, have a salary compensation to the tune of inflation rate, Mr Speaker, Sir. *Nous avons antagonisé,* and we have the case of Mauritius Telecom where the Trade Union leaders have been treated in an unacceptable manner in a country like Mauritius in the 21st century. *Nous n'avons pas le consensus national; nous n'avons le pacte social.* Then, why are we having a Stimulus Package and for whom Mr Speaker, Sir?

Let me continue, Mr Speaker, Sir, and talk about infrastructure. You will remember, Mr Speaker, Sir, that when I took the floor, I mentioned that road congestion was a terrible toll on the country, and time is running. It creates harassment, there is no feel good factor, and there is stress. We have a huge problem, and this is an area where something should be done urgently. I had also said that free public transport is costing us about Rs700 m. and that traffic congestion is costing us Rs1 billion. Now, we have this huge crisis at the NTA, which means that this is an area where something has to be done, Mr Speaker, Sir.

If we have the money, we should have a fast track procedure, and a set of priorities. We have had the same set of priorities for the last three, four years, Mr Speaker, Sir. Budget Speech, in and out, we have been dreaming about a tunnel, we have been dreaming about a bridge, we have been going round and round the ring road, but on paper. The time has come to have a national consensus on what are the priorities, as far as infrastructure is concerned, Mr Speaker, Sir. Once we have the priorities, we should come with a policy, we should make every effort to find the money, be it from China, the Exim Bank, from India, from the African Development Bank, from other sources, the IMF or the World Bank. We say that this is the money, these are the projects. Let us now do the projects as soon and as fast as possible, Mr Speaker, Sir.

And this has to be done because, as rightly said by everybody, we no longer have the infrastructure to sustain the development path that we have designed for the future, Mr Speaker, Sir. It's high time that we should do it and it could be big projects, major projects like the Dream Bridge, the Ring Road, but there are also small projects where we can alleviate the problem. I am thinking of the crossroads at la Louise. There is a certain number of areas like this, Mr Speaker, Sir where I think we should sit down and say what can be done on that particular area. Once - I think that was about a month back - some roads were being repaired, one of the road leading from *Reine de la Paix* to the city centre, the road which is taken by thousands of private cars every day. This created a traffic jam for a whole hour, Mr Speaker, Sir. What I am saying is that we should have the priorities. We should find the money, we should have a fast track and let us build our country and that could be the stimulus package and part of this process of building the country.

When we come to infrastructure, the stimulus package could have come with something else, Mr Speaker, Sir. We have a building and construction industry of about Rs10 billion, but who are the workers in the building and construction industry? What is the training which has been given to those who lay the tiles and who do whatever has to be done in the construction business? This Stimulus Package could have provided a stimulus for training professional people to work in the infrastructure and building industry, rope in young people, give them the training, show them to be professionals to be able to participate in this huge building project of the making of modern Mauritius, Mr Speaker, Sir. People working in the construction business, in the building sector, have no training and this could have been a priority in the stimulus package Mr Speaker, Sir.

Let me come on to a certain number of other issues Mr Speaker, Sir. I said we need the national consensus, we need *le pacte social* and we need the innovative genius of Mauritius, that is, we should be able to provide in the education sector, in the training sector. We should be able to provide our people the possibility to be trained in Mauritius, if they can't afford to go abroad, Mr Speaker Sir. There was a scheme which was engineered by hon. Jugnauth when he was Minister of Finance about the loan for students for tertiary education. For a certain number of years, it was not available and now it is possible. The question is: how many people are being concerned? Can't we have a better package? Can't we have more funds to provide for more people to become engineers, to become doctors? We have heard in the news, Mr Speaker, Sir, that 150 doctors who have been trained in Mauritius are now posted to hospitals. This is very interesting Mr Speaker, Sir, and last time I said that we should have a nursing school to provide nurses

to go abroad as they are in great demand. That's why I am referring to Stimulus Package. The whole issue with the Vice-Prime Minister is that he has not sat with his colleague to ask what he can do. He did not ask his colleague what he can do for his sector. He said: "Your sector is doing this, I am asking you to do this; I am giving you the money". Now, he is giving millions and billions to the Minister of Infrastructure, hon. Bachoo.

(Interruptions)

Mr Speaker: Order! Order!

Mr Bodha: What I am saying, Mr Speaker, Sir, is that it has been a one man show all through. We are creating a smokescreen of figures of statistics, of slogans, and I say the Prime Minister is right, let us put the economy first. But the question is: Is the Minister of Finance the right person to put the economy first? Because I think it should be a national endeavour, we have brilliant minds, we have many people who understand about the economy, and we can come with brilliant ideas, Mr Speaker, Sir.

Now, let me come to a certain number of sectors. As I said, in the sector of Agriculture, a lot can be done and I would like to know what has been done regarding the sum of one billion for the Food Security Fund. What has been done? What has been spent since June-July 2008 Mr Speaker, Sir?. Nothing has been spent. I know that these small planters have no incentive. Let me give you another example, Mr Speaker, Sir. We have the project of composting solid waste in Mauritius to be able to provide fertilisers in the country. This project exists. We have the issue of subsidies to the planters. What does the Stimulus Package provide Mr Speaker, Sir? Nothing! In fact, the whole issue is that the Vice-Prime Minister has adopted the same attitude: « *je connais mieux que personne, je connais ton ministère mieux que toi, je reconnais les priorités.* » I know the stakeholders, what I am giving you is the best. » And when you come with the result, then he packages the results. Sometimes it is an early harvest, sometimes it is a bumper crop. Then he tells you that now we need a vaccine because we are not immune. I would like to know what is the projection of the Vice-Prime Minister as regards the economy for next year, because for this year, we know it is going to be less than two per cent. What is the projection? That's why, Mr Speaker Sir, I say we need a national consensus, *il faut un effort national....*

(Interruptions)

Mr Speaker: Can't you keep quiet!

(Interruptions)

Order! I don't understand. I am calling the House to order, please. This is a very small Chamber, once somebody talks, it is disturbing the proceedings of the House. It is not like the House of Commons, when somebody talks in a corner, nobody hears him.

Mr Bodha: Thank you, Mr Speaker, Sir,

(Interruptions)

Mr Speaker: Hon. Minister of Education, please!

Mr Bodha: Mr Speaker, Sir, the Vice-Prime Minister will have ample time to answer and I know he is going to talk to us about the U, the V, the L and the W again, Mr Speaker Sir. But what I am asking is a simple question. What is going to be the rate of growth for next year? What is the average Mauritian family going to bear in the months to come? He said there is no visibility. What is the forecast for the tourism industry? For arrivals? And to come to the tourism industry, the Stimulus Package again provides for the same thing. Injection for more many for promotion and the hon. Duval has gone to Nantes en Bretagne *que je connais bien* to see to it that you have a flight from Nantes to Mauritius, to bring more people *et la loi éclate l'article*, that is one area. But the issue, Mr Speaker Sir, is when are we going to have a flight to Guan Zu? When are we going to have a tourist from Shanghai? When are we going to have a tourist from Bangalore? Mr Speaker, Sir, *notre produit touristique est un produit français, trop français.*

What are we doing, in fact? We are going to regional markets in France, instead of going to national markets where in China you have 230 to 300 million visitors who are millionaires. If you go to Sanya, which is a resort in the south of China, you will see what is the clientele that they have. When are we going to have the Yuppies of Bangalore? Mr Speaker, Sir, it's very easy to have a flight from La Loire Atlantique because its *Nouvelle Frontière* is interested to milk the cow. But my question is: when are we going to have a tourism product to attract the 200 or 300 million of well-to-do people from France? We are not doing it; *il nous faut un produit Indien, il nous faut un produit Chinois.* We have to adapt this. Let me give you an example, Mr Speaker, Sir. If you have a young manager who is forty and comes with his wife from France, the first thing that the wife does is to think of her bikini because of the suntan. But if you have a general manager who is forty, a millionaire from India, with his wife coming to Mauritius what does she do? She goes and watches the sunset romantically and then what does she do? She has nothing to do. Now I take another example of a manager from China. The wife comes to Mauritius with her husband who is the general manager, what does she do? The product is not adapted. *Il faut regarder ailleurs.* The Stimulus Package could have been an opportunity, Mr Speaker, Sir. It is a loss of opportunities. We had an increase in the promotion package which is a very good thing. But, what I am saying, Mr Speaker, Sir, is that we are not re-engineering our products. *On n'est pas en train de réinventer notre produit.* The Vice-Prime Minister and Minister of Tourism said that we are grounding many planes or we are sending some of them back on lease. We are going to have less flights and it would be good if the hon. Vice-Prime Minister enlightens the House. Mr Speaker, Sir, this Stimulus Package could have helped us to re-engineer our product for those who want to come from India and who want to come from China. But, that is where the market is. You should have a global paradigm shift just like Australia and New Zealand had, after the first fuel crisis, when they started to look towards the dragons, towards Asia, instead of being totally focused on Europe and the United States. The tourism industry has to reinvent itself and to reinvent is not in Nantes, Mr Speaker, Sir; the answer is not in Nantes, the answer is in Shanghai, in Guan Zu, in Bangalore. That is why I am saying that this stimulus package in the tourism sector could have helped to reinvent the product, Mr Speaker, Sir.

(Interruptions)

Mr Speaker: Order, I said! Hon. Soodhun, please!

Mr Bodha: Mr Speaker, Sir, it has been a

Mr Speaker: Can I ask the hon. Member for how long he will be talking?

Mr Bodha: Around 10 to 15 minutes.

Mr Speaker: You can carry on then.

Mr Bodha: Mr Speaker, Sir, let me now come to a certain number of sectors where the Stimulus Package could have been very helpful.

(Interruptions)

Yes, that's what I am saying, Mr Speaker, Sir.

(Interruptions)

What he is saying is very interesting. *Il maîtrise tout.* This Stimulus Package has been drafted in Bretton Woods language in the Ministry of Finance. They have not talked to anybody. They should have talked to the Minister of Agriculture, to the Minister of Youth and Sports, to hon. Gowressoo, Mr Speaker, Sir.

Mr Speaker: I'll now suspend for one and a half hour.

At 12.35 p.m the sitting was suspended.

On resuming at 2.05 p.m with Mr Speaker in the Chair.

Mr Bodha: Mr Speaker, Sir, I'll just go through the last part of my speech. *Ce que je disais M. le président, c'est que nous avons aujourd'hui un système financier qui tient en otage l'économie réelle et qu'au niveau du G20 et au niveau des grands décideurs, la question est comment régler ce système financier, afin que les banques, par exemple, ne tiennent pas en otage le système économique de production. La production est réelle ; elle est cristallisée, alors que le monde financier vit au niveau de spéculation, au niveau de mood. Barrack Obama fait un commentaire, et les actions montent. Il y un autre commentaire négatif, et les actions tombent.* We have to find this fine-tuning, and this has not yet been done, because the IMF and the World Bank, which were supposed to release the monitoring system, have been bankrupt, as they failed to predict that such a crisis crunch was coming.

Mr Speaker, Sir, I will come with a certain number of proposals, which will, in fact, sum up what my colleagues on this side of the House, namely hon. Jugnauth, hon. Mrs Dookun-Luchoomun, hon. Mrs Hanomanjee and my friend, hon. Dowarkasing have been saying. There is a certain number of proposals, which can to be implemented. We cannot have millions for students who have already succeeded the HSC to go to the university, when they can't sit for the SC/HSC. This is a straightforward subsidy, which has to be given to those who are sitting for the exams of SC/HSC exams.

The Vice-Prime Minister said that the NRPT is only 1%. 1% of 350,000 households is only 35,000 households. This is an unfair tax which is based on something

that is not fair and not on just criteria. That also should be scrapped, Mr Speaker, Sir. Taxation on interests on deposits does not stimulate growth, investment and savings. I think that also has to be scrapped. This has been something which we are advocating on this side of the House for long.

Mr Speaker, Sir, there is one important point that I wanted to raise, namely the cost of money in Mauritius. The Minister of Industry, hon. Gokhool, said that our banking system is resilient, well regulated, and that we did not have this credit crunch because we have security for the loans. So, the banks are doing well. But the banks are doing too well in this country, Mr Speaker, Sir. Banks are announcing billions and billions of profits, and the cost of money is among the highest in the world. We need money for investment, for more consumer spending, for research, for housing, for property development. I think I would ask the Vice-Prime Minister & Minister of Finance to see to it that money is available at a rate which is affordable.

(Interruptions)

Mr Speaker: The monetary policy is decided by the Bank of Mauritius.

Mr Bodha: Yes, we know, and this problem of the cost of money has to be addressed, because the banks are doing more than well; and they are announcing billions and billions of profit. This is something which has to be addressed because this is not a stimulus to the economy Mr Speaker, Sir. I have mentioned that we need to have a sustainable recovery after the recession; and nobody has a visibility on that recovery, Mr Speaker, Sir. I have said that first we have to tell the truth to the population. We should tell them what is happening for them to be on board. We should have a national consensus as I said; we should have a social pact and we should have innovative vision because we need to know what are the niches where we can boldly dare with investment, and with money from the stimulus package. I mentioned a certain number of examples. One wedding which took place in Maritim Hotel from Indian millionaires brought \$10 m., just to give you an idea of the paradigm shift. I said that the Food Security Fund, as far as agriculture is concerned, should offer a lot of opportunities, Mr Speaker Sir. In the textile sector, Minister Boolell talked about the gamut of possibilities under the AGOA which we have not explored over the years. *On s'est toujours cantonné à quelques produits, M. le président.* And I think we have an immense range of products, Mr Speaker, Sir. May I say a few words on the seafood hub! Nothing was said in the stimulus package,

Mr Speaker: I understand that there has been some sort of an agreement between Government and the Opposition on time allocation because we have many orators.

Mr Bodha: On the seafood hub, something has to be done there; and I think, in fact, we should re-think as to how to explore and exploit the possibilities we have in our marine resources. I said that we have the territorial waters that India has with a coast land which is thousands of kilometres. The ICT sector, Mr Speaker, Sir, is a sector which is more resilient than the other sectors and can help in recovery and economic growth. But one thing is missing, Mr Speaker, Sir for the BPO and a certain number of other areas. We need to recruit talented and trained people. So, we are proposing that we should have

a national ICT academy. I remember that the MSM/MMM Government wanted to bring the IIT to Mauritius (The Indian Institute of Technology), they were not successful. But we have to dare in this area and that is possible, Mr Speaker, Sir, because we have a shortage of talents and there are a lot of BPO companies willing to come to Mauritius, and that is a sector where this stimulus package could have done remarkably well, Mr Speaker, Sir.

To end, let me say one thing, Mr Speaker, Sir, the driving force of liberal economy is not the satisfaction of people's needs. It is the competition between those that own the capital, the money, to make more profits. Mr Speaker, Sir, it is the reality of a system which is based upon competition to see who is the greediest - that is why I mentioned the issue of profit and greed - and it starts those most adapt at making money at the expense of everyone else knowing that if things go wrong for them, they can rely on politicians who claim to stand for free enterprise to provide them with gigantic State handouts while they are in difficulty, and they can't make this happen, Mr Speaker, Sir. That's why I said that this is not the philosophy of the Labour party. This is not the philosophy of those who want to put people first.

Mr Speaker, Sir, to end, I would like to say what the President of the United States has just said that we see glimpses of hope, there would be more pain, but we are slowly on the road to recovery. I think, Mr Speaker, Sir, there should be a proper burden sharing, because the recession is looming, as far as Mauritius is concerned. *On ne peut pas prédire l'avenir qui s'annonce difficile.* With all the proposals that we have made, to end up, I would like to say that we can see more glimpses of hope and that there will be less pain so that we can travel through this difficult period and then continue with the making of modern Mauritius.

Thank you, Mr Speaker, Sir.

(2.15 p.m)

The Vice-Prime Minister, Minister of Tourism, Leisure and External Communications (Mr X. L. Duval): Mr Speaker, Sir, let me thank the previous speaker for the suggestions that he has made. I have listened with a lot of interest to the speeches made by Members from the Opposition and I must say some are disbelief; sometimes I was not sure whether I was hearing right, but we will come to that.

As far as my friend, hon. Nando Bodha, who has just spoken, I must thank him for his suggestions, and most of these are non-controversial suggestions: social, food security, congestion, etc. We are doing many of these things anyway. But what is the point of the additional stimulus? The point is not that in 10 years' time we will get a million Chinese tourists. The problem is immediate and urgent. And this is the whole issue that has to be dealt with around the stimulus package. The fact that we have to have policies that bite, that are strong and that are going to bring results quickly because, in fact, we are in the midst of a crisis. In my own personal opinion that will not last all that long; hopefully we will come out of it, maybe by the end of this year, that is my own personal opinion. But whatever measures we take must be immediate measures and this is what is addressed in the Additional Stimulus Package. There were two parts in his speech. One was the suggestions which are welcome. Second, the premise that, in fact, the Government is just giving away money a bit rashly to the private sector without

putting necessary conditions which will safeguard the interests of the public, I think, Mr Speaker, Sir, nothing could be further from the truth. I am sure that the hon. Member probably is just playing to public opinion. But I am sure he has taken note of the conditions that are attached to the money that is given.

Firstly, the money is given as debentures, Mr Speaker, Sir. Debentures are secured loans - and not just loans like that - but, as I said, as debentures, sometimes as equity, but mainly as debentures. There is also the commitment that the shareholder himself has put money into it; 20% the shareholder himself puts in, 40% the bank puts in and 40% is the Government. So, it is not as if the Government itself only is putting money, in which case there could be arbitrariness. But in this case, because the bank has got to follow and it has to put its own money, there are safeguards to ensure that the money is not given in a rash way and not, in fact, *gaspiller*. That is important to stress, I think, Mr Speaker, Sir. There is also the commitment to preserve jobs; it is not set in concrete because there may be special cases. But there is also a commitment that anybody who has taken advantage of this measure and he needs to make people redundant should come and have this discussed, at least, with the Ministry of Finance. He should not be paying dividends while he still owes this money to Government. There are various conditions which, Mr Speaker, Sir, contrast sharply with what the previous Government had done as far as help to the private sector is concerned. Sometimes when we are in the Opposition, we tend to forget what we did in Government - that is the way of politicians, I think - and we forget that the previous Government had also two schemes through the Bank of Mauritius to help the private sector, mainly the EPZ, during hard times. One was, if I remember correctly, the special line of credit of, I think, Rs800 m. It was such a flop that not even 10% of it was spent, not even 10% of the special line of credit was taken up by the private sector. It was such a flop. And the second one was the Equity Fund, again I think, of Rs500 m.; about half of it only was taken by the private sector. The rest was not taken up. They tried with far less conditions that we put in and still they didn't succeed to help the private sector.

Mr Speaker, Sir, the point I listened with quite a bit of disbelief was the fact that mainly the MSM - also the MMM, but it applies to be fair, mainly to the MSM - actually accused the Government of being pro-business. Pro-business, if you put in other way, is private sector bias.

I am not going to say anything that is hurtful, I am just going to say that if the country actually met with a big boom in 1983-1984, if the country was able to develop its EPZ, its tourism sector and was able to attract FDI, why was that? Why was it if not for the fact that when the then Prime Minister, Sir Anerood Jugnauth came in, income tax was reduced from 70% on companies to 35% and then down to 15%. What is that if not prodigious? It's exactly what the hon. Vice-Prime Minister has done in his previous Budget - reduce it. This is exactly what they did. How now can they *renier le passé*, pretend that doing pro-business is not good. In fact that is not right, because history will not forgive them if they do that because they are criticising exactly the recipe that was used from 1983 onwards to make of this country a success, and it works. We are doing the same thing, obviously, we are going further down the line as development warrants, Mr Speaker, Sir. This is important. Maybe it is a question newly discussed at the MSM, I don't know, but time will tell what is going to happen.

Mr Speaker, Sir, we cannot play with public opinion. We have the responsibility to see this country out of this financial economic crisis as quickly as possible. We must not forget that there are 1.2 million people who need to eat every day in Mauritius. And just talking or playing with public opinion will not feed these people. So, Government has to take measures to be able to bite quickly. Together with this economic crisis, there are two things depending on the economy, what type of economy you have; there are two types of measures that you can play: one, you can play on the supply side. You can actually encourage the supply side, I mean, the industry, to produce wealth and create jobs. That's one way. The other way – and that is the way I think the MMM and the MSM want us to go along - is to go on the demand side, try and increase demand; try and boost consumption so that, in fact, by increasing consumption and demand, output and jobs will be created. We have adopted mainly the first measure, that is, working on the supply side.

Mr Speaker, Sir, I listened with some disbelief to what some Members of Opposition are saying. Mauritius is such an open economy. What we make we export and what we buy is mostly imported. If we work on consumption, Mr Speaker, Sir, if we try to increase consumption - let us say for fiscal measures we have a redistribution of wealth; we put a thousand rupees in the pocket of every Mauritian, I have a thousand rupees in my pocket now. What do I do? I can save it I don't have to spend it. I can put it back in the bank. It goes out of the coffers of the Mauritius Government to the coffers of the private bank. So, in fact, the effect on the economy is very little, if not at all. If you increase consumption and reduce NRPT, whatever the previous orator was saying, the effect is very little, almost nothing if it goes back into savings. That's one way the person can decide whether he can save.

The second thing, Mr Speaker, Sir, as I mentioned, is an open economy. Look around us! Most of what we buy is imported; 70 per cent of what we buy is imported. Let's increase consumption. I have a thousand rupees back in my pocket; Rs700 of that is imported goods, Rs300 is what I buy locally. What is the point? The multiplier effect, the ripple effect of the economy, is very little. This is another reason. The Vice-Prime Minister is right as usual to work mainly on the supply side, because you are directly supporting industry, directly supporting jobs. You are, in fact, directly helping the economy. There is a huge influx of money into infrastructural, small, local government projects which again directly give contracts to people; directly create employment and that is the only way. There are not two ways of getting out of this crisis. The only way of getting out of this crisis is to work on the supply side and to directly boost the economy and not try to work - it is a bit of a foolish way - through consumption which will take us absolutely nowhere, Mr Speaker, Sir. The overall object of the stimulus package is to create and support employment and there is no need to remind this House of the value of a job. When you get up in the morning, you go to work, how do you feel when you come back at night? You are able to feed your family, you are able to house your family, but nothing, Mr Speaker, Sir, can replace a good job, and that is, in fact, what the Vice-Prime Minister and Minister of Finance is doing and he is right, Mr Speaker, Sir, in doing so. I hope that the Opposition was not genuine in trying to force down the demand side economics into this House, Mr Speaker, Sir. Of course, the track record is not good at all insofar as employment protection is concerned, in the last five years they were in Government, a total of 24,000 net losses in EPZ as far as jobs are concerned. 24,000

people lost their jobs in the EPZ when, in fact, these gentlemen were in charge of affairs, and at a time, of course, when the world was not in recession.

Mr Speaker, Sir, if I can speak a little bit about the tourism industry, to say that it is, of course, included in the stimulus package. We have got various measures which will make a real difference to the industry. One, of course, is the cancellation of the environment protection fee which only applies now to profitable enterprises, to tourism enterprises and the abolishing of the temporary solidarity fee. Both are set at 0.85% of turnover, but since it is based on turnover and usually taxes are based on profits, when you take it down to the profit, in fact, it is something like 16%. If you take 10% as the usual profit, 16% reduction of tax on profits is being given in this way, Mr Speaker, Sir, this is going to make a big difference so far as the tourism industry is concerned. The hundred million additional budget that we have received is being used very wisely to stimulate additional demand. I must say, Mr Speaker, Sir, that money is very important in tourism. You cannot go overseas in France, America, Hong Kong, China or wherever and you have no money to spend. Perhaps the biggest mistake of the previous Government was to starve the Ministry of Tourism of funds. We are here talking of an additional budget of Rs100 m. It will take us to about Rs450 m. total budget for the Ministry this year alone. Compare this, Mr Speaker, Sir, to the meagre sum of Rs130 m., total budget that was given in the last year of the previous Government to the Ministry of Tourism. We are talking about completely different things and it makes a whole lot of difference for us insofar as our promotion is concerned. We are using this money very wisely. We are putting half of it in our traditional markets – France, England, Germany, Italy to boost these markets, because that is the main pool of our tourists; about 20% of it is being used on proximity markets, mainly India, South Africa, Reunion Island. Today, there is a big promotion launching in Reunion Island which, hopefully, will bring us many tourists with a very low air fare. We are, in fact, working on the proximity. I was in South Africa recently. Hopefully, I'll go to India in the future. There are different scenarios for different markets. I mentioned the traditional markets which we are working very hard in a different scene. We have the proximity markets and we also have the rest of the money - another 20% - being spent on emerging markets whether it is China which our friends have just talked about and the Middle East etc. The general gist of our marketing, Mr Speaker, Sir, is *Maurice, un havre de paix*. We can see around the world, when we were in France, I was very clear. In Guadeloupe, there are strikes. In Thailand, there is a political upheaval, earthquakes, terrorism, everything is happening everywhere. Thanks God, Mr Speaker, Sir, Mauritius remains un *havre de paix* and this is our main message to our traditional market and it works. Our main traditional market, France, is still holding up very, very well indeed, Mr Speaker, Sir. This is our main message, *Maurice, antidote à la crise* and this is what we are, in fact, promoting in France. This year we will be more active than ever on all our markets. In fact, we have more public relations agencies now than ever before. I close down the office in France, the office in London is basically closed down. We have appointed professionals now to represent us and that has worked very well. We have a PR Agency now in the Middle East. In July/August we will be receiving three flights direct from Saudi Arabia and we have also now a PR Agency in South Africa. All these did not exist before. So, Mr Speaker, Sir, we have not been wasting our money. We have been putting our money in the hands of professionals to develop our tourism industry. Our strategy, Mr Speaker, Sir, in this difficult time is,

firstly, we have to be very close to our market. I know the hon. Minister of Finance does not like it when I say that, he has to travel! We have to be very close to our market. There is nothing that will replace our proximity to our market. I intend myself, maybe, next week to go to Reunion Island. Nothing will replace our proximity to our market. We need to know exactly what our clients want and after that we need *réactivité*. We need to be able to react quickly to what they want and give them what they want. This is not a time when we can actually be lazy or complacent. We have to be very reactive to what our clients want. We can take a lot of examples on that. When we were in South Africa, people complained bitterly about the fact that extras would be billed in euros. And as soon as I came back, I wrote a letter to all the hotels and we got agreement. Everybody is coming back to bill in extras in rupees so that when you come from South Africa, not only you have to change your money in rupees to pay your way around in Mauritius, but before you had to change it in euros also, to pay for the hotel, for your 'Coca Cola' or whatever. That has been changed. The French also asked us to have the *Ile Maurice sans passport* which was a great programme, Mr Speaker, Sir. We reckoned about 6,000 additional tourists just by the *Ile Maurice sans passport* project. We had five additional flights from Corsair in that period and that one additional flight from Corsair for 600 people. So, *Ile Maurice sans passport* was a big, big success and on top of that Air Mauritius, Air France got additional people. Mr Speaker, Sir, when we visited the Gulf there was this issue of the visas for the domestics, because when you are in the Gulf, you may have a private jet, you may have a nice plane, you probably will come with your domestics. What hon. Soodhun is saying is true, you come with your domestics, you come without a visa, but these persons need visas. You don't come, you go somewhere else where nobody needs visas. Now I am proud to say that with the help of the PMO, we have taken out visas. Malaysians do not require visas, it is for Phillipinos and Sri Lankans, and Indians, of course, do not require visas. We are working on with Indonesians. We end up with the Gulf country being much more open, Mauritius being much more accessible to the Gulf countries, because we have taken visas off for the domestics. Here again, it is *réactivité*. *Réactivité* again when Corsair flight wanted to open a direct flight from Nantes to Mauritius. Within a day, we said: "fine, come along, we sign a *protocole d'accord*." It is done so long, of course, as they help us to maintain the quality of the destination. We are not going to go like Maldives to *Trois Etoiles*. We are going to maintain the quality of the destination because that is the future. We are not going to compromise on quality. Close to our market *réactivité*, we want value for money. We keep saying to our *hôtelières*, to our tour operators and to Air Mauritius that people don't mind paying for quality, but they will not waste money at this time of the economic crisis. So, whatever you do, you must give value for money. If you look around the hotels in Mauritius, some hotels are doing fantastic, La Pirrogue and so many hotels are doing extremely well, others are doing less well. Why is that? Because some are perceived as being extremely good value for money for their product, others are not doing such good value for money. It is not a surprise - I am not going to hide it - that the only hotel chain that has actually found it necessary to make people redundant is the Appavoo chain. Why only Appavoo? Who does not know that it is not up to standard? There is nothing to hide about that, instead we have to talk about it, Mr Speaker, Sir. We are not going to stand there and protect the *hôtelières* against themselves. They have to understand that they have to give value for money and that is the key to success. Of

course, Mr Speaker, Sir, we will not get anywhere in any industry without close collaboration with the private sector. If you want a market to work, let us say tomorrow we want to stimulate – that’s the right word – the German market, how can I stimulate the German market if the airlines do not offer the flights? How can I stimulate the German market if the hotels do not put a right price in the hotel rooms and offer the right allocation to that market at the right price? Thirdly, we need MTPA to put, obviously, their promotion campaign together. Everything that we do in this industry requires close collaboration with the hoteliers, the tour operators and the airlines. That’s what perhaps we have been able to do and we are happy that we have excellent collaboration between all the operators. That is why we think we are looking ahead with confidence at the prospect for the tourism. I am not that despondent, I think we have come through a bad patch and that we are now developing the tools that will allow us to fight more effectively against the downturn, Mr Speaker, Sir. We have some good news to announce which I cannot announce today, because they are still coming along with the pipeline. But we have, at least, two sets of extremely good news that will be coming along in the next few weeks which should give another boost to the tourism sector. You really can trust me, Mr Speaker, Sir, good news is on the way.

Mr Speaker, Sir, let us not forget also that we have dealt with the tourism sector with foresight and planning. Cruise tourism virtually was non-existent with the last Government. We went ahead since I also take care of the port. The port has invested Rs500 m. in a cruise terminal cum-jetty. Then we will open up in the next few months, it is under construction, you can see the cranes in the harbour. It is our intention to have cruise tourism so that we are able to attract Costa Croisière here and looking at the figures for arrivals from cruise tourism - it is all into the tourism figures - and you compare it to last year, from January to March 2008 we have got 9,000 tourists coming out of cruise tourism. This year: 17,000, Mr Speaker, Sir. 83% jump in cruise tourism despite the economic recession. We were right, we had some foresight like these, because that’s one sector that is really developing and thanks God that people have confidence like Corsair, Costa Croisière. They have confidence in Government and they know that we will not let them down. This is what the whole story is about, Mr Speaker, Sir. Concerning cultural tourism, less and less people will come to Mauritius just for the sun, because with the *réchauffement de la terre*, everybody has got sun in their heart. Why should they come to Mauritius for? Not just for sun! They have come for other things and we have such a fantastic culture. They will come for other things and they will come for culture. They will come to see our various religions, our various festivals. The Festival International Creole is really beginning to take hold on overseas market. We went more than that, Mr Speaker, Sir. Hopefully next month, we will be able to inaugurate the Citadelle with the commercial section which will have a diamond shop, high quality shops. In fact, the *muséologue* arrives today which should be the museum side. We have had friends of the environment doing the researches; it is now time to actually start the works so far as the museum is concerned. It will be a museum with the history of Mauritius. When people come to Mauritius they want to know how we got here, how so many beautiful people got to Mauritius, why are there such nice people, what is their history. People want to know. Before you were cultivating goods, Mr Speaker, Sir, people wanted to buy a television, etc, now people cultivate experiences and they want that when they come to Mauritius, they are able to get experiences. It will be a

cultural tourism. We were very grateful when the PMO, the SMF gave us back La Ferme du Rhum. If you go there you will see the amount of work we are doing there. In about ten days' time, we will have a *journée musicale* there. This place will become an artist showcase and people can use it for cultural shows and repetition or whatever. Only last week, Mr Speaker, Sir, through the Attorney-General, we were able to cover – it was in 'Le Mauricien' yesterday – the old prison which has been lying derelict and is used as a parking for civil servants' cars for the last fifty years, and now, the prison will be renovated. We have the money, it will be renovated; we can use it as an art gallery and as a forum. It will be a beautiful jewel in the historical colonial architecture of Mauritius. We are going to do that and we are going to fully start work next week on that because they have even trees which are growing on the roofs. So, we have no lesson to learn as far as cultural tourism is concerned.

La Mairie de Lyon has great light shows in December time. They are going to help us with the Divali here, Mr Speaker, Sir, where they will intervene in some towns and villages and have some nice light shows to upgrade our Divali here and crafts also. They will make it pleasant not only for the local population but from a tourist angle also. We are, in fact, looking at whatever else needs to be done.

We want to come out of the recession stronger. The private sector is doing a wonderful job in opening up the interior of the country, that is, all the beautiful adventure parks, we can walk with lions; soon we'll be able to jump in a parachute from the plane. There are so many things people want to have, they want to have cultural experiences and they want to do things that they don't have the occasion to do in their country. That is what's happening. The figures are not that good, but they are not bad. If we compare our figures to our competitors, they are extremely good. In fact, Mr Speaker, Sir, Maldives has always been the leader in this region as far as tourism performance is concerned. Maldives is lagging behind us at the moment. In January, as far as tourist arrivals are concerned, it is -3.8% in Mauritius and for Maldives, it is -4.8%. For Seychelles, Mr Speaker, Sir, it is -12%. Thank God it was not -12% here. Seychelles now has frozen all new hotels projects and Maldives has decided to allow 3-star hotel projects to begin construction. So, in fact, we can see that in January we are holding up. In February: -13.6% for Mauritius, Maldives: -13.9%, Seychelles: -16%, Singapore: -15%, India: -17% in January. So, we are holding up. We would prefer it to be positive, but it is not positive. But we are not ashamed at all of our figures compared to those in the region, Guadeloupe is a disaster there. But here it is holding up even if we compare to the leaders like Maldives. We are doing better than them.

Mr Speaker, Sir, so far as redundancies are concerned, let's not exaggerate the fact. There are 25,000 people in direct employment in the hotel industry in Mauritius. 130 people have lost their jobs. Of course, it is 130 too many. I have just mentioned the group. It is all in one single group which has never been performing well in Mauritius. It has not come across the border. The other *hôtelières* are playing the game although there has been a drastic reduction in their revenues because they are giving discounts, etc. They are maintaining the employment. And we have to be thankful to them for that, Mr Speaker, Sir. It is important that we should say that. Of course, they are clever; they understand that the main advantage of tourism in Mauritius is the hospitality of the people, mainly the waiters and the people they see in the hotels themselves. When we get

rid of these people, we lose the whole culture of the enterprise. Of course, they know that. That is the reason why they are keeping people and they have taken heed of the appeal of the Ministers of Finance and Industry of what I have said myself insofar as the utmost necessity to preserve employment in the hotel industry and to preserve socio-cohesion, Mr Speaker, Sir.

Mr Speaker, Sir, finally, having dealt with quite comprehensively about what we are doing in the hotel industry, I just wanted to deal with some very unfortunate accusations that are being made towards my colleague and friend, the hon. Vice-Prime Minister concerning his budget. It is as if our Government, through his budgets, has somehow ignored the poor and has been a private sector. I don't want to go into accusations or what happened in the previous Government. We all know and it is history, what they did, how they did it and how they were pro, not business, they were pro big businesses, Mr Speaker, Sir. That is the difference, not pro private sector, but pro big private sector. That is now history. But we are extremely proud of the record of this Government insofar as helping poor people. We are really genuinely, sincerely and extremely proud.

Mr Speaker, Sir, when there was *la fièvre porcine*, the Minister of Finance allocated Rs200 m. – I think about 800 or 1000 *éleveurs de porcs* – to that category of people to help them. They did not believe in themselves, I think, so much money was given to help them to restart that activity.

As far as CHA is concerned, we are giving away to 20,000 families, land on which these houses are built for a token amount of Rs2,000. That is being done at the moment, Mr Speaker, Sir. About half of them have already received their letter of intent and are proceeding with that, Mr Speaker, Sir.

17,000 planters are receiving Rs500 m. to help them. In the Empowerment Programme, Mr Speaker, Sir, there is a sum of Rs1.5 billion to help all categories of people. We cannot say we choose this community or that religion. Everybody is included in all of what we are doing, Mr Speaker, Sir - training for the youth, women empowerment, support to SMEs, integrated village at Bambous which, I think, will be inaugurated tomorrow at the cost of - the MBC had been a bit quicker this time - Rs200 m., Mr Speaker, Sir.

The Sale by Levy has always been a problem in Mauritius. We have given Rs100 m. for sale by levy. 7000 families are concerned with the eradication of absolute poverty. 100,000 families are on income support, three times more than the previous Government did. There is a new training school in Port Louis which is something absolutely pleasing, Mr Speaker Sir. There is 40% increase in entrants in post secondary education. So, our youths are being trained to take over the Mauritius of tomorrow, Mr Speaker, Sir. All this, Mr Speaker, Sir, shows foresight on the part of the hon. Vice-Prime Minister and Minister of Finance and on the part of Government.

For my own part, Mr Speaker, Sir, back in June 2008, I had mentioned that there were storm clouds coming over the tourism industry. They have come and we have shown foresight. The Minister of Finance, from his analysis – he reads everything and he analyses everything – saw that things were going to become difficult and nobody asked him to do that. He used a piggy bank and put aside Rs6 billion in his last budget. Instead

of what would have been tempting for any Minister of Finance to be able to beat his stomach and say: I have reduced the budget deficit. Instead of reducing the budget deficit by Rs6 billion, he put aside the Rs6 billion in six special funds Maurice Ile Durable, Infrastructure Fund, Education Fund, Airport, etc. and put that aside to be able, Mr Speaker, Sir, to support the economy as he saw that things were going bad, commodity prices were going over the roof, petrol prices were becoming difficult, the world economy was over hitting and this money was put aside, Mr Speaker, Sir, to help Mauritius now in this difficult period.

What I have to say, Mr Speaker, Sir, on the part of Government itself is that we are thankful to the hon. Vice-Prime Minister and Minister of Finance for this foresight and for putting our country in such a good position despite the worse financial and economic crisis the world has seen in recent times.

Thank you.

(2.50 p.m)

Mr J. Cuttaree (Second Member for Stanley and Rose Hill):
Mr Speaker, Sir, after the numerous excellent speeches, which have been made on both sides of the Opposition...

(Interruptions)

...my task has been made easier and, therefore, I can assure the House that I would try not to repeat all these arguments which have been made in a such a very effective manner. But still I have to go back a bit and maybe pick up on what the hon. Vice-Prime Minister, my friend, hon. X. L. Duval, I hope he doesn't mind calling his friend...

(Interruptions)

...very good! He talked about this unprecedented crisis. But could we have anticipated this crisis? I think this is the basic point from where we have to start. I must say that the hon. Minister of Finance - it is much easier for me to call him Minister of Finance instead of Vice Prime Minister - in his budget speech, notes the oncoming problems. But then his Budget speech to me was an exercise in auto-congratulation. He said certain things which I don't understand. I have a method of working when I see an intelligent person doing or saying something stupid, I don't say he is stupid, but I say: what is he after? When the hon. Minister of Finance, after he made this *constat* of the dangers which are coming and then he talks about the reforms, the resilience of the economy. Members of the House have talked about what is in those reforms. If you ask any common person what is in the reform, he will tell you: NRPT, taxes on interest, taxes on pensions, free examination fees, food for the students which we managed to get Government to go back upon - I don't need to go on this list. But these are the things which are in the minds of people when you talk about the reform. Of course, there was the 15% reduction of tax on companies. Can the hon. Minister say that these various measures, which he has taken, have given the resilience to the economy? The answer is obviously no, because today we are in front of

a project of billions of rupees to get the economy going again few months later, not only that, I remember very well in my - I'll try not to quote myself - that when I was speaking on the Appropriation Bill, I mentioned already that Morgan Stanley was, and I quoted "talking about a catastrophe in the coming months" - that was on 15 or 16 of June. The World Bank of Scotland was advising its clients to prepare for a full-fledge crash in global stocks and credit markets over the next few months. I went on and talked about the worrying aspects of our economic fundamentals, the current account deficit which is enormous – Rs12.5 billion, balance of trade which was enormous - Rs57 billion. I remember when I was talking, the hon. Minister of Finance was looking at me with his usual ironical patronising smile and ...

Mr Speaker: You still remember that!

Mr Cuttaree: Of course! Why I am telling you that, Mr Speaker, Sir, because, as he says, I am not an economist and then I asked myself the question: am I saying something stupid? Because he is looking at me like that. Then I said that I can't be that stupid, because I can, at least, read a report which is written by Morgan Stanley or the World Bank of Scotland. This is what was predicted. Subsequently, Mr Speaker, Sir, we came along and we started to harp on these dangers, everyone knows that. I remember very well that my friend, hon. Dr. David – he was not talking as a Minister, at that time he was talking as the Communications spokesman of the Labour Party - and Mr Deva Veerasawmy came on TV – I am sure every one of you has heard about this - and they were threatening the Leader of the Opposition saying that the Leader of the Opposition is trying to frighten people. They said: we will deal with him, *nous pou prend li compte...*'

(Interruptions)

guette qui fine arrive "prend li compte." Don't worry about that, we can still get reelected in Rose Hill.

(Interruptions)

Mr Speaker: Enough! Enough!

Mr Cuttaree: Mr Speaker, Sir, let me come back to the problems we are facing.

(Interruptions)

Mr Speaker: Order! Order please!

Mr Cuttaree: We are facing an unprecedented crisis. In all our

(Interruptions)

Mr Speaker: No provocative remarks!

Mr Cuttaree: ... sectors, the EPZ, tourism, construction, seafood, ICT - and today I was reading in l'Express as you all are - now it is also the commercial sector. All these sectors are in problem. Obviously I am not going to talk about all these different sectors; I will try to concentrate on one or two sectors, which I think are extremely

important. I think there is a fundamental issue, which is not due to the Government, but I think it is due to the fact that since 1982, we have had a development strategy, which has been geared towards exports, that is, an export led strategy. The various governments, which have followed, have adopted the same strategy. I always say that it is this consistency in economic policy making which has brought the relative prosperity, which we have had in the late 80s and 90s. It is this gearing of our economy towards this export led strategy which is causing all these problems today. When I think about it, I don't see the fallback position. Every time you have a problem, you say what is the fallback position, if all these things go wrong. Unfortunately, I don't think we have a fallback position. Various orators on the MSM side have been talking on agriculture development, of trying to boost agriculture for export. I think this is something which can be a substitute to the traditional sectors that we are dealing with. But when they complain that there has not been a stimulus package for agricultural development, I will go along with them on that.

Mr Speaker, Sir, if you take the EPZ, we have a problem which everyone knows, it is because we are exporting to the US and EU under preferences and these two markets are facing important difficulties. And what is going to happen is that this situation, I fear, might be getting worse. As far as the American market is concerned, we have not been very much concerned with the American market, some people have been exporting to the American market. I make it a point to follow consistently the pattern of trade under AGOA on the American market and as everyone who has followed this knows, there is something which is consistent namely, that exports under AGOA are going down from Africa; and 90 per cent of the exports under AGOA into the United States is petroleum products and other minerals. Therefore, we have to try, but when I hear people say: we will do this; we will do that with the American market and the AGOA, I think we are kidding ourselves that we will be able to have an upturn in our exports to the...

(Interruptions)

Why don't you shut up?

(Interruptions)

Mr Speaker: No, the hon. Member can't say that.

Mr Cuttaree: Mr Speaker, Sir, I am sorry.

Mr Speaker: No, he made a remark which was not that nasty, but the remark of the hon. Member was a bit too harsh. I'll ask him to apologise.

Mr Cuttaree: I apologise. But I am not that stupid to say that we don't do anything. It is only stupid people who can say stupid things like this.

Mr Speaker, Sir, what I am saying is that one has to understand the limitations on this market, and we are facing the same problem - it is not only we - that all the other countries which are exporting on the American market are facing. In a few minutes I'll come and tell you what I think should be done. If you look at the European market also, we have the similar problem and, Mr Speaker, Sir, this issue is not only affecting us, it is affecting big countries like China, India, Malaysia, smaller ones like Singapore, South Korea although all of them obviously are not exporting textiles. But still their exports are

facing lots of difficulties. Therefore, to understand the problem of the EPZ, I think one has to go back up to June 2008, by the time the Minister was introducing his Budget. He was talking about how the EPZ was doing well. It was doing well, but then after the presentation of the budget in June, three factors have weighted heavily on the EPZ –

- (i) the rupee - parity of the rupee;
- (ii) the cost of energy, and
- (iii) the problem on our export markets both in volume and in prices.

When you have a situation like we have now - big countries which can afford to cut prices are doing it - therefore, it is much, much more difficult for you to sell on these markets and this competition is leading to lower prices. And if you export at lower prices, you don't get the profits, you stop being profitable; and the problem, as I said, is not only for Mauritius.

Mr Speaker, Sir, how are we proposing to do it here in Mauritius? For our export oriented firms, as the Minister has said in his speech, we are trying to make up for fall in demand in Europe, market intelligence to take full advantage of AGOA - I have talked about this earlier on - and as I said, it is easier said than done. But what the Government is proposing concretely is a restructuring of this sector in order to increase its competitiveness. I am fully in agreement with that obviously. But if you restructure now, how can you restructure and get, let us say, a factory becoming more technological driven at the same time, try to keep employment at its current level? Obviously, you will have to have losses of jobs, and this is why some of the operators are saying - I read Mr Ahmed Parker who said: yes, we have to restructure to increase our competitiveness, but we can't do that at the same time as ensuring a sort of stable position in our employment. This, as I said, is good, but it is preparing you to increase your competitiveness in the future. When the crisis is over and *il y a la relance*, it is going to be good for Mauritius because we'll have been in a position where our industries are going to be more competitive and we will be able to get onto those markets when they come back again. But, in the meantime, what we are talking about in the stimulus package is to try, during this period which is in front of us, one year, one and a half years - hopefully not more than that - to see how we can face this crisis. Mr Speaker, Sir, for these companies which are already here, if you want to create a better competitiveness, the only thing you can do is to act on the cost of their inputs. When we talk about subsidies, Mr Speaker, Sir, those of us who know this sector very well, you would be surprised to find that almost every country in the world is subsidising that sector. We concentrate on China, whether it is the labour, the costing or about the currency manipulation - I am not going to talk about other countries, because everyone knows about that. These issues are there and when the quotas on safeguard measures of a big country like China have gone and you have to compete with China on the international market, you can only do it unless you give yourself increased competitiveness, and we are located so far away from our markets. Secondly, we have a problem of freight, we don't have raw material. We have got so many problems and we are always trying to go up the ladder successfully under various governments. But what I am saying is that as the crisis is now, unless we do something really spectacular, it is going to be difficult for

us to succeed in what we are trying to do. And this is where I think, Mr Speaker, Sir, it is important that we look at the parity of the rupee. Of course, I know it is the Bank of Mauritius which will decide that and why is it good now? I mean "good" for the exports, because a few months back there was so much investment in IRS, there were lots of foreign currency coming in on the stock exchange. This is why we talk about the hot money; and when this hot money goes out, the rupee finds its lower level. But then I think what has to be done is that there must be a policy to stabilize the rupee, because if our currency is stabilized which means it will fluctuate within very small margins, at least we can plan our cost and everything. If we are signing a contract today for so many dollars per piece and then our currency goes up, how do we manage? We have a big problem. And this is why I say the problem stabilization.

The second point is the cost of fuel oil – we have talked about this a lot. Mr Speaker, Sir, can you imagine what the State Trading Corporation has done about the hedging? We are asked to pay for the incompetence of the State Trading Corporation. We are paying Rs3.00 more per litre. Alright we pay; they can tell us that we can drive less theoretically. But do you know what happens to these companies, especially vertically integrated companies? As you know these are the people who start from the thread and integrate themselves until they get to the final product. I am talking about 20 large companies which, as a result of an increase in the price of fuel, have found their cost of fuel goes up between Rs700 to Rs1 m. per month. You have in an industry somebody who is incompetent - of course I am not talking about the Minister who is trying to do what he can to try to control all this nonsense; but I know this because I have talked to people to find out - these people are sitting and getting all their benefits; the Minister will take the criticism here, but over there they are alright. But who is suffering?

The cost of electricity, Mr Speaker, Sir, is high. There is a late night tariff for electricity for the industries. These people have asked for the late night tariff to be extended. Why don't they do it temporarily? People say that we don't do anything that is why I get annoyed. Concerning the integrated companies, for example, we know the price of wastewater; we know how much water is used for plants and how much wastewater there is. The cost for wastewater disposal should be tackled, because if you do things like this, not on a permanent basis but, at least, on a transitional period, I am sure that when these three are added into the inputs - if you see the amount of money that is going into the package, the Government can do this easily - this will increase immediately the competitiveness of that sector.

Obviously, there are lots of things one can keep talking about, for example, on the EPZ sector, but I promised I would not be too long. So, I would like to go now on another sector, which I think is very important. It is the Small and Medium Enterprises. Again, I come back to the Budget of last year where the impression we have is that the hon. Minister of Finance was giving top priority to that sector. All the time we hear top priority to the SMEs. In a few minutes, I will explain why I am saying that. Let us remind ourselves what are the characteristics of SMEs. They are extremely important for jobs. They are essentially working for the domestic market. They are highly vulnerable to –

- (i) fall in demand, and

(ii) increased imports.

Some of them have tried to go into the regional markets, but as we know the regional markets are also affected today. What have been their problems? The people who are actually in the business, who have got their money there have been saying - I am a Member of Parliament, I might have all types of theories in my mind – that in spite of the budgetary measures which were taken, the situation of the SMEs has gone worse. In fact, Mr Speaker, Sir, I was reading a statement which was made by the president of the SMEs Federation where he said on 26 March 2009, I quote –

“Depuis décembre 2008, pas moins de 2000 personnes ont perdu leur emploi dans ce secteur. »

Can you imagine that? Then he said –

“ Ce chiffre a atteint 10,000 pour les cinq dernières années et la situation risque d’empirer si les mesures adéquates ne sont pas prises. »

He said that after the stimulus package was presented and after the Bill was circulated, and these are the people who are living in that sector. This is their perception of what Government says it is trying to do, Mr Speaker, Sir. The issue of access of funds which is sort of highlighted in the stimulus package, again, Mr Speaker, Sir, the reaction of the sector is negative. They came up with a series of proposals. First of all, they wanted the Government to intervene so that they can have a moratorium from the banks for the reimbursement of their loans. They were not saying to pay their loans or to wipe them off. They were saying: “we are in difficulty and we don’t have the money now to reimburse, we have got cash flow problems. Why can’t there be a moratorium?” When the Minister came along with his list of products - I remember I talked about that - on which he had eliminated tariffs from *mine Appollo*, yogurt, chicken, forget about furniture and footwear, these are products which are manufactured by the SMEs. The other day I was eating a yogurt at home, I did not know the brand; I turned it round and I saw that it was from Spain. Yogurt in Mauritius is coming from Spain! People buy it because it is cheaper than what is being produced locally. What we have to do, Mr Speaker, Sir, in a situation of crisis, is to use import tariffs to protect the market for the SMEs. No one can tell me that we can’t do that. We have bound our tariffs at 65%, everyone knows that, and most of our products are 10 to 12%. Therefore, if we want to raise the tariffs, there is absolutely no problem to do that. Of course, we can’t do that for the regional market like SADC or COMESA, but at least towards countries like Malaysia, China and others, this can be done very easily. For example, there are two sectors which we can see when we go to the shops, they are furniture and shoes. Furniture coming from the East and shoes from China. These people who have been making these products from various organisations and who are getting medals are going to be out of business. The solution of the Minister is - he knows that this is a problem - that he is going to freeze the reduction of tariffs for new products. But he is not going to tackle anything now about these products which are having problems. There is the problem of training, Mr Speaker, Sir. There is also the problem – we have been talking about this a long time - of the Development Bank.

There is also the problem we have been talking about since a long time: the Development Bank, SEHDA, Enterprise Mauritius. Again, if we come to this question of

financing, people who know the sector are asking why we want to go and take a quasi equity in these enterprises. These are small commercial enterprises. They want to do something. Do they think that Government will put some money there, and then will control and know all about what they are trying to do? They don't want to do that. These are commercial enterprises. They want to keep their initiatives to themselves. Therefore, instead of giving them quasi equity, to go and control them, to know what they are doing and ultimately once they start doing something, another competitor will go faster and do it in their place because these guys have got more money and don't have to go through all the paraphernalia of bureaucracy, why doesn't Government give them guarantees for them to be able to go to banks as we are giving to Air Mauritius? Government guarantees people who have lost so many billions of rupees through their mismanagement, why don't give them a guarantee so that they can go and get their loans from the banks in order for them to go ahead and do what they have to do?

Mr Speaker, Sir, when I was preparing my speech, obviously, I went and read all the stimulus packages and what is happening in many other countries, which could be of interest to us. I found that, in Vietnam, they are subsidising their interest rate for their small and medium enterprises over a period of 12 months, and the subsidy is a 4%, that is, if the running rate is 10%, these SMEs will get their loan at 6% over a period of one year. In India, similar things happen. They have a credit guarantee scheme and they have doubled it for over this period. Even Thailand, Mr Speaker, Sir, has exempted certain categories of SMEs from the payment of income tax. I am using three examples, but there are hundreds of them. But here what is the Government doing? In the last Budget, the Government introduced this Advanced Payment System for taxes. This means that the small enterprises prepare quarterly financial statements and pay their taxes over this period. We talked about it before, and many people who know about that tell you that this is inevitably going to lead to an increase in the cost of the SMEs, because they need to get professionals to do this type of job over every quarter, Mr Speaker, Sir. Therefore, the question I am asking is: why not freeze this measure, Mr Speaker, Sir? I have mentioned the SMEs. I am not saying these are exhaustive. I am mentioning that because there are some small obvious things which the Government, if it cared about the SMEs, could have done easily, and they did not do it.

I'll talk about infrastructure because this is the core of this Stimulus Package. Mr Speaker, Sir, last year, growth in the construction sector was 11% and this year it has fallen to 2% or it is falling down to 2%. An amount of Rs7.2 billion was provided in the Budget and, in that Stimulus Package, R2.6 billion additional funding has been put in that sector. Again, Mr Speaker, Sir, I will use the comments which have been made by the people who are actually in the business. People can say that I don't know what I am talking about or, as I am a politician, I am trying to make demagoguery or whatever it is. But, Mr Speaker, Sir, on 11 April 2009, three days back, - again, I stress on the Stimulus Package, on the Ministers' speech, on the Bill - the Building & Civil Engineering Contractors which is an Association talked about *la mainmise* of foreign firms over this sector. Do you know what they said, Mr Speaker, Sir? I quote the administrator of this Association -

“Les sociétés étrangères n'emploient pas de travailleurs mauriciens et importent même leurs propres matériaux de construction ».

And he goes on to say –

«*La main-d'oeuvre représente 30% à 40% des coûts de l'opération, maintient M. Ramloll, Managing Director* ».

What they say is that this *concurrence déloyale fait du tort à l'industrie du bâtiment and face à la croissance dans ce secteur, ils estiment que les compagnies vont employer moins de personnes.*

He continues to say -

«*Et, si une telle concurrence déloyale persiste, je ne vois pas comment la décision du Stimulus Package va aider le secteur du bâtiment. Il faut que ce qui est prévu dans le package puisse être appliqué.*»

These are the comments of the people who earn a living in that sector, Mr Speaker, Sir. If you look at the Stimulus Package, its main objective is employment - maintain employment or create employment. Hence, they need to give preference to local companies even if the cost is a bit higher. Why can Government do that? Because this is a Stimulus Package. He is using the fiscal space which he created through taxation. But again, he gathered much more money through that, he got buoyancy into the tax system and, therefore, he collected so much money that, as he himself said, they can manage now because they've got the fiscal space to do that and, therefore, he is giving money right, left and centre. Mr Speaker, Sir, this is why I say that a decision to give preference to the Mauritian companies or the Mauritian companies that are in joint venture is a measure which should be taken in the wake of the problems the sector is facing. After this problem of the construction companies, we all know the situation of the foreign companies. We just had an example of one foreign company coming and bidding, and I think their bid was three times the amount of money which was provided for. Instead of going on re-tender - I am not saying they should have done it; I am saying that the logical thing to do when dealing with public money is to go on re-tender - negotiations were made, and a small readjustment of some Rs300 m. was made. Therefore, the money is there, and this is a foreign company. But, what is the problem of encouraging competition among our own companies here and give them preference? During this crisis, all over the world, they are doing things like this. Even President Obama of the USA came up with a proposal, which he abandoned because he feared there was going to be counter measures taken against the United States. What I am saying is that it is a respectable proposition. When you are in a problem, you protect your own people! But, Mr Speaker, Sir, if you look at these small construction companies, their situation is worse. *L'association des petits contracteurs* - I am not inventing that; this is what these people are saying – says that they are facing a decline of 45% in their activities.

In the Stimulus Package, for a small amount of money, I think Rs500 m., the Minister says Government will ensure that small and medium contractors get a fair share of these projects. I would hope that the Minister will be able to explain to us what has happened. But there is another thing that I don't understand it is this question of

registration duty, exemption. If you go and buy an apartment in a big project, where these people are going to spend, within the next 12 months, Rs50 m. in the project, there is an exemption on land transfer tax and on registration duty. Why we do it for these big people, whereas if you have somebody who is a first-time buyer - before he used to have an exemption from tax - he has to pay the full registration fees; somebody who goes and buys a unit in an NHDC Complex has to pay the full registration duties. The small people, the ones who are owners today of an ex-CHA house want to sell it, they have to pay. Mr Speaker, Sir, what is the logic behind that? These are the people who are going to use small contractors to build their houses. Therefore, on the one hand, their interest payment is no longer deductible, they have to pay registration duties even if they are a first-time buyer. What I am trying to explain is that I find this measure completely unbelievable. How can you, on one side, do that and, on the other side, for the first time buyer when they were not paying before, we make them pay the registration fees, Mr Speaker, Sir?

In a country like Thailand, Mr Speaker, Sir, they realised the importance of small contractors. Over there, there is exemption on interest for income tax purposes. I am not saying that we should do that. But you know what they have done, they have come up with a new proposal of income tax deduction on payment of the principal for the first time buyers up to Rs8,500. You can have a personal income tax deduction even on the repayment of your principal. In India, they have even allowed in their package incentive for housing loans between Rs5,800 to Rs2 m., Mr Speaker, Sir. Therefore, Mr Speaker, Sir, I don't understand one thing. The Minister of Finance has dealt with the various sectors. But in every country you are reading about what they are doing to face the crisis, there is something, which I would call an approach for the national economy, that is, you don't look at textiles, but at the national economy. To take up on what hon. Bodha was saying, the people don't feel that there is anything in the stimulus package for them. What you have to do if you want to get people on board? You have to increase their purchasing power. What are they doing? You know in India there is an across the board reduction of 4% in central Government value added tax. Here, you are cutting the wages of the workers by 1% to put it in a fund so that, if they lose their jobs, they are going to get their own money. You don't give a full compensation to your people. On the other hand, as I said, they are pumping money in different sectors of the private sector, Mr Speaker, Sir.

(Interruptions)

I'll end on that. Therefore, we cannot fight against the crisis without the people behind us. People have said that they have to speak the truth and all that, but everyone has to be on board. When they talk about solidarity, it's not the solidarity of people among themselves or people towards the Government; there must be solidarity of the Government towards the people, and this we don't know. When the Government talks about understanding and solidarity, it's always on the other people. The population, the poor people, the middle-class, they have to understand. But in the Government, they don't understand, they do whatever they want. This is where, Mr Speaker, Sir, the Members who have spoken on the Opposition side have highlighted how this Government has a record to fleece the population. This, as I said, has helped to create the fiscal space.

Mr Speaker, Sir, I believe the crisis we are facing can be deep and long. For Mauritius to get out of this situation, there is the need for the understanding and the active support of the population. But, unfortunately, I have to say that it is not the arrogance and the confrontation attitude of this Government towards the working people of this country that will get this country out of the mess we are in today, Mr Speaker, Sir. The perception of the people is that the Government is only using its money to bail out the capitalists. Unless these measures are accompanied by an antipoverty and pro-consumption package, the whole exercise will fail. The Minister believes that we are going to succeed on that. As I said earlier on, the proof of the pudding will be in the eating. But, having said, that Mr Speaker, Sir, let me say very sincerely that I hope he succeeds. If not, Mr Speaker, Sir, and I don't think anyone in this House would want to see this happening, the social upheaval we all hear will be with us sooner than we all think.

Thank you, Sir.

(3.38 p.m)

The Prime Minister: Mr Speaker, Sir, I have listened to hon. Members from the opposite side either from here or my office. I cannot help asking myself: where do these people come from, which planets do they come from? I am asking myself: are they really aware of what is happening in the world today? Are they just saying anything, because they believe that they are in the Opposition, their jobs is to oppose, they may just say anything, oppose everything, come what may, even with the point of making some really economically illiterate arguments just to try to get some illusory political gains? That is why I asked that question Mr Speaker, Sir. I must say that on the side of the MMM, we have just heard criticisms, no real alternative. I was listening to my hon. friend, the alternative that he was saying was to give free goodies. On the side of the MSM, I must say, they made suggestions - hon Jugnauth, hon Bodha. I think that most of those who spoke, made suggestions. We may not agree with what they have said but, at least, there is a viewpoint that they think can happen. But on the side of the MMM I am surprised that I can't see any proposition except the one about selling up of gold...

(Interruptions)

There was one suggestion. The new guru of the hon. Leader of the Opposition who thinks we should do it and it would have been catastrophic had we sold at the time, as you know. Mr Speaker, Sir, I was expecting a high standard from Members of Opposition, the MPs. But a lot of people in this country don't seem to know what is happening in the world. I talk the other day to a CEO of a bank, and he was telling me: "you know, Prime Minister, even people who work in my bank don't seem to know what is happening in the outside world." That is a dramatic situation, Mr Speaker, Sir, because if we are not aware of what is happening, then it's dramatic. We are in the midst of the worst financial crisis since the great depression - even worse than the depression of the 1930's because now with globalization there are no borders, everything is happening so rapidly, things are changing so rapidly, and the Opposition seemed to have forgotten. I heard hon. Cuttaree said the proof of the pudding is in the eating, but there are two conditions. First of all, you must eat the pudding and you don't want to eat the pudding, but the proof of the

pudding is in the eating and we have proof here. The Opposition seemed to have forgotten about their own performance at the helm of the country between 2000 to 2005. And I remind the House that we had no global recession then.

In 2005, Mr. Speaker, Sir, the situation we inherited - we have said this before, but I am bound to just in a nutshell say a few things because otherwise it will look disconnected and I think the errors that the Opposition is making - I was saying the MSM made propositions - is that they are looking at the Additional Stimulus Package in isolation. We must look at the global picture. In 2005 growth rate was 2.3 % and falling. We had high and rising unemployment 9.6% going to double digit territory. We had a high and rising deficit, nearly 6%, Mr Speaker, Sir, plus - we have not taken that into account - the Rs6 billion of skeletons in the closets. High and rising debt at a pace of Rs10 billion a year - nearly 70% of GDP. I have said this before, we don't have to be an economist, may be we need a bit of economics to know that with 70% debt, we are going into a vicious circle because the amount we have to pay on interest is going to make us sink even worst; this is a vicious circle. FDI was drying up - one billion per year. Private investment was on a sharp decline, it was reflecting the gloomy mood of the entrepreneurs of the time. We had four years of negative growth, that is, recession in the EPZ, factories were closing one after the other. Hon. Cuttaree will remember himself what he said: "*on ne peut rien faire, les usines sont en train de fermer à une vitesse vertigineuse.*"

(Interruptions)

It's a fact. Very true! I am not saying what the hon. Member was saying was not true. In fact, I am repeating what he was saying. Rightly!

(Interruptions)

But the hon. Member realized himself what was happening.

The tourism sector was growing, but only around 2%. The net international reserves was continuing to decline; it was Rs63 billion in 2005 and all this in spite of the fact that they doubled VAT in 12 months, that they took a huge sum of money from the Bank of Mauritius which gratuitously - I mean incorporated - and gave them all they wanted, and in spite of the fact that there was no world recession. That is why - and again the proof of the pudding is in the eating - the former Prime Minister, Mr Speaker, Sir, said right at the end of the mandate that *la situation est dramatique, et sans précédent, nous sommes en état d'urgence économique*. I am again quoting them rightly, that was the situation. But this is the mismanaged economy we inherited. And to make matters worst, when we came in, we have to face four major external shocks, Mr Speaker, Sir. We all know what happened to the price of sugar, the dramatic cut that we had to bear, we are getting the consequences, the end of the Multi-Fibre Agreement, the textiles and clothing ...

(Interruptions)

....soaring energy prices, they failed to do what should have been done for AGOA, the food security crisis with prices rising dramatically on the world market, and now, we have this global economic downturn.

In 2005 Mr Speaker, Sir, there was no economic recession, the sea was calm, the sky was blue

(Interruptions)

The sun was shining also! Yet the ship of State was sinking, Mr Speaker, Sir. What I found surprising is that these are now the people who are telling us what we are doing is wrong. If you remember, Mr Speaker, Sir, what did I say to the nation? I did not hide the figures, I told the nation in my message on the New Year what the situation was and that our first priority was to stop the *le déclin économique*. I compared our situation to a heavy lorry sliding down the slope and I said we had to first of all apply the brakes, including the hand break and then go into first gear and pull that lorry out from sliding into the *précipice*. And this is exactly what we did. We took corrective measures and even some, I must say, were unpopular. We started the bold reforms, opposed by many, we did what we had to do with boldness and courage and I can the House, had we not done these reforms - make no mistake about it - we would have been in a recession a long time ago, and I am sure the hon. Vice Prime Minister and Minister of Finance will say so. This is the result of courage, vision and leadership. I must say many criticize us then, even - I said this in all candour, among our own backbenches, there were criticisms which we discussed, we accepted, because the Labour Party, I must say, Mr Speaker, Sir, you have experienced of it, is known how democratic we can be. You can air your views, your misapprehensions and then we tried to persuade people of what we are doing. And we acted collectively, Mr Speaker, Sir. I have lots and lots of discussions with the Vice-Prime Minister and Minister of Finance before the Budget, I can say - I hope he does not mind I say that - to the extent that he complained to myself to say I was very difficult but we discussed, we agreed, we took some crucial decisions and I persuaded my colleagues - and he also did - that we feel this was the way forward.

I must assume that responsibility, Mr Speaker, Sir, because I chair the Cabinet meetings. There was and there is a captain on board. I feel sorry he is not here and I don't want to say too much, but to say a former Minister who was in the Cabinet, I think, for nearly three years, sitting with us, now he is disagreeing with policy decisions that he agreed in Cabinet. You know hon. Rucktooa said it last time and I don't want to maybe rub the salt too strongly, but he said it quite rightly; he said it last time. There is a simple Cabinet rule. Cabinet Government Rule is simple. You don't agree with a Government decision, you feel so strongly about it, you know what the honourable thing to do is to resign. You don't wait for you to be sacked because of lack of collective responsibility. I don't know whether he was travelling so much that he did not realize what was happening in Cabinet, but that is also a possibility.

Thanks to our bold and courageous decisions, we stopped the continuing slide of the economy and put the country on a growth path. I say this to the Opposition: "you may not agree with us, just like as we may not agree with everything you say, but look at the facts! Look what the economy was, and look what happened!" Growth was 2.3% in 2005; 5.1% in 2006; 5.4% in 2007 and, in spite of the recession, it was 5.3% in 2008. It's the same thing for unemployment. Unemployment had reached nearly double digits. 9.6% in 2005, and today it is 7.2%. I must tell the House - because sometimes people mix up unemployment and job creation - that unemployment had never come down on a regular basis, year after year, since a very long time. I think I have not said this for a very

long time. And, what is striking, Mr Speaker, Sir, is that employment creation has reached a record. When the Opposition was in Government, the maximum they did was nearly 2,000 jobs a year. As you know, factories were closing, 35,000 people, I think, lost their jobs in total, and they were creating between 2,000 and 3,000 thousand jobs a year. With us, it's the opposite. Unemployment has been going down regularly; 7.2% 2008, but we have also been creating more jobs. In 2006, we created 8,100 new jobs. In 2007, it's nearly the same figure, 8,400 jobs, and in 2008, we have created 19,400 jobs. Unprecedented, Mr Speaker, Sir! I am quoting the facts. This figure for 2008 means that we have created more jobs in one year than they have created in nearly five years they were in Government. On average, we have created three times more jobs annually than under the previous Government, and we have brought in more Foreign Direct Investment in one year than they have done in nearly five years. It was roughly Rs1 billion in 2005 and, in the past three years, FDI has amounted to Rs30 billions, I think. The country has never known such massive investment of FDI. The Managing Director of the IMF, Mr Dominique Strauss-Kahn, in a speech recently, said that he is very fearful that developing countries will not get FDI they badly need. It will dry up for developing countries, because of the unprecedented economic crisis. We have put the deficit on a downward trend; nearly 6% of GDP in 2005 to around 3% now. Public sector debt that reached the dangerous level of nearly 70% of GDP - which would have led us, as I said, into a debt trap - has been reduced to 56.5%. There is a question we have to ask ourselves, and I think the Opposition should do so. As I said, they may not agree with the way we have proceeded. But, how did all this happen? Was it magic, just because I became Prime Minister, the Vice-Prime Minister became Minister of Finance, hon. Duval became Minister of Tourism, and the DPM is here? It was because we have taken bold decisions, we worked very hard and, in the face of mounting criticisms and demagoguery, we have done what had to be done. I have always said, Mr Speaker, Sir - and I'll always say this to anyone. It's a piece of advice which I'll give in 30 years' time or whatever. I am thinking of the former Minister of Foreign Affairs, aspiring new leader of the MMM from what I hear, that is why he is asking questions more often - that a Prime Minister must always do what he thinks is in the best interest of the country and not look for popularity. Short term popularity is not what you should look. To govern and to please is not given to real leaders. We must put the country first, and I think I heard hon. Bodha say that we must put the country first. We agree on this, but we are not agreeing on the way we should move forward.

Both the Vice-Prime Minister & Minister of Finance and I have many times said that our economy is resilient, but is not immune. After the crisis worsened, I heard the Leader of Opposition and his guru say in a press conference: 'Oh! We were saying this all this time, and now you are saying this!' But, in fact, that's what we said all the time: we are resilient, but not immune. How can we be immune? Any person with a little bit of reasoning can understand that we cannot be immune. How can we be immune when we live in a globalised world? What happens in one country today has a contagion effect. We are, after all, a small island, a small economy, in the middle of an ocean; we have no influence on what happens outside Mauritius. We are not a big superpower that can influence the price of oil or the price of commodities, but we have made our economy resilient and, thanks to that, we have been able to withstand the shock waves of the economic crisis better than most countries. It is a fact that we have. An eminent

economist from Harvard was here - not on our invitation; he was invited by the US Embassy - and publicly said that Mauritius is one of the rare countries that has been able to withstand the economic tsunami that is striking the whole world. Recently, during the trouble in Madagascar, the French Minister came here for the Indian Ocean Commission, and before going to Madagascar met me in my office. He told me : '*M. le Premier ministre, je sens que je suis dans un autre monde à Maurice. Vous réalisez ce qui ce passe en France?*' I can't understand how you are not feeling the effects of the recession.' And many others have said this. But, it is only here that the Opposition does not seem to agree with that.

Mr Speaker, Sir, we have given resilience to the economy, because we have had the courage to get rid of an economic model that has outlived its purpose. It was not delivering, and the proof of the pudding again is to look at the figures when they were in Government. We have not only got rid of this obsolete model that was not delivering - as they say, not fit for purpose - but, most importantly, we have built a new model to replace the old one, we have taken the right approach. Maybe here, we disagree. They have no quarrel that there is disagreement to implement it, staying focused, being realistic and pragmatic. And the results of our reforms are clear: openness and low tax regimes, with record FDI to diversify our economic base.

The low tax regime has been criticised and the Opposition continues to criticise it. I can understand! At first, when you look at it, bringing the tax level to 15% could well give the impression that we are favouring the big boys. But, let's not kid ourselves. Let's ask ourselves why would a foreign investor come to Mauritius and pay more tax, when he can go to Ireland or to other countries like Czechoslovakia where he would pay less? We won't get Foreign Direct Investment! Unfortunately, that is so! If we could control that, we would not have done it! But, unfortunately, that is the reality. Remember - I said that so many times - that no one owes us a living. Why would they come to Mauritius? Because there is sun, sea and sand! They want to make money! We need Foreign Direct Investment. The investment we get today is what is going to give us the growth of tomorrow.

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We have reformed also the business environment, as you know, and we see more results - more small and medium enterprises, more private investment, there is a return on investor confidence. Do you remember what the small and medium entrepreneurs were saying then? They were saying that the Government had abandoned them to themselves and that they felt completely let down. The then Prime Minister in response said: '*ils sont hystériques*'. In fact, they were complaining. We now have greater competition. We have saved, I must say, the textile and clothing industry from five years of recession. We have given a new impetus to the tourist industry and we are proactive. You have seen what has happened when there was a problem in Guadeloupe, in Réunion, in Martinique, in the French departments. We immediately acted very quickly. Do you know how many tourists came because they could not go to Guadeloupe, Martinique or whatever? We have done the same for some people who were going from Italy to these countries. They have done the same thing. There has been the security; we have managed to control things. We have given a new impetus to the tourism industry. We have done the essential. I am the first one who mentioned it in an interview in the

Financial Times. I remember the Vice-Prime Minister and Minister of Finance came to see me and said: 'we are ahead of the curve'. I talked about flexibility in the labour market. We have done the reforms with the result that we have a higher employment growth. And we have reactivated our economic diplomacy which I started in my first mandate. I heard hon. Dulloo say - if you listen to him he has done everything himself. It is a real magic, but we have seen the results, be it AGOA, be it Indian Foreign Direct Investment, be it the Chinese Foreign Direct Investment, the Chinese investment locally and recently Mauritius being on the white list of the OECD. And I must say the Vice-Prime Minister and Minister of Finance himself went to argue our case. This is what I find surprising sometimes. When I say it they think I am criticising them. When there was no case, completely false news about what happened in Infosys, I think, L'Express had a title '*Blanchiment*' à Maurice. I think hon. Dowarkasing even asked questions. False! Totally false! There was a headline in l'Express. When we come on the white list - we were not on the blacklist; we were not on the grey list - all inside, in the corner, you had to take a magnifying glass to look at it and they called themselves patriots.

(Interruptions)

Even today the articles are completely wrong. It doesn't know what has happened. My friend, hon. Gowressoo, maybe he thinks by doing that ...

(Interruptions)

Be careful not to try to challenge me! But if they push him up – and in his articles facts are actually wrong. It was hon. Jeetah who did the previous thing; he does not know, he sits in the office there and works out what can be said against the Government. That's what he does! *Ena banne conne tout ek banne frustrés, éternels frustrés! Pas trouvé bel bel l'article dans l'Express!*

(Interruptions)

Ni là-bas ni ici sa! Out there! Big articles in L'Express. I don't know. That is the way it is. But we have acted boldly, Mr Speaker, Sir, in spite of the criticisms. We have the vision, as I have had the leadership *parce que gouverner c'est prévoir M. le président.* We walk the talk as we say. That is why our economy has become so resilient. I will try to cut a bit what I am saying, Mr Speaker, Sir, but we are investing in major development programmes and helping those entrepreneurs and industrialists who need help. I think this is a perception maybe. I am not saying that it is done on purpose. If it is the MMM, I think it could well be done on purpose; the MSM, I think, it could be a perception. I know the demagogy the MMM does. They are saying that we are giving the money to the big boys. I am sure they will get a chance to reply to that later on. But, in fact, we are not. Like other countries have done, like the United States of America has done, we are helping those enterprises we think can survive if they get the right help on conditions, we are not giving money only. There are conditions - I think hon. Gokhool said that in his new speech as well - and conditions attached. It is not just giving money away. This is a fact, Mr Speaker, Sir.

The other thing that I disagree with what hon. Cuttaree said in all fairness is that, from what I understand he was saying and the MMM in general, is that we must give money. They were talking about how the NHDC has to pay, but, in fact, they don't pay.

Government pays for the NHDC. What is important? We are talking about jobs. We want to save jobs. We want to continue creating jobs. What we want is an economic activity that is geared towards saving jobs, creating jobs. There is no gain in jobs if somebody goes and buys a flat, but there is gain if he goes and creates a business and he gets employment and we gets new investment. That is what we are gearing towards job creation because we need to ensure that we not only continue to create jobs, but we also allow new jobs to be created and save the jobs that are already there. The best way to help the poor is not by just giving money to the poor as doled out. That is not even in the vision. We want to help the poor, but I don't want to help people who don't want to make an effort. That is clear and should be clear. Everybody can make an effort. Now, of course, life is not fair. Some people are born rich, some are born poor. We have to help the poor. But you know the saying, Mr Speaker, Sir, if you want to help somebody who is hungry, don't give him a fish every day, teach him how to fish, it will save him for life. Mr Speaker, Sir, once this global economic crisis is over - and the measures we are taking are temporary, we did say it - the global economic crisis is going to be over. We will be in a better position to bounce back and take advantage of the new growth in the world. Mr Speaker, Sir, the financial crisis - let us look at it - did not start here in Mauritius. We did not have any problems with the banks or the sub-prime crisis. The financial crisis started in America, I think, in August 2007 if I am not mistaken. The minute that started spreading in the UK, we were closely monitoring the situation. We had practically daily discussions. We were both abroad. As soon as we came back we started discussing on the economy, what was happening, and we saw that the world recession is spreading. We acted. We had an expansionary Budget as we all know. Most countries at the time in 2008 - go and see what they were doing - were tightening the screws. We had an expansionary Budget. We paid PRB in full, not over two years. We had discussions - myself and the Vice-Prime Minister and Minister of Finance. We agreed that we will pay the PRB in full. There were worries that there would be a massive injunction of money in the system at one go and it might stoke up inflation. At the end of the day, we decided, with what was happening in the global economy, that it is better to pay it at one go. Again, we were ahead of the curve, Mr Speaker, Sir. Look at what happened! Much later on, other countries tried to have expansionary budgets - much later than us. We created the fiscal space, as we rightly said, to be able to meet the challenges ahead in case - and we have used it in the long term interests and aspirations of our people. From the *Maurice île durable* vision, I heard the hon. Leader of the Opposition say: 'ah, *Maurice île durable*? He was doing it! Go and ask Professor de Rosnay! He came to see me in 1999, we started talking about what can be done because he is an eminent scientist who knows what he is saying, what we could do. He was very disappointed, to say the least, that when I lost the election, he was not even contacted and we could not follow up on the projects. The projects were not for me, it was for the country. What he is doing now, the way he is helping us and what we did is very different from what was being used. It is not just doing this here and there, Mr Speaker, Sir. From the *Maurice île durable*, vision to food security, to investing in human capital, to implementing the eradication of poverty programme and to modernising all our infrastructures.

When we saw, Mr Speaker, Sir, that the global recession was getting worse - and no one could predict or can predict now when it will stop - we came up then with the

Additional Stimulus Package in December of last year, a package, Mr Speaker, Sir, which is equivalent to 3.8% of GDP.

Many countries, including the UK, France, the USA, other countries in Europe, have done stimulus packages later, much less and now they feel that they have to do more. They are adding more. We are hearing some countries talking about the First Stimulus Package.

It seems that incoherence seems to be the order of the day in the MMM, Mr Speaker, Sir. I think hon. Cuttaree will agree with me. What was the reaction of the MMM when we had announced the Additional Stimulus Package in December 2008?

The first reaction of the hon. Leader of the Opposition and his shadow Finance Minister was that it was too little, too late. Alright, it is an opinion! But too little means - plain English - that the MMM felt that we should have done more. We are doing too little too late.

Yet, hon. Dooloo yesterday spoke for more than one hour to say that we have done too much. Contradictions in the MMM! At least, on the MSM side, we don't see this contradiction, but on the MMM, you have this flagrant contradiction. I don't know if he is in the MMM or he is still MMSM.

(Interruptions)

It is a big bail out that he needs, but which is which? What is the MMM saying? Is it too much or too little? Which is which?

(Interruptions)

No, no, that's not what he said! They said too little too late. He is saying too much too early!

While the MMM has criticised the Additional Stimulus Package, I must say, as I said, I can't see any concrete proposals with them. I think, on the side of the MSM, they made proposals and I must thank them. We might not agree with everything they said, but, at least, there were proposals on the table. But I think their mistake is to look at the Additional Stimulus Package in isolation, Mr Speaker, Sir. I think the overall Government policy has to be looked at instead of just the Additional Stimulus Package in isolation.

Let me just give one policy measure that we have taken out of a *palette* of policy measures my Government has taken. I just give one example, because this was mentioned, again, I think, mostly on the side of the MMM.

We have increased subsidies on food items and household items - on flour and cooking gas - precisely to give a buffer to those people who most need it in the face of rising food prices and gas price all over the world.

Let us not forget we did this in the midst of an energy crisis at a time when food prices were going up, we decided to increase the subsidy. I must tell you sometimes I see the criticisms against the Vice-Prime Minister and Minister of Finance concerning the IMF or the World Bank. In fact, I can tell you for sure, both the IMF and the World

Bank are in complete disagreement with us. They don't want us to give more subsidies. In fact, they want us to cut subsidies but, in fact, we increased the subsidies.

So, the narrow reading of the Government's philosophy by looking only at the Additional Stimulus Package, I think, is a mistake

Mr Speaker, Sir, we have acted on many fronts to shore up economic performance but, especially, to save jobs. I think, Mr Speaker, Sir, because I have another commitment in Quatre Bornes, I will let the hon. Minister of Finance - he is looking at me as if he is disappointed - say a few things.

We have programmed, as you know, new investments. What are we doing? We are doing two things with this package. First of all, we want to give a stimulus to the economy to save jobs and we are also spending money on infrastructure which will be in the long-term interest of the country. That is what we are doing, Mr Speaker, Sir, because we want to basically save jobs and create more jobs. That is why we are doing this through the Mechanism for Transitional Support, especially for the SMEs. We are training people. 12,000 people who were not trained before have been trained through the Empowerment Programme.

Mr Speaker, Sir, we also want to share the fruits of growth because, as I have said, you create jobs, you fight poverty, you save jobs, you preserve purchasing power. Empowering poor people, you make them less vulnerable. We have special programme for unemployed women. Rs500 m. for small planters: irrigation, land derocking and land preparation. 35% democratisation, by the time the election comes, you will see the results; 35% of ownership in cane and 2000 acres of land. We have already got part of it, but we are nearly finalising the rest. Support to pig breeders, 19,000 people who lived in the CHA houses have become owners of their houses. I mentioned subsidy on flour and gas, more focused assistance for the vulnerable, eradicate absolute poverty programme.

Mr Speaker, Sir, sometimes when I hear, especially those who now are outside, have occupied important posts, the first thing they talk is about poverty. Nothing is being done for the eradication of poverty! It is an easy slogan.

(Interruptions)

I don't know whether they are very rich! But they have themselves done nothing for so many years. Now they are full of advice to give to others. And, as I said, Mr Speaker, Sir, we are living in a different world. The recession will be over at some point, but nothing will be like before, Mr Speaker, Sir. Who, in the world, would have thought, Mr Speaker, Sir, that one day you will see people queuing up in Great Britain, in front of banks, to try to take the deposits out of the banks? Who would have thought you would have seen that day - talking about Northern Rock? Who would have thought that banks would be nationalized in the United Kingdom? Who would have thought that we would have bank failures in the USA? Who would have thought that Lehman Brothers would be allowed to fail? The other day, my economic adviser - he is a good man, he gives good advice - was giving me advice and, at one point, I told him: why didn't you predict all this? Why should I listen to you now?

(Interruptions)

He is a Minister! Who would have thought that the former Fed Chairman, Mr Alan Greenspan - whenever he speaks, he utters one word, and markets react - now is in a state of shock or disarray and he is saying he can't understand he was wrong? Who would have thought that one day we would have seen that? Who would have thought we would have seen a country as prosperous as Iceland going bankrupt? And Iceland is not Mauritius, there are plenty of resources, they have gone bankrupt. Who would have thought that economic giants, like India and China, put millions of people out of job? So many millions, not just one or two! Nobody could have predicted what is happening in the global economy. And nobody is sure what is going to happen next. Everybody is great in saying, but nobody is sure. The only certainty, Mr Speaker, Sir, is that there is no certainty. We have saved the ship of State from sinking. But we are now in turbulent waters, no sun, overcast sky, turbulent waters - deep fog, we can't see very much ahead. But what is important is that we should have a skilled captain at the helm who not only has judgement, but must have instinct, that is very important.

The Opposition has criticised us for changing our predictions. But, of course, in such a situation, you have to change your predictions. Last week, I think, it was last Friday, the British Chancellor of Exchequer, Alistair Darling, admitted that he was wrong about the length and severity of the recession and that he will be forced - I am using his words - to tear up his economic predictions.

He has been in Government for a long time, longer than us, but still he is saying that he will tear up his economic predictions because there are so much uncertainties and things are moving so rapidly.

President Obama, together with his economic team, is doing the same thing. There was an article in "Newsweek" recently - I think it was last month. Larry Summers, who is President Obama's free market economic tsar, his economic adviser, he was a former Treasury Secretary, he was somebody who had believed in "let the markets do what they are doing". He has come to learn intervention by the States. He was asked by the "Newsweek" reporters: "Mr Larry Summers, why have you changed so dramatically?" He is calling now for massive Government intervention, spending to help banks and industries. This is what Larry Summers is saying and this is at the heart of President Obama's Stimulus Package. And he was asked: "how is it that you have changed?" He quoted John Maynard Keynes who was also accused at one point of inconsistency. And he said: "my friends, when circumstances change, I change my opinion". And that is what is happening, Mr Speaker, Sir. Smart people should be open-minded, flexible and intellectually alert, not intellectually frozen in time like some are and we must be able to change with the times. We are facing a new reality, we have to react. It is clear, Mr Speaker, Sir, that it is a misconception that markets regulate themselves automatically.

It is both false and misleading to say that markets tend towards equilibrium and that deviations from it are random. We know that. The free-marketers have been proved decisively wrong. But we must be careful not to move now in the complete other direction either. I said this the other day. I know at least too diplomats did not agree with me. I don't know about my friend here, but I said the other day that the invisible hand of Adam Smith has to be replaced by the firm, guiding hand of the State up to a point.

This current, unprecedented crisis has finally jolted all of us to revisit some assumptions and return to a global economic world model that goes back to basics, that is, human centered development. We must not lose sight of the human question here, Mr Speaker, Sir, because, after all, GDP, growth and all those things must translate into a better quality of life at the end of the day for all the citizens of this country. And that is what I want to do.

Amartya Sen, in an article entitled “Capitalism Beyond Crisis” had this to say –

“A crisis not only represents an immediate challenge that has to be faced. It also provides an opportunity to address long-term problems when people are willing to reconsider established conventions.”

And no one here in this country can dispute the fact that the Labour Party is willing and has always been willing to revisit established conventions.

Mr Speaker, Sir, I have said it many times as well – a crisis is also an opportunity. This crisis too is an opportunity. We must not become like the Opposition are doing, and I make an appeal to them. Some of them have really become *des oiseaux de mauvais augure*. If all of us went on the rooftop and said: “we are doomed, we are doomed!” We must not walk ourselves into a recession, Mr Speaker, Sir. That is what we must not do. We must not become the prophets of gloom and doom. Some, I know, are even wishing that things get worse, unfortunately. Then they can “*tappe l’estomac*” and say: “you see, this is what we said.” For some illusory political gains, make no mistake! The people in this country are no fools. Don’t underestimate their intelligence! They know there is a recession, they know what is happening and we have just seen the results in Constituency No. 8 where my friend got elected. I can understand this. I feel with a smile on my face that some of my friends in the MMM need at the moment - they are like the drowning man - to clutch anything they can get. Even if it is grass, they will clutch it. But the economy is based on confidence, that is the *sine qua non* for growth and prosperity. Panicking and shouting on the rooftop that we are doomed will do us no good. I suppose they are also aspiring one day to be at the helm of this country. In a democracy, this can happen, unfortunately. So, we must not push the country down. I know what they will do if ever, by what misfortune in the world, they come back. These people would say: we must increase VAT immediately.

Mr Speaker, Sir, what we need is patriotism, agree that we are in difficulty. I heard hon. Bodha say that we need to be joining hands. We need to. We need judgment, a cool head and a steady hand at the helm. I must say that I am confident that we will by our action. We will listen also to what the Opposition says. I am not saying they are completely wrong. I think we will manage to keep the country afloat in the midst of this unprecedented financial tsunami.

The G20 Summit which took place recently already received some early results, I must say. And yesterday, President Obama said that he is confident that he can now see the light at the end of the tunnel. With this Additional Stimulus Package, with what we are doing, and with our determination, I am sure we will weather the storm ahead, Mr Speaker, Sir. As I said, in 2005 the sea was calm and the sky was blue and the sun was

shinning, but the ship of State was sinking. Now in 2008, there is a perfect storm at sea, the sky is overcast, there is fog ahead, but the ship has not even got a tear in the sail and the sun is still shining, I must say.

(Interruptions)

The Additional Stimulus Package, Mr Speaker, Sir, has been well thought. It is comprehensive, it is addressing macro economic issues as well as the sectorial implications and the micro economic concerns.

Many of the measures are temporary, as I said, until the global economy recovers. There is enough flexibility in the package to deal with uncertainties and there are lots of uncertainties still. I am confident, Mr Speaker, Sir, that we will come out of this unprecedented global recession, stronger and ready to bounce back and take full advantage of it.

Mr Speaker, Sir, I have said it and I will say it again. We all know that economic growth, GDP is a *sine qua non* for delivering development and for improving the life of our citizens. But GDP growth is just a means, not an end in itself. I can assure the House that my Government will continue to take measures to ensure that we continue to have GDP growth, but we will also leave no stone unturned to ensure that GDP growth translates, as I said earlier, into the improvement of our citizens' lives, their life chances and their hopes for the future.

Thank you, Mr Speaker, Sir.

Dr. Sithanen: Mr Speaker, Sir, let me start by thanking all Members of the House who have participated in the debate on the Additional Stimulus Package.

Mr Speaker, Sir, as the hon. Prime Minister has said, these are challenging times. These are unprecedented events taking place in the world, Mr Speaker, Sir. Nobody could have anticipated that in 2009 the recession would be deep, is expected to be long and is broad.

Mr Speaker, Sir, we are in the fourth phase of this turmoil. The first stage started as a banking crisis which immediately mutated into a financial crisis.

You know, Mr Speaker, Sir it is easy to be wise after the event. I just said that at a meeting this morning. The casino falls under my Ministry, but I have never been to a casino. Racing falls under my Ministry, but I don't go to the races. It is so easy, Mr Speaker, Sir, to go to the casino, stand aside, and when No. 4 turns up to say: 'I wish I had put my money on No.4'. We are not in that business, Mr Speaker, Sir.

The second phase, Mr Speaker, Sir, is the transformation of the banking/financial crisis into an economic crisis in the rich industrialized country. For some time, the Prime Minister of India, the Minister of Finance of China and the Minister of Finance of Brazil spoke about decoupling. They thought that their domestic market was so strong that the share of global trade in their output was low and they could isolate themselves from the recession affecting the rich industrialized countries. Unfortunately, this did not happen. Then we had the third phase, Mr Speaker, Sir, which is the impact of the contamination or the contagion of what was taking place in rich industrialized countries to emerging, developing and less developed countries, from China to Russia, from India to South

Africa, from Burkina Faso to Chad and eventually to Mauritius. You can see the four phases. The last phase is the worse one, Mr Speaker, Sir, it is the job crisis, the employment crisis and it has a deep human element, because people are losing their jobs - 25 million in China; 10 million people in India; 660,000 Americans lost their jobs only in the month of March. The ILO is forecasting that 40 million people will lose their jobs by the end of the recession. The World Bank is forecasting that 100 million additional people will be thrust below the poverty line, Mr Speaker, Sir. So, this is the size of the problem that we have to grapple. Never, since the 1930s, have we witnessed such an Armageddon. This is the situation. The hon. Prime Minister is right; we need to understand that, Mr Speaker, Sir. We can't continue to be in a denial mode. This is the irony of the situation. The Opposition is in the denial mode and they are accusing Government of being in the denial mode. What does the Opposition say? Too little, too late! That we have not told the truth to the population! Mr Speaker, Sir, let us look at the sequence of events. It started in August 2007; we have resisted for twenty months, Mr Speaker, Sir.

Let me reply to the point made by hon. Cuttaree. The hon. Prime Minister said it very clearly. Hon. Cuttaree seems to suggest - hon. Berenger also, at times, with his usual cynicism, asked: 'what is reform? Lower tax here and remove subsidies there.' Reform, Mr Speaker, Sir, has been about leadership, about good governance, about creating a new business environment, Mr Speaker, Sir, about a low tax regime, about opening up the country. I'll ask four questions to both sides of the Opposition. If nothing had changed and it was just cosmetics - I will come back to the taxes later on - why is it by just changing hon. Berenger from Prime Minister and putting hon. Dr. Ramgoolam as Prime Minister, and changing hon. P. Jugnauth as Minister of Finance and putting me, everything has changed? Is that what hon. Cuttaree, what hon. P. Jugnauth and what hon. Berenger are telling this country, Mr Speaker, Sir? How is it in the old model, with what hon. Cuttaree was saying, Mr Speaker, Sir, they were creating only 3,500 jobs per year? By just changing Ministers on this side, it has become 12000 jobs per annum? It is about a new paradigm, a new economic model, a new leadership and courageous decisions. It does not happen like. True it is that we pray God, Mr Speaker, Sir, but it is not enough

(Interruptions)

True it is, we need luck, but it is also based on decisions that have been made! Otherwise, Mr Speaker, Sir, how do you explain, with their model, unemployment was rising? It was rising year after year when there was no recession. Why is it that after the model that we have introduced, unemployment has come down to 7%? Is it just luck? *On est les enfants du Bon Dieu mais il faut aussi travailler, il faut faire des efforts, il faut avoir le courage de prendre des décisions.* Otherwise, Mr Speaker, Sir, do we just shuffle cards? We can't do this, Mr Speaker, Sir, we have to be serious.

Let us come to the third point. If the old economic model had persisted and we have just tinkered at the edges, why is it, Mr Speaker, Sir, that all the time that they were there, we received only Rs1 billion of FDI? Suddenly, Mr Speaker, Sir, with opening up the country, with a new business environment, with the World Bank saying that we are No. 1 in Africa, we are ahead of many countries. Now we are No. 24, Mr Speaker, Sir, Rs10 billion of FDI, why? They were also going abroad promoting Mauritius. Mr

Speaker, Sir, we need to create a business climate which is conducive to attracting investors. This is what has happened. The same applies for economic growth. Why is it that economic growth was in decline? And then, all of a sudden after the reform, Mr Speaker, Sir, the economic growth is 5%. There is a pattern, Mr Speaker, Sir, between all these economic indicators and the reform introduced. This is clear, nobody can contest that, Mr Speaker, Sir, from the “Economist” to “Financial Times”, from the World Bank to the IMF, from the European Union to the ADB. Everybody recognizes that reforms have sheltered Mauritius, reforms have given resilience to Mauritius, but resilience does not mean that we are totally immune, Mr Speaker, Sir. For twenty months, we have resisted and, as the hon. Prime Minister said, we have created 19,000 jobs in 2008 only. How do we create this? Hon. Cuttaree was mentioning SME. Does hon. Cuttaree know the official figures for SME, Mr Speaker, Sir? The number of jobs created by SME, after the reform, has increased from 75,000 to 90,000. This is a rise of 20%, Mr Speaker, Sir. Hon. Dr. Jeetah is very proud of this performance and, rightly so. How many SMEs have flourished, Mr Speaker, Sir? We see the result. Mr Speaker, Sir, hon. X. L. Duval and the hon. Prime Minister are right, we have done better in difficult and stormy waters, with clouds and overcast than they did when the sun was shining, when everything was alright, Mr Speaker, Sir. This does not come by chance, Mr Speaker, Sir. We have to work hard. We need courage, determination, leadership. We cannot do political demagoguery and populism. Mr Speaker, Sir, I wanted to reply to hon. Cuttaree, because it is as if nothing has happened. Had we not made reforms, Mr Speaker, Sir, we would have been in deep trouble. We have seen what has happened in other countries.

Let me tell my hon. friends on the other side, the last thing that should happen to our country, Mr Speaker, Sir, is to be irresponsible, and to indulge in petty politics and then we go and tie our hands and we become like Seychelles, Russia, Ukraine and we have to negotiate under duress with the IMF. I am sure hon. Cuttaree knows, Mr Speaker, Sir, how difficult it has been for Seychelles, Iceland to negotiate with the IMF, because they did not introduce reforms in time.

Three weeks ago, the President of Sri Lanka told the IMF that he will not accept the conditions imposed on the country. The next day, he had to change his position as they did not have any money – a currency crisis. And it's better that we do the reform instead of the reform being imposed upon us under condition of duress. We have gone through these difficult times before...

You know very well, Mr Speaker, Sir, how the times were difficult when they were imposing on us and we lose the autonomy in our decision making process, our independence of economic management. They support us, but they cannot come and dictate to us. But if you don't reform, if your fiscal deficit is too high, if your debt to GDP is too high, they will impose conditions on you. We know what are the conditions they are imposing on Turkey, Mexico, Seychelles and Iceland. Ukraine tried to be smart, Mr Speaker, Sir, because there is a conflict between the President and the Prime Minister there and they play politics. They say: ‘we will agree to everything’. IMF says: alright, we are going to disburse by *tranches*. After the first *tranche*, they stopped implementing the measures. So, Mr Speaker, Sir, we have been early and let me make a confession, Mr Speaker, Sir. In fact, some people are saying that probably we have been too early and done too much. In view of the uncertainty about the duration and the length of the

recession and, I said it the other day, Mr Speaker, Sir, it is like in a war. If the war will last for a long time, you don't use all your ammunitions on the first day of the war, otherwise *péna fusil, péna personne*. This is why the Germans have resisted the pressure from the Brits and the Americans to have another stimulus package, because they are uncertain about the duration and the length of the recession. We have been ahead of the curve, Mr Speaker, Sir. We introduced a pro-cyclical budgetary policy when the IMF was saying that the growth rate would be 7%. Everybody remembers this, Mr Speaker, Sir. In March, I went on TV and I said: 'look, we are detecting some tremors', and I said that textiles and tourism will be affected. We took the right decision. But, Mr Speaker, Sir, there is also a lot of psychology, a lot of confidence building in this downturn. What do I do? Should I take a car, *mette ene haut-parleur, mo allé tous les jours pou dire* we are in trouble and that the worse is going to happen? I hope the hon. Members on the other side know what happened in the UK.

(Interruptions)

He went to his constituency, he spoke to a local radio and said we are in deep trouble. He had to issue a communiqué immediately to reverse this statement. That is why we need a safe pair of hands. This is not a time for the feeble and the weak, those who panic. We need people who will not panic, *ceux qui ont la lucidité*. I recognise that it is tough. I have never gone through such times, Mr Speaker, Sir. It is tough, but you have to keep your head on your shoulders and not panic to the least tremor that happens globally. When the hon. Members come and say - this is too easy, Mr Speaker, Sir. I was reading from the same magazine that the Prime Minister mentioned that the Opposition, if they believe there is 10% chance of something happening, they will say it; because the cost of going wrong is zero. They will say it, even if the probability is small. Mr Speaker, Sir, even experts from the IMF to the World Bank, from the OECD to France and from the ADB, all of them are changing their forecasts on a regular basis. And here, Mr Speaker, Sir, people who have been frozen in time for 20 years come with sensational forecast. What the hell is this, Mr Speaker, Sir? This is a bloody joke! I will come back to that later on. Hon. Bérenger, Leader of the Opposition, was saying how come you change the growth forecasts from 4 % to 2.5%. Let me give three examples to this House to enlighten what is happening. Singapore, a model of economic forecast! In December 2008, they said that the recession will be -1 %, in March 2009, the new figure is -9.5 %, Mr Speaker, Sir. The Prime Minister of Singapore came on TV said that they are in big trouble. The contraction is higher than expected. Why? There are three things, Mr Speaker, Sir, that determine how affected you are by the global recession. It depends on how integrated you are in the world economy. The more integrated you are in the world economy - and this is determined by the share of trade in goods and services to GDP and also by how important FDI is. If you include FDI, we are very close to 200%, Mr Speaker, Sir. If you are exposed to trade in goods, trade in services and FDI, you will be affected like Singapore, and Ireland.

Second, if you rely a lot on financial services, you will be affected, because of toxic assets, bank financing has dried up. This is the case for Singapore and Hong Kong. And, third, if you rely on real estate development to propel your economy, you will be affected. An example is Spain. Spain has been more affected, because of its heavy reliance on real estate development compared to France. Now, if you are unlucky, Mr

speaker, Sir, to rely on the global economy, on financial services and on real estate, then you are in deep trouble. An example is Dubai. I don't know how many of us have gone to Dubai recently. If United Arab Emirates do not bail out Dubai, it is bankrupt, Mr Speaker, Sir, because Dubai has the misfortune of having these three shocks at the same time: openness to the world economy, reliance on financial services and dependence on real estate. Mr Speaker, Sir, there are many expatriates who cannot pay back their loans. So, the mortgage companies are suing them. Do you know what they are doing? They take their luxurious cars to the airport, park their cars and leave the country. And there's a good business for second-hand car dealers in Dubai. This is what's happening, Mr Speaker Sir. This is the reality. And here, Mr Speaker, Sir, we have taken earlier decisions. In May 2008, we recognized the challenge; we took the decision, Mr Speaker Sir. Instead of letting the deficit go down, we used the benefits of reform to ring-fence Rs6 billion, Mr Speaker, Sir, in these funds as early as May 2008. Here, let me reply to one criticism made by hon. Bodha and also hon. Cuttaree on agriculture. On agriculture, we have put one billion rupees for food security, and the work has been done speedily by my colleague, hon. Dr. Boolell, now hon. Faugoo. They have decided how they will use the money and some of the money are earmarked for food security, for seeds, for rice, Mr Speaker, Sir. There is a sum of Rs187 m. for Rodrigues, Mr Speaker, Sir. The speed with which we have produced ideas on food security, on fishing and also in Rodrigues, is very commendable. And the Opposition, what did they say, Mr Speaker Sir. They will have a commission on food security to produce a paper but, up the now, they have not produced anything, Mr Speaker, Sir. I don't want to be nasty, as Robin Day did once, when he was talking to the Opposition. He said that the nearest that they got to food security when you discuss it was the menu of the day when they actually met. And some of the dissidents in MMM have said, Mr Speaker, Sir, that these commissions are not functioning at all. And yet, they come and criticize us; the same thing for energy, Mr Speaker, Sir. We have produced the *Maurice Ile Durable project*. We are going ahead; we have put Rs1.2 billion, Mr Speaker Sir. We have changed, at least, 700,000 economic bulbs for people who are saving actual money. There are many people who have changed to solar water heating, Mr Speaker, Sir. All this is happening. The Deputy Prime Minister is doing a fine job in order to make sure that we reduce our dependence on fossil fuel, that we save on energy and that we invest on alternate sources of energy. What have they done, Mr Speaker, Sir? They spoke, in press conferences, saying they **will** produce a document on energy. Again, I don't want to be nasty and cite Robin Day. We have to be fair Mr Speaker, Sir, we can't pretend. They have been in power before us; they want to be in power again and they don't produce a paper on what are the alternatives. That's why I challenge the Opposition - challenge in the good sense of the word, Mr Speaker, Sir, not 'defy', but challenge - to come and say what they would have done differently from us. Everybody knows that revenue is coming down and expenditure is going up and what you hear on the two sides is "to increase expenditure". If we did that, Mr Speaker, Sir, we would accelerate the speed with which we go to the IMF casualty, to its ICU. This is what will happen. I have not seen any single credible proposition. I asked for 50 pages, Mr Speaker, Sir. The print can be big, I don't mind. The gentleman who resigned from the MMM said that they asked for 10 pages, but even 5 pages they have not received. What is the credibility of an Opposition that cannot produce 10 pages of sound economic policy? I know the thinking of hon. Cuttaree. He will say we don't win election on that,

we wait for the situation to deteriorate, we work on *cadaver,s* that we wait for things to deteriorate and we will win on that. Mr Speaker, Sir, people are not that stupid and that is why I challenge the Opposition to come and say what they would have done in actual fact, and not this grand statement *pour le développement économique, pour la justice sociale, pour l'unité nationale et le combat contre la fraude et la corruption.*

Mr Speaker, Sir, this is an old vinyl disk. Today, we have MP3. Come and tell us in practice what they will do! All these are blanket statements of good intention. All of us agree on this, Mr Speaker, Sir. Who is the idiot who will not agree on *justice sociale*, on economic development, *contre la fraude et la corruption* and on *l'unité nationale*. But in actual fact, when you hold *le poëlon - tout comme on juge un maçon au pied du mur et non pas* when he is swimming in the sea. This is the point that we are trying to make. Some of the hon. Members said again with their cynicism: *quelle résilience! Il y a eu de la résilience M. le président. La résilience, c'est la création d'emploi. Si ce n'est pas de la résilience, c'est quoi, M. le président? Entre les 19,300 emplois qu'on a créé en une année, lorsqu'il y a la récession partout dans le monde, si ce n'est pas cela la résilience, c'est quoi?* Then, Mr Speaker, Sir, one says it's pro-business, the other one says it's anti-poor. Mr Speaker, Sir, the best antidote against poverty is job creation. I don't know whether my friends of the other side listened to President Obama. What is his fear? Job! What is the fear in France? Job! *la tension sociale!* What is the problem in England? They are in the EU and they need some jobs. In East Anglia - some Italians - we know what problem this has created, Mr Speaker, Sir. Let me tell hon. Cuttaree that protectionism is the wrong policy for us, Mr Speaker, Sir. We can give some informal instructions to protect local industries, but we have to be careful as we depend on the world economy. One of the good messages that has come from the G-20 is that there should not be protectionist measures and countries that adopt such policies will be named and shamed. He knows it very well, he was Minister responsible for International Trade and Regional Integration. We can't practice begging our neighbouring policy. This is what led to the greatest depression in 1930. Everybody believes he is smarter than the other. We'll do it, but the others won't do it. Others also will do it, Mr Speaker, Sir. If the French starts saying to their people to take balcony holiday, go to Europe and don't come to Mauritius, what do we do? If the South Africans protest on protectionist policies, what happens. If the Kenyans protest, what do we do? Mauritius has benefited from globalisation. Mauritius has prospered from openness, Mr Speaker, Sir. That is why I will tell my hon. friends: don't throw the baby away with the bath water. Globalisation needs to be regulated and supervised. We need to have oversight; we cannot accept casino capitalism, Mr Speaker, Sir. But, don't throw the baby away with the bath water! Mr Speaker, Sir, I have a good friend and he is one of the persons who criticizes me. He taught me General Paper when I was very young and he gave me free tuition. He is a great intellectual; I meet him now and then. We were having a dinner the other day and he told me: "Rama, this is a crisis of ideology also". I said, yes, because people have started to question the foundation of capitalism, Mr Speaker, Sir. The best seller in the UK now is Karl Marx and Keynes. I asked him, please, my dear friend, tell me what is the alternative besides reforming the system, having more regulations and besides Government controlling better? It's a difficult question. He said: "Do you think we can discuss about Cuba?" I said: "bye-bye my friend, I don't want Cuba, neither North Korea nor Eastern Europe in the past. If you tell me to consider Sweden,

Denmark, I would have understood.” You have also to be responsible, Mr Speaker, Sir. Just because something has gone wrong does not mean you throw away everything! There has been abuse, there has been failure in the market. We need to take sanction against these people who have caused the failure, Mr Speaker, Sir.

The other point made by hon. Leader of the Opposition was that *c'est un fourre-tout*. Mr Speaker, Sir, for someone who has presented budgets - and this is a budget, make no mistake about it! Yesterday, I think it was hon. Mrs Dookun-Luchoomun who was trying to make fun that *le ministre des finances a présenté cinq budgets*. Of course, I have presented five budgets; I know that. But you call a rose by any name it will still smell sweet.

(Interruptions)

This is a budget, Mr Speaker, Sir, and that is why we are coming to this House with the equivalent of a Finance Bill to give legislative sanction to implement these measures. That is what we are doing. Many people here have been in this House for a very long time? Hon. Cuttarree, what is the purpose of a Finance Bill? That is what we do all the time, Mr Speaker, Sir. We have many new measures and there are some omissions that have happened in the past and we make corrections. I don't want to be nasty today, Mr Speaker, Sir, but I could have given the Finance Bill of Members on both sides of the Opposition who were Ministers of Finance and what they had done. This is how it is done all the time. *Fourre-tout, c'est quoi ça*, Mr Speaker, Sir? And then what does he say? *Qu'on a fait du rebranding, repackaging!* Mr Speaker, Sir, 50 new measures and the hon. Member says its old wine in new bottle. *Ça c'est la dernière cuvée de vin de Bordeaux*, Mr Speaker, Sir. Look at the number of measures we have introduced. Ten measures for tourism! Te hon. Vice-Prime Minister and Minister of Tourism spoke about them, Mr Speaker, Sir. Ten measures for industry, fifteen measures for business facilitation, five measures for construction. In all, fifty measures Mr Speaker, Sir, and some for purchasing power. *Il a le culot de venir dire que c'est un repackaging*, Mr Speaker, Sir!

You have to be serious and responsible. You can't just make gratuitous allegations like that when, in fact, there are 50 measures there, Mr Speaker, Sir. The changing forecast, I mentioned it. The OECD predicted that Ireland would go into recession at -1% for 2009 in December 2008, and today its -9 %. Let me give you the example of Seychelles. The person at the IMF who does the forecast for Seychelles was also looking at Mauritius. In December 2008, the team of the IMF went to Seychelles and Seychelles is an economy which depends on only 3 *piliers: le tourisme, le service financier et le thon* - not difficult to predict. They said a negative growth of -0.5 % in December 2008 They went back to Seychelles in February 2009. Now, Seychelles is forecast to decline at -9.5 %. The same people, same team and the same methodology, except what has happened is that the global economic situation has deteriorated very fast, Mr Speaker, Sir. We don't intervene, the CSO is independent, Mr Speaker, Sir. Hon. Jugnauth has been Minister of Finance and I am sure it was the same thing. It is only on the eve that they give us the paper and the next day they post it on the net. I don't interfere with them. The MCB is independent; the Bank of Mauritius is also independent. When they say the Minister, it's not me. I am just a user of information and I believe in the independence of these institutions, Mr Speaker, Sir. So, I have done it and, in fact,

the IMF did mention that if we have 2.5% this year we would be lucky. Everything is relative. When there was no recession, they had 2.5%, Mr Speaker, Sir..

The other point made, Mr Speaker, Sir, is use of public funds. This is an insult to the intelligence of the nation. When hon. Bérenger as Prime Minister, hon. Jugnauth as Minister of Finance, Mr Speaker, Sir - I don't want to be nasty, I have two PNQs when they were in power - they were shedding jobs *à une vitesse vertigineuse*, they introduced two schemes: an Equity Fund and a line of credit of Rs800 m. from the Bank of Mauritius. Both were public money. The only shareholder of the Bank of Mauritius is the Government of Mauritius, Mr Speaker, Sir. I don't want to indulge in cheap demagogy. I'll ask my two honourable friends - I have the list here - to go and check those companies that benefited from the line of credit of the Bank of Mauritius. Go and check, Mr Speaker, Sir, what were the conditions that were attached! Zero! I have the list of companies that benefited from public money. As the Prime Minister as well as the Vice-Prime Minister, hon. X. L. Duval said: *c'est le très grand capital*. And these are the same people who come to this House and say: "*Il n'y a pas de transparence. On donne l'argent!*" They did it! Mr Speaker, Sir, in spite of them doing it, 45,000 people lost their jobs in the EPZ. Rs800 m. line of credit from the Bank of Mauritius! Et voilà, ce sont les mêmes personnes qui nous attaquent. Et, aujourd'hui, M. le président, ni Rogers, ni IBL, ni Beachcomber, ni Sun International, ni Currimjee, ni François Woo, ni Lagesse, ni Dalais, n'a fait une demande pour utiliser le fonds du *Stimulus Package*.

Les entreprises qui ont été sauvées sont les petites et moyennes entreprises, M. le président. Et je vais publier les noms. Pas aujourd'hui ! J'ai pris un engagement. On va faire une évaluation tous les six mois. Et je peux vous assurer qu'il n'y a pas le grand capital. Par contre eux à travers cette ligne de crédit de la Banque Centrale, ils avaient donné au grand capital.

It is the same thing for equity, Mr Speaker, Sir. If you go and look at the conditions of equity, you will see that there was no condition. Today, many of the Members have said that there are no conditions. Of course, there are conditions, Mr Speaker, Sir, and they are very clear. *Le problème doit être conjoncturel et non pas structurel. L'exemple concret que je peux vous donner, c'est une entreprise de la zone franche qui exporte vers l'Angleterre. Il y a eu une baisse drastique dans la demande et après ils ont eu la devise qui est contre eux. Mais c'est une entreprise qui est viable.* So, what we do, we have an independent assessment. Then, we convene the banks. and there is burden sharing. We put 40%, the banks put 40% and the shareholder put 20%. Then we look at their costs, including the bonuses and the salaries. We said: "you have to make an effort." I just made a speech, Mr Speaker, Sir, at the MEF and I told them that even if they don't receive money from Government, they have a social responsibility. In fact, I have told them, it is no more corporate social responsibility, it should be corporate social obligation. I also told them, Mr Speaker, Sir, this is enlightened self-interest. No man is an island, no industry is an island, no firm is an island. It is not in their interest to lay off workers as they will need people when the economy bounces back. Now they come and *crient au scandale*. Il n'y a pas de scandale. C'est eux qui avaient fait le scandale. On est en train d'aider les petites et moyennes entreprises, Mr Speaker, Sir. Hon. Dowarkasing should have listened, Mr Speaker, Sir. Rs144.5 m. committed to SME by Enterprise Mauritius! R 125 millions aux petits entrepreneurs; 351 applications

for the Rs122.5 m. to SEHDA. *M. le président, cinq projets d'une valeur de R 16 millions pour les petits et moyens hôtels.* In fact, as of today, we have disbursed more for SMEs than we have for the big ones for the simple reason that we have not disbursed anything for the big ones. However, I must admit that this is not the only avenue for assistance. We have suspended ten taxes and, as hon. Xavier Duval said, they get the money. Because they are getting the money, this improves *leur trésorerie*, their profitability and they will keep these people on their payroll. But it is different from the Equity Fund and the line of credit, Mr Speaker, Sir,.....

(Interruptions)

And that also is unfair! If hon. P. Jugnauth disagrees with me, I have no problem. But, Mr Speaker, Sir, to come and try to confuse and confound people ...

(Interruptions)

Mr Speaker, Sir, I have some experience also. It is my 9th year on a cumulative basis as Minister of Finance, Mr Speaker, Sir. We have set up eleven sub-committees and one of them is for public infrastructure. There is no representative of the private sector on it, Mr Speaker, Sir. I lay a copy here. Hon. Jugnauth was saying that the chairman is someone from the private sector and that he is taking decision for public infrastructure. Mr Speaker, Sir, we have to be serious. We cannot come to this House and say things that are totally wrong. But in the other ten, Mr Speaker, Sir, on tourism, you need to have the representative of the private sector; on the manufacturing, you need to have the representative of the private sector, otherwise what do we do? Hon. Cuttaree was saying that you have to be connected to reality. How can we be connected to reality? I sit in my office and I ask civil servants to do it? You need to go on the ground, on the field to talk to people. This is very unfair. Hon. Mrs Hanoomanjee also, according to her, *c'est le plus grand scandale du siècle qu'on a fait dans cet amendement. Et quel est l'objet de cet amendement, M. le président ?* In the existing legislation, which was introduced by hon. Jugnauth when he was Minister of Agriculture and the Permanent Secretary was hon. Mrs Hanoomanjee, just to show you how far demagoguery can go, Mr Speaker, Sir, they came to this House and allowed it in the context of the Illovo deal and allowed in the context of an exchange 2 for 1 and 3 for 1 exchange of land. We allow two *arpents* for conversion *et la nation a un arpent en retour ou on donne* three for conversion, you get one, Mr Speaker, Sir. They changed it. And these infrastructures can be developed beyond five years. But, yesterday, hon. Mrs Hanoomanjee says, *c'est maintenant qu'on est en train de le faire.* As if, Mr Speaker, Sir, all these people from the State Law Office have misled me, I have misled all my colleagues and have misled the hon. Prime Minister. How can we do this, Mr Speaker, Sir, when, in fact, they changed it? *Et nous, l'objet de l'amendement qu'on a proposé, M. le président, est très simple. Ce n'est pas pour l'industrie sucrière, ce n'est pas pour le grand capital. Il y a deux grands projets qu'on est en train de faire. Un c'est Highlands et l'autre c'est Tianli. Et tout le monde qui a un peu de raisonnement, M. le président, sait très bien, que ces deux projets vont s'étaler au-delà de cinq ans. Et voilà l'objet de ce changement !* It's public interest. The Minister of Agriculture is the Minister responsible for such projects. He has to come to the Council of Ministers and present his case. The Prime Minister has to approve it, the Council of Ministers has to ascertain that it is in the public interest that we allow this infrastructure development to take place beyond five years. And yet, they come as if, Mr

Speaker, Sir, we are giving to the *grand capital*. So, you can't fool people like that all the time, Mr Speaker, Sir. You have to be serious. Mr Speaker, Sir, *on ne fait pas, on est critiqué, et on fait et on est critiqué*.

There is an interesting article in 'Newsweek'. This is the politics of head they win; tail, we lose. They want the situation to deteriorate. They speak about it. And they want their prophecy to be self-fulfilling. When we intervened, they say we will help enterprises, we will save jobs, we will protect people. What do they say? *R 10.4 milliards en cadeau! M. le président, il y a seulement R 1 milliard qui est destiné pour sauver les emplois. Peut-être que ce ne sera pas suffisant si la récession s'amplifie et dure plus longtemps.*

Mr Speaker, Sir, most of the money is for public infrastructure. Hon. Bachoo knows it. He is the happiest man in the Council of Ministers. Everything that he asks, he gets. Why? It is no favour. It is because we need to invest in public infrastructure to bounce back once the world economy *va reprendre*. Rs500 m., Mr Speaker, Sir, for the Ministry of Local Government, including Rs50 m. for Rodrigues, Rs500 m. for Education, Health, Sports and Environment, and they come and say that we are giving it to *le grand capital*.

Mr Speaker, Sir, hon. Bérenger and hon. Bodha also asked the question: what will happen to debt, to deficit and to the external balance? Fair questions! Mr Speaker, Sir, hon. Bérenger is very good at that. He asks you for a forecast, you give a forecast in terms of uncertainty and after 3 months he says: *'le ministre des finances a dit que c'était ceci, maintenant c'est différent.'* What do I do? I am an Economist, I'm a Minister and a politician; I am not a magician. I wake up early in the morning and I work. I am not unemployed for twenty years, and I don't shuffle cards every morning! Mr Speaker, Sir, I work hard and do everything to try to understand. So, if I don't give, they say I don't give. When you give and it changes, they say it's changed, *le ministre des finances a perdu les pieds sur les pédales*. We have to be fair! I volunteer to give this figure, Mr Speaker, Sir. So, this year, it will be all right. The deficit will be slightly higher for a simple reason that for the first six months it was all right, but, as from January, VAT, corporate tax and excise duties have been falling for very simple reasons: tourism is down and consumption also is not rising, Mr Speaker, Sir. The debt will be manageable up to June 2009. But for the interim budget and for the 2010 budget, it will be bad. I have to admit this, Mr Speaker, Sir. The deficit and the debt would rise, Mr Speaker Sir, let me share that with my friends in the House. Every year, in normal circumstances, the fiscal revenue grows by about 10-12%. This is the result of what we call the buoyancy in the system. At times, you also get the advantage of depreciation. This year revenue will not grow. In fact, it will go down by our best estimate of 7%-10%. How much? We don't know. Nobody knows in the tourism sector what will be as from June and July. Nobody knows what will happen in textiles and clothing. So, instead of a 10-12% increase in fiscal revenue, we will probably have a -5 or -10%. On the one hand, revenue will fall while, on the other hand, with the Additional Stimulus Package, we will incur additional expenditure - Rs10.4 billion over two years, around 5.2 per year. We will probably make some savings in the Capital Budget. Fair enough! We will also make some savings on interests because interest rates are coming down. Overall it will be bad. Based on the early work that we are doing, it is really bad. We would not be

able to accept a deficit like that for the simple reason that we will go straight into the hands of the IMF. America can do it because they just print dollars. It is a difficult situation and, if that deficit is very high, we need to fund the deficit. The only way you can fund the deficit is by borrowing and when you borrow, debt servicing will go up.

Let me now come to the third part of my intervention, what I will call, the perils of populism and political opportunism. Hon. Sayed-Hossen spoke about it yesterday, but I would fail in my duty, as Minister of Finance, not to raise this. Mr Speaker, Sir, you cannot have one language in the Opposition and one in Government.

Gone are the days when people did not read newspapers. Today they read. I look at these young boys and girls who read everything. Some people in the Opposition think we are still in 1950, that people do not know what is happening. Let me mention a few cases. That is why I say they must stop demagogy. They cannot do this; they cannot take people for a ride. When they are in Opposition, they cannot say: *les travailleurs d'abord* and when you are in power, as Minister of Finance, they do not even receive the workers. Mr Speaker, Sir, even if I disagree with hon. Jugnauth, he did it twice. I did it also when I came back as Minister until we set up the NPC, which is an independent institution. But hon. Bérenger, Mr Speaker, Sir, did not see them; he did not chair the tripartite meeting. He never replied to any of their letters. When the women of the EPZ protested, he sent the SSU to beat them up. They have been in power many times, Mr Speaker, Sir, they never changed the labour laws, the IRA. As soon as they go in the Opposition, they change their position. We can't do this, Mr Speaker, Sir. It does not make sense. Hon. Jugnauth also has been very unfair. He knows it. He is also doing demagogy. In which country in the world, Mr Speaker, Sir, we count public debt in absolute term? Public debt is always computed as a share of GDP for a very simple reason. If you need to compare, let's take the EU. There are 27 countries. You cannot compare debt in absolute term, Mr Speaker, Sir. Just like deficit in the budget it is always in terms of GDP. Let me tell the hon. Member what has happened. As a share of GDP, we have brought down debt from 70% to 60%. Let me go further. Even in absolute term, debt was going up – the Deputy Speaker used to say by how much it increases per second - by Rs10 billion per year from 2000 to 2005. Now, it is up by Rs3 billion only. As long as you have a deficit - hon. Bodha also used to say that, I don't know whether he was the one who was advising hon. Jugnauth, absolute debt will go up. How do you compare debt on absolute terms? You cannot, Mr Speaker, Sir. Can you imagine, Mr Speaker, Sir, we send these people abroad? *Nou perdi point!* You come from a country where they don't even know how to calculate debt. I just came back from Europe defending Mauritius. If we send these people, we would have been not on *la liste noire, mais la liste très noire!* Mr Speaker, Sir, you need to understand how the economy functions. You need to be able to defend your file. It is as a result of good economic diplomacy helped by the Prime Minister and my good friend, the Minister for Foreign Affairs, that we have been able to put our case across. If we go there and say debt is in absolute term, deficit is in absolute term, people will laugh at us.

(Interruptions)

Mr Speaker, Sir, look at the other point of hon. Jugnauth. I will come back later on some other points. I don't know who advises him. He takes corporate tax, he multiplies by two and he thinks we would have got this tax if we had left corporate tax at

30%. Come on, Mr Speaker, Sir! It is not like this. *Il y a le déclic et l'impact psychologique*. He said *on a donné des cadeaux*. Let me explain! When it was 30%, why did we have only Rs1 billion of FDI ? *Il y a eu l'effet déclic*. The base *s'est agrandi, on a donné un nouveau souffle a l'économie*. This is why fiscal receipts have increased even though we have reduced the rate to 15%. I said that in this House, but hon. Jugnauth was not here. When I go to New York, to London, I ask them to come and invest in Mauritius. I tell them we have beautiful and hospitable people, they tell me: "how much is your tax? Don't think you are the only beautiful girl in the town, after you the Ministers of Zambia and Nigeria are coming." Is this the type of demagogy that will attract investors, Mr Speaker, Sir? The largest beneficiaries have been the SMEs. The hon. Member has been Minister of Finance, he knows, all the big barons were paying 15% tax already. Hon. Bunwaree knows that they were paying 15%. The hotel industry was paying 15% already. *Le grand capital* was paying 15%. It is the small men in Plaine Verte, Triolet, Roche Bois and Stanley who were paying 30%. They are not listed on the Stock Exchange, they are not in the Schedule, so they were paying 30%, Mr Speaker, Sir. Under all the Schedules, they were paying 15% and to come here and say, Mr Speaker, Sir, that *on a fait un cadeau de R 5 milliards!* Mr Speaker, Sir, I have asked all my officers - and these were the same officers who were working for him: "can you try to find out how you reach this figure?" They said: '*Pas capave, M. le ministre!*' So, Mr Speaker, Sir, we have to be serious. Even hon. Bodha has not mentioned this thing on gold. I don't know whether hon. Bérenger or hon. Cuttaree have said it. Mr Speaker, Sir, it is a vulgar joke to come and ask a country like Mauritius to put its reserves in gold. Let me answer it by three questions, Mr Speaker, Sir. Why they did not do it when they were in power? If people ask me this question, I will reply: Why? Is it just because hon. Dr. Boolell was not Minister?

Second, Mr Speaker, Sir, 40% of the reserves of this country are held by commercial banks; 60% are managed by the Bank of Mauritius, not the Ministry of Finance. The Bank of Mauritius is an independent institution. You know that very well, Mr Speaker, Sir. 60% managed by the Bank of Mauritius, 40% by the commercial banks. Let's assume we are stupid, we have been to stupid schools! Are the commercial banks stupid? Why don't the commercial banks invest their money in gold? This is my second question. The biggest holder of reserves in the world is China and we all know how smart they are. Why does China not put 50% of its reserve in gold? Why does India not put 50% of its reserve in gold? Why don't Chili, Brazil, Argentina and Japan, do it? We know how some countries got gold, Mr Speaker, Sir, and all of them are diminishing their reserves of gold. This is intellectual laziness! There is no agility *intellectuel* because their minds don't function. Hon. Bérenger asks them to make a press conference and hit at Sithanen. They hit at Sithanen. Real politics! When you do not work for 20 years, you start losing your intellectual agility, Mr Speaker, Sir and you make this kind of proposal! It is just like a doctor. I am looking at Dr. Babajee. If you are a doctor, you have not done anything for 20 years, there will be problems. That's why I want them to reply to this question, Mr Speaker, Sir. Again, Mr Speaker, Sir, the other proposal is to ask the CEB to make sure - listen to this - that enterprises in the Export Processing Zone don't pay the hedging cost on fuel. But they don't, Mr Speaker, Sir! The CEB buys direct. It is only on gas oil, on *appelle cela diesel*, and Mogas, on *appelle cela l'essence*, that there is a cross subsidy, Mr Speaker, Sir.

(Interruptions)

Let me finish! 20 years ago, when the hon. Member was Minister, it was done like that, not today. The Prime Minister was right, as if he has been in deep freeze and does not understand what is happening. They can't do this, Mr Speaker, Sir. CEB is not buying through the STC. It is easy to criticise, but it is difficult to propose. We have not seen any credible proposal from the Opposition, Mr Speaker, Sir. This is irony. The Prime Minister said it. The very people who mismanaged the economy, the very people who raped the economy, the very people who have left us with a sad legacy in terms of economic management, have the guts today to come and tell us that we should have done this and that. We have saved this country from chaos. We have turned around a bad situation that we inherited from them. We have been ahead of the curve, Mr Speaker, Sir. Had it not been for the reforms, for the expansionary Budget, for the easing of monetary policy, for the additional Stimulus Package, for the work that are being done by all Ministries in Infrastructure, NDU, Education, Health and SME, Mr Speaker, Sir, we would have been in deep trouble.

On depreciation of the rupee, hon. Jugnauth was citing George Chung Tick Kan who is telling everybody that the rupee is not depreciating fast enough. I had a big fight with the MEXA and I told them that we need to strike a balance between inflation and competitiveness. The gentleman spends his time criticising Government on the rupee value. In fact, I don't decide on this. There are some people in the Opposition who have an obsession with me. They think I decide everything. It is very good that the Prime Minister just mentioned that. I don't know how hon. Jugnauth reached the figure of Rs5 billion. He is good at 5 billion! Let's be serious! I can also calculate what the rate was when they were there, Mr Speaker, Sir. We have to be very fair and serious.

Hon. Cuttaree was mentioning what India and China are doing. You know what is the criticism that is being levelled against China, that *ils font du dumping de leurs devises!* The same thing has happened in India because they want to protect jobs, to protect people, Mr Speaker Sir. I think you need to be very fair about the economic situation.

I'm not going to hit back at hon. Jugnauth. I think he was very unfair in his criticism. There was a lot of personal attacks which, I think, was unfortunate. I don't have problems people criticising me, but, Mr Speaker Sir, I received so many mails today from people who request me to say this and that. I have 10 things that I can say, Mr Speaker Sir. Obviously, I'm not going to say all 10. Let me say two things, Mr Speaker Sir.

Mr Jugnauth: I did not make any attack against the Minister; I criticised his policy.

Dr. Sithanen: Well, Mr Speaker, Sir I don't want to be nasty. He knows only well, he tried - and all of them in the MSM have tried to do this - to create scission between me and my colleague Ministers, trying to divide me and the Prime Minister.

(Interruptions)

Mr Speaker Sir, they think I don't understand politics.

(Interruptions)

Mr Speaker: We were here and all the criticisms were levelled against the Vice-Prime Minister on his capacity as Minister of Finance. Now, what perception the hon. Minister has is a different matter.

Dr. Sithanen: The people out there have perception, Mr Speaker, Sir, but, again, I'm not going to do that, Mr Speaker Sir. It is not difficult for me to do it. I received so many e-mails today, Mr Speaker, Sir. The Prime Minister and I take the decision. To come and try to isolate me...

Mr Speaker: That was hon Bodha!

Dr. Sithanen: I hope it is not my name, it's not my colour and it is not my ethnicity. I hope it is not that!

(Interruptions)

Dr. Sithanen: Mr Speaker, Sir, they have been in Government. All decisions are taken by the Prime Minister, by the Council of Ministers and they keep criticising one single Minister and what they fail to realise is that they are insulting the intelligence of other Ministers also. They are insulting the intelligence of the Prime Minister as if he does not understand and whatever Sithanen tells them they have to accept. The Prime Minister has just stated that he has an adviser, Mr Speaker, Sir. So, I think they need to be very fair in their criticism.

Mr Speaker Sir, the other point made by many Members of the MSM and also by hon. Bérenger: *rien pour les pauvres, tout pour les riches!* How far from the truth can we be! Let me explain, Mr Speaker, Sir. The best antidote to protect the poor is job. We have created 12,000 jobs per year; they have created 4,000 jobs per year. Mr Speaker, Sir, this is the best and the most robust criticism that we can give against this allegation. Unemployment is down. Who does employment protection, Mr Speaker, Sir? *Le grand capital?* I said it this morning. Someone who is *rich*, who invests on the stock exchange and even if he loses 20%, he is alright. But someone who loses his job becomes poor, Mr Speaker, Sir. We are saving jobs and we are decreasing unemployment.

Mr Speaker, Sir, 35,000 people are not paying tax and the tax burden of another 25,000 people has come down, Mr Speaker, Sir. If this does not mean protecting the middle income, what is it, Speaker, Sir? 20,000 occupiers of CHA have become owners of their residence. As far as sale by levy is concerned, nobody wanted to do it, but we did it. The Prime Minister, hon. Valayden, all Ministers have helped to address a very difficult issue. It is a very difficult one because there was a lot of abuse. Tomorrow we are opening up an integrated social development scheme in Bambous. It is the first in ACP countries. We will empower the mother and the father of *200 familles qui sont très, très pauvres* to make sure that their children go to school, Mr Speaker, Sir. There will be a special programme for unemployed women. We have kept subsidy on flour and gas, Rs200 m. for pig breeders, Rs500 m. for small planters. They promise, we deliver, Mr Speaker, Sir. There were 7,000 beneficiaries under the Empowerment Programme, *4,000 ont trouvé un emploi grâce aux efforts de l'Empowerment Programme.*

We have started the scheme in regard to education for the very young, Mr Speaker, Sir. *500 enfants pauvres âgés entre trois et quatre ans vont à l'école. On paie*

leurs frais de scolarité et on leur donne de la nourriture. We also give them school materials, Mr Speaker, Sir.

(Interruptions)

They did not do it!

Mr Speaker: Order! Order!

Dr. Sithanen: Mr Speaker, Sir, we have broadened the access to post secondary education.

We will open up *a village touristique*. People in all these villages will have the possibility to market their products, Mr speaker, Sir. There has been research in SMEs, is SME is not pro-poor...

(Interruptions)

What is it, Mr Speaker, Sir? *The Illovo deal! Touni minuit!*. Mr Speaker, Sir, we change the law! This is pro-poor, Mr Speaker, Sir. *En ce qui concerne l'éducation et la formation*, we have a new headquarters in Port Louis in order to service this region, Mr Speaker, Sir. This is putting our money where our heart is, Mr Speaker, Sir. There has been a drastic fall in internet cost because of the efforts of Minister Dulull. Never has this happened in the country before, Mr Speaker, Sir. The hon. Member keeps coming the NRPT and tax on interests. Let me explain to him, Mr Speaker, Sir. Life is never between good and bad, it is between the preferred and the detested. I have said that. What is the choice? It is possible to scrap it, but then we have to find the money. The choice that was given to us, Mr Speaker, Sir, was either an increase in the VAT or to put 15% tax on a list of new products. I've the list of products with me. Some Members will say: *"pas faire ça, pas faire sane là aussi."* This is an incomplete work. In fact, Mr Speaker, Sir, it is very rare that after a four-year cycle, a Government has not increased VAT. They increased VAT by 50 % and, Mr Speaker, Sir, they keep talking about *qui a le coeur, qui est la gauche et qui est la droite*. Let me tell my hon. friends in the MSM and in the MMM, there is a quick test. The 'Financial Times' carry this test : how you distinguish the right from the left? They are six answers that you have to give and in all six I know where I am, Mr Speaker, Sir. If I have a choice between imposing the VAT at 15% on 100% of the population and imposing a tax on 1% of the population, the case is very clear, Mr Speaker, Sir. The question is not whether you put or do not put tax, but which tax you have to put. They know it. They increased VAT by 50 %, but we have not increased VAT. But you have to find the money. But if *nou tire li, nou bizin mette tax, lère là zotte alle dehors et zote alle faire meeting!* Mr Speaker, Sir, you need to be responsible. What we have done, Mr Speaker, Sir, is to introduce the NRPT, the tax on interests and the tax on consultants, on architects, all these give the equivalent of either of 1% of VAT or the equivalent of a 15 % VAT on some commodities that are tax exempted.

Let me conclude, Mr Speaker, Sir. These are challenging times. We have never experienced such a global recession since 1930's. We have resisted well up to now, Mr Speaker, Sir, and the news that has been coming out for the last two weeks are good news. After the G20 Summit in London, I won't say there has been an oxygen of confidence, but I think there has been an increase in confidence. When you look at what

China, America, India and other countries are saying, it would appear that we are bottoming up, Mr Speaker, Sir. Some people now are saying that the American economy will bottom up in late September. Let's hope they are right, Mr Speaker, Sir. It would appear that there more cohesion, more coordination and more cooperation among the global leaders, especially the G20 countries, Mr Speaker, Sir. We continue to monitor the situation. We have two more budgets. Here also, the Opposition is playing on words. They say that some people have asked for a second stimulus package. Not only second, there will be a third. One on 22 May and there would be another one in November. This is the stimulus package. We will take account of what has happened and when there is need to adjust, we will do it, Mr Speaker, Sir.

This is a time for unity, for solidarity and for responsibility, Mr Speaker, Sir. We cannot say something and then announce measures that will go exactly in the opposite direction. We need to provide leadership, competence, Mr Speaker, Sir. We have seen leadership on this side of the House in terms of AGOA, of additional money secured from the EU, of putting Mauritius on the white list of the OECD countries. We will continue to do this. This is not a time for the timid, for those who are afraid of making decisions. We have shown our mettle, Mr Speaker, Sir. We will continue to provide leadership, to show determination and put the country first and foremost.

Thank you, Mr Speaker, Sir.

Question put and agreed to.

Bill read a second time and committed

COMMITTEE STAGE

(Mr Speaker in the Chair)

THE ADDITIONAL STIMULUS PACKAGE (MISCELLANEOUS PROVISIONS) BILL

(NO. I of 2009)

Clauses 1 to 12 ordered to stand part of the Bill.

Clause 13 (Local Government Act amended)

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

Dr. Sithanen: Sir, I move for the following amendment in clause 13 –

- “(i) in paragraph (c)(ii), in the proposed subsection (3)(b), by deleting the words “31 December 2010” and “1 January 2011” and replacing them by the words “30 June 2009” and “1 July 2009”, respectively;
- (ii) in paragraph (f), by deleting subparagraph (iii) and replacing it by the following subparagraph –
 - (iii) by adding, after subsection (4), the following new subsection –

- (5) (a) Every urban authority shall –
- (i) not later than 30 April 2009, in respect of the period of 6 months ending on 31 December 2009;
 - (ii) not later than 15 October 2009, in respect of the period of 12 months ending on 31 December 2010,

submit to the Minister an estimate of the income and expenditure of the urban authority for his approval.

(b) This section and section 106, as enacted before being amended by the Additional Stimulus Package (Miscellaneous Provisions) Act 2009, shall apply to the estimate submitted in accordance with paragraph (a), subject to the time limit of 31 May being construed as –

- (i) 30 April 2009, in respect of the period referred to in paragraph (a)(i);
 - (ii) 15 October 2009, in respect of the period referred to in paragraph (a)(ii).
- (iii) in paragraph (g)(i) and (ii), in the proposed subsections (1A) and (2A), by deleting the words “31 December 2010” and “1 January 2011” and replacing them by the words “30 June 2009” and “1 July 2009”, respectively;
- (iv) in paragraph (i), by deleting subparagraph (v) and replacing it by the following subparagraph –

(v) by adding, after subsection (5), the following new subsection –

- (6) (a) Every district council shall –
- (i) not later than 30 April 2009, in respect of the period of 6 months ending on 31 December 2009;

- (ii) not later than 15 October 2009, in respect of the period of 12 months ending on 31 December 2010,

submit to the Minister an estimate of the income and expenditure of the district council for his approval.

(b) This section, as enacted before being amended by the Additional Stimulus Package (Miscellaneous Provisions) Act 2009, shall apply to the estimate submitted in accordance with paragraph (a), subject to the time limit of 31 May being construed as –

- (i) 30 April 2009, in respect of the period referred to in paragraph (a)(i);
 - (ii) 15 October 2009, in respect of the period referred to in paragraph (a)(ii).
- (v) in paragraph (m), in the proposed section 175, by deleting the words “31 December 2010” and “1 January 2011” and replacing them by the words “30 June 2009” and “1 July 2009”, respectively;”

Amendment agreed to.

Clause 13, as amended, ordered to stand part of the Bill.

Clauses 14 to 17 ordered to stand part of the Bill.

Clause 18 (Public Procurement Act amended)

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

Dr. Sithanen: Sir, I move that in clause 18, paragraph (a) be deleted and replaced by the following paragraph –

- “(a) in section 7, by inserting, immediately after paragraph (d), the following new paragraph –
- (da) act as a focal point to guide public bodies with a view to ensuring consistency in the application of this Act and any regulations made under this Act;”

Amendment agreed to.

Clause 18, as amended, ordered to stand part of the Bill.

Clauses 19 to 21 ordered to stand part of the Bill.

Clause 22 (Statutory Bodies (Accounts and Audit) Act amended).

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

Dr. Sithanen: Sir, I move that in clause 22(f), in the proposed section 7(3), the words “the Chairperson of” be deleted.

Amendment agreed to.

Clause 22, as amended, ordered to stand part of the Bill.

Clauses 23 to 25 ordered to stand part of the Bill.

Clause 26 (Commencement)

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

Dr. Sithanen: Sir, I move that in clause 26 subclauses (5), (8) and (9) be deleted and replaced by the following subclauses respectively –

“ (5) Sections 5(b), 6, 13(a)(i), (b), (c), (d), (e), (g) and (m), 14(a) and (c)(ii) and (iii), 20(a)(i) and 22(a)(i) shall come into operation on 1 July 2009.

(8) Sections 13(a)(ii), (f)(i) and (ii), (i)(i), (ii), (iii) and (iv) and 22(a)(ii), (d), (e), (f) and (m) shall come into operation on 1 August 2010 in respect of the financial year 2011 and in respect of every subsequent financial year.

(9) Sections 13(k) and (l), 20(a)(ii) and 22(g), (h), (i) and (j) shall come into operation on 1 January 2011.”

Amendment agreed to.

Clause 26, as amended, ordered to stand part of the Bill.

Schedule

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

Dr. Sithanen: Sir, I move that the following items be deleted in Part II of the Third Schedule –

“Human Resource Development Council Human Resource Development Act”

Schedule, as amended, 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 Mr Speaker in the Chair, Mr Speaker reported accordingly.

Third Reading

On motion made and seconded the Additional Stimulus Package (Miscellaneous Provisions) Bill (No. 1 of 2009) was read the third time and passed.

ADJOURNMENT

The Deputy Prime Minister: Sir, I beg to move that this Assembly do now adjourn to Tuesday 21 April 2009 at 11.30 a.m.

Dr. Sithanen rose and seconded.

Mr Speaker: The House stands adjourned.

MATTERS RAISED ON ADJOURNMENT

FOREIGNERS – IRS/RES PROPERTY - ACQUISITION

Mr C. Sayed-Hossen (Fourth Member for Montagne Blanche & GRSE): Mr Speaker, Sir, I wish to bring to the attention of the Vice-Prime Minister & Minister of Finance two issues. First, the issue of use of the legal loopholes by major property

developers to sell prime property to non nationals and, at the same time, evade the permit of fiscal dues. The second issue is, what I would call, a certain misconception concerning the access to immovable property outside the IRS system by non nationals.

We know that Government introduced the RES after the IRS since 2007, with subsequent amendments, to authorise foreigners to obtain a resident permit with the acquisition of a RES property. Up to some time ago, these major developers were utilising mechanisms called Trust mechanisms to bypass the law. This loophole was then plugged and soon after the RES was introduced. However, with the armies of notaries and legal counsels, major developers always seem to be one step ahead of the State and seem to jump from one loophole to the next loophole to allow them to bypass the law. The situation right now is that, in spite of the introduction of the RES, it is alarming that developers are still continuing to use new loopholes in the law to build apartments on beachfront leasehold property, using intricate and highly convoluted mechanisms, including companies – shell companies, local companies, management companies, etc, most of the time hidden behind local companies, of course, to sell prime property to non nationals and, at the same time, avoid paying dues to the State.

One recent example is the development of 19 luxury apartments on a leasehold beachfront property in Trou aux Biches; State land naturally. These were recently built and sold for a price of Euro 400,000 per unit to non nationals. Dues paid by the said developer to the State, according to my information, were the equivalent of the transfer and registration fees on the value of the land only, that is, 35% on an estimated value of Rs32 m., which amounts to Rs11 m. The use of these legal loopholes by the said developer has deprived the State of transfer and registration dues on the sales value of each unit, which should have been 35% of Rs300 m., that is, about Rs98 m. – nine times more than what they have paid. I wish to impress on the Vice-Prime Minister & Minister of Finance the need, according to me, to address such matters very urgently, either by preventing, by some new measures, developers to use loopholes to carry out such development, especially on State land, on beachfront property and, at the same time, of course, get them to pay taxes, or considering amending the law - this is a little bit far-fetched, but still I must mention it – taking stock of a *de facto* situation, that is, that they are building apartments on the beachfront and tax them properly so that the State may perceive its dues.

One last point on that issue - in the same spirit, I would wish to suggest to the Vice-Prime Minister & Minister of Finance that he considers the possibility of removing the transfer and registration dues for Mauritian nationals who purchase IRS and RES, especially RES; it is more *à la portée* of nationals and this would be an incentive for Mauritian buyers to invest in property.

My second issue is very short. According to the information that I have gathered from some notaries, there is a misconception among non nationals that, once they investigate in an IRS or a RES, and they get a resident permit, they can buy property in Mauritius after three years, just like any national, that is, they seem not to be aware of that legislation.

(Interruptions)

I think that is a misconception or a confusion which should be cleared. At the same time, I think, *c'est en train de fausser le marketing des IRS et des RES, parce que les non nationaux, les citoyens d'autres pays ont l'impression qu'une fois qu'ils font l'acquisition d'une propriété IRS ou RES, après trois ans, ils ont la possibilité d'acheter une propriété foncière comme n'importe quel citoyen mauricien* which, according to me, is not the case.

GRSE – TOURISM DEVELOPMENT

I have a second intervention, with your permission, Mr Speaker, Sir, which concerns the village of Grand River South East, which, according to me, raise some burning issues. As we all know, we have, since the late 1970s, known tourism development, which started more or less in the north, Trou aux Biches, Grand' Baie, then a little bit west, Balaclava, and then right round the north coast, right down the north east coast and right down the east coast, and stopped for many years in Trou d'Eau Douce. All this periphery, from Balaclava right to Trou d'Eau Douce, is dotted with tourism and leisure infrastructure. Then, we had the development of Anahita and the Four Seasons Resort and, very recently, the conversion of the ex-Laguna Resort in Grand River South East into the Laguna Beach Hotel. For many years, Grand River South East was *littéralement un village oublié du développement touristique et un parent pauvre du tourisme*. The main activities of the inhabitants of that village were either to be labourers - few artisans, but mainly labourers - on Beau Champ Sugar Estate and factory, lagoon fishing and sand extraction. Beau Champ factory is due to close very soon. With mechanisation, the number of labourers on the sugar estate is going to go down. Lagoon fishing is nearly over, because of the rapid depletion of the fish stock in the lagoon and, as we all know, sand extraction is over.

Furthermore, there is hardly any social and leisure infrastructure in the village. However, there is one major asset in that area and, that is, the estuary and the waterfall. There are *entre 1,200 et 1,800 visiteurs par jour*, who go up the estuary right to the waterfall, visit the waterfall and then come down again. The problem is that, actually, all those visitors are on boats which start from somewhere else than GRSE. They come from Trou d'Eau Douce, Blue Bay, Mahebourg, Poste de Flacq, anywhere else, but not from GRSE. What happens is that one major asset – actually, the only asset - is the waterfall and the estuary. An average of about 1,000 to 2,000 visitors per day, and more on Saturdays, go up the estuary and the villagers of GRSE stand there *la bouche ouverte* - mouth agape - watch all these and do not benefit of even not one single cent that they draw from that very heavy traffic. Actually, Anahita, Four Seasons and Laguna Hotels, apart from providing a few unqualified jobs, have hardly contributed to the development of the village.

I wish to appeal to a number of hon. Ministers, first of all, to – I am sorry, he is not here - the hon. Vice-Prime Minister & Minister of Tourism - and that is very important Mr Speaker, Sir - to review the system of allocation of pleasure craft licences, because most of the holders of pleasure craft licences operating in the estuary and making good money out of the estuary and the waterfall do not come from GRSE. They are from other villages or *carrément* from other parts of Mauritius than even the east or the south-east coasts. My colleagues, in Constituency No. 10, hon. Mrs Seebun and hon. Bundhoo, will be very happy to make concrete suggestions to that effect.

My second appeal is to the Minister of Local Government, in whose Ministry I understand, has been vested the budget for the proposed waterfront - mini-waterfront, at least - in GRSE and which is badly needed to kick-start the process of tourism and leisure development in the areas. Again, in this case, my colleagues, hon. Bundhoo and hon. Mrs Seebun, will be happy to make concrete suggestions. Actually, we have already worked with a number of architects and technicians to design that project. We have already talked to a few potential private investors who would be willing to come together with Government on that project.

I wish also to appeal to the Minister of Public Infrastructure & Land Transport to consider - I have not mentioned it in my presentation – increasing the number of taxis, because they also have a number of problems of transportation in the region. We are very grateful to the Deputy Prime Minister who, when he was Minister for Public Infrastructure, very graciously accepted to allow NTC buses to ply between GRSE and Flacq, because we had some very major problems with private operators. Now, we have a regular service, but after hours we still have some problems. So, we would be very grateful for an increase in the number of taxis and, of course, of covered bus stops. I am sorry hon. Gunness is not here. In spite of his having been Minister of Public Infrastructure for some time - I suppose he was busy with other things - did not cause one single covered bus stop to be installed in GRSE.

Finally, I appeal to my good friend, the Minister of Environment & National Development Unit, to upgrade specific spots and convert unused prime sites in the village of GRSE, owned by the State, into tourist leisure places so as to enhance the tourism value of the village. It goes without saying, Mr Speaker, Sir, that we cannot afford to have isolated actions and we need a sort of concerted action between the different Ministries so that we can quite rapidly enhance the value of that village and give them their due in the tourism development, in the overall development that has been taking place.

Thank you, Mr Speaker, Sir.

The Vice-Prime Minister, Minister of Finance and Economic Empowerment (Dr. R. Sithanen): Mr Speaker, Sir, I hope I still remember because the hon. Member has made a very long speech.

Concerning the first one, we are aware of the problem. We will change the law. I agree with hon. Sayed-Hossen that many of these lawyers and attorneys are ahead of the law and find different loopholes. We will close some of them. I have also asked the FSC to warn them. We know who they are, especially, these attorneys. We also know about their scheme and we will try to recoup some of these lost incomes, but we are trying to put an end to it. We did introduce some legislation. As I said, they have found new loopholes and, unfortunately, they also have accomplices locally in order to do this type of transaction.

With respect to the second one, Mr Speaker, Sir, I don't agree with the hon. Member. I think if someone is buying a property of US\$ 500,000 he is rich and he should be able to pay taxes like other people.

With respect to the third point that was made, Mr Speaker, Sir, we will try to clarify the confusion between an investor that can purchase property that is required for the development of his business and what he is eligible once he becomes a permanent resident of the country.

The Minister of Environment and National Development Unit (Mr L. Bundhoo): Mr Speaker, Sir, with regard to the embellishment at GRSE, I can assure the hon. Member that the work is already ongoing and it will continue.

SALE BY LEVY – VICTIMS – HUNGER STRIKE

Mr S. Lauthan (Third Member for Port Louis Maritime & Port Louis East): Merci, M. le président, de me donner l'occasion de soulever un point concernant le vice-Premier et ministre des finances. Je ne vais pas être long.

Je vais parler du cas des victimes du *sale by levy* qui entament leur troisième grève de la faim. Je ne vais pas être conflictuel. C'est juste pour rappeler au vice-Premier ministre que lors de la présentation du budget, en se référant à la situation des victimes du *sale by levy*, il disait que c'est un *issue very close to his heart*. Je n'en doute pas. Il disait aussi: *'we feel it is the moral obligation of society to show compassion and greater solidarity to alleviate the sufferings of these deserving families'*.

Je me rappelle que j'avais fait deux propositions. Premièrement, j'avais demandé au gouvernement de donner à ces quelques dizaines de cas ne serait-ce que cinq malheureuses perches de terre et aussi de créer un fonds. Le ministre avait retenu la création de ce fonds – le *Sale by Levy Solidarity Fund*.

(Interruptions)

Permettez que je termine! Ils entament une grève de la faim. Lorsqu'on avait légiféré, on avait dit que ceux qui avaient fait une demande avant le 31 décembre 2006 allaient être considérés. J'ai eu une conversation - quelques amis et moi sommes allés les voir hier – et j'ai appris que parmi ceux qui avaient fait la demande avant le 31 décembre, il y a encore 15 cas qui sont restés irrésolus. On leur avait demandé de soumettre une liste ; il paraît qu'ils avaient soumis une liste de 43 personnes. Il y a encore 11 cas de l'époque qui sont en cour et depuis cinq maisons ont déjà été vendues, malgré le fait qu'on avait dit qu'on allait résoudre leurs cas. Six cas attendent un jugement incessamment, apparemment ils vont perdre leurs maisons. Le fonds était de R 100 millions et d'après mes renseignements, il n'y a que R 5 millions qui ont été déboursées de ces R 100 millions. Il y a eu 37 bénéficiaires de ces R 5 millions. De ces 37 bénéficiaires, un bon nombre d'entre eux n'étaient pas parmi ceux qui avaient vraiment lutté, sacrifié, entamé la grève. Et là, je voudrais rappeler au ministre des finances de ce qu'il disait à propos de cette catégorie de personnes qui avaient milité pour sauver leurs maisons. Le ministre disait: *'The very people who have fought for the introduction of the law will not benefit from it, because of legal and constitutional constraints. Future potential victims will be protected; unfortunately, not past ones'*. Je voudrais faire appel à la compassion du ministre, parce qu'il y a certains qui sont frustrés et d'autres qui n'avaient jamais milité qui ont été sauvés de cette situation, tandis que les autres attendent toujours. Surtout que

parmi les grévistes de la faim, il y a une femme avec un bébé de huit mois, et trois personnes ont été hospitalisées aujourd'hui. Je sais qu'il y a eu une démarche du ministère de la femme pour trouver une sorte de médiation. J'espère qu'on va la trouver. Je fais appel au ministre pour qu'on entame le dialogue afin que ces personnes puissent mettre fin à leur grève de la faim le plus vite possible, surtout, qu'aujourd'hui, le vice-Premier ministre et ministre du tourisme et le vice-Premier ministre et ministre des finances ont fait allusion à ce qu'ils ont fait pour les victimes du *sale by levy*. Tout ce que je demande, c'est de joindre l'acte à la parole.

Je vous remercie.

The Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Mr Speaker, Sir, this is a very sensitive issue. That's why, when the hon. Member was in Government, he could not do anything. Mr Speaker, Sir, I have a lot of...

(Interruptions)

The hon. Member has made his point. He should let me reply!

(Interruptions)

He is making it controversial!

(Interruptions)

Mr Speaker: Order!

Dr. Sithanen: Mr Speaker, Sir, they did not do anything, because it is a difficult issue. We come forward, as a responsible and caring Government, to try to do it. They did not do anything when they were there! This is a difficult issue, Mr Speaker, Sir, for the simple reason that those *qui ont milité* don't necessarily passed the test in terms of the criteria. We have done our best, Mr Speaker, Sir. I don't decide on this. There is a committee that is chaired by a chairperson and they have got some criteria. We have eased these criteria, and I proposed to the Council of Ministers – and this was agreed – that we consider even people who were not eligible initially, past the date of 31 December. This is being processed.

This is a difficult issue for many reasons, Mr Speaker, Sir. In some cases where we do the inquiry, we see that they already have a house. There is one case - I have been very sorry – where a lady lost her house which is worth about Rs1.5 m. She is insisting that we give Rs1.5 m., which we cannot give. This is the problem that we are facing. It is a difficult one. In fact, there are people who come to see me to say:” *ki faire zone rentre là-dans.*” I understand the compassion part of it. But, at the same time, this is not my money; this is the money of the public, and we have to make sure that there is no abuse. I know the gentleman very well, he is a friend of mine – Mr Salim Muthy. When he comes to see us, he gives us a list and says that we have to pay. We can't do this. There is a committee, which is chaired by many persons, including people from the Ministry of Social Security. We go and investigate the case. At times, many of these people have got a second house and, at times, there are problems. For instance, there are some people, Mr Speaker, Sir, who will not be able to have a house. But we have suggested to them, out of compassion, that we give them a rental allowance on a monthly

basis. *Zotte dire: 'non, nous lé la caze!'* It is controversial. They did not do anything, Mr Speaker, Sir! That's the problem with hon. Lauthan! He does not do anything when he is in power! We are doing many things! It is difficult and now he is trying to point fingers as if he is the architect of this! We will do our best. We understand compassion, Mr Speaker, Sir; I understand compassion also. But there are some rules and criteria and we would try to make it more flexible if it is possible. I have told the hon. Member that there are cases where there have been abuses. I don't want to say what these people come and tell us and what we need to do. There are some people who are outside the framework. They say: *'nek donne nous casse là!'* We can't do this, hon. Lauthan! We also understand! We are trying to fast track; we have put a lot of pressure on the civil servants. I do not do it personally. The only thing is that they came to see me, they told me that there are many people who are genuine, but could not satisfy this time bar of 31 December. We have put a communiqué - and I hope the hon. Member has seen this communiqué - and we have asked people to come. But there are criteria, Mr Speaker, Sir, and we need to satisfy these criteria.

At 6.05 p.m. the Assembly was, on its rising, adjourned to Tuesday 21 April 2009, at 11.30 a.m.