MAURITIUS FOURTH NATIONAL ASSEMBLY

FIRST SESSION

Debate No 8 of 2009

Sitting of Friday 22 May 2009

The Assembly met in the Assembly House, Port Louis,

at 4.30 p.m

The National Anthem was played

(Mr Speaker in the Chair)

CONTENTS

PAPER LAID

MOTION

BILL *(Public)* - **THE APPROPRIATION BILL (No. IX of 2009)**

ADJOURNMENT

MAURITIUS

Fourth National Assembly

First Session

Debate No. 8 of 2009

Sitting of Friday 22 May 2009

PAPER LAID

The Prime Minister: Sir, the Papers have been laid on the Table –

<u>Prime Minister's Office</u> -

Certificate of Urgency in respect of The Appropriation (2009) Bill (No. IX of 2009).

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

First Reading

On motion made and seconded the Appropriation (2009) Bill (No. IX of 2009) was read a first time.

Second Reading

THE APPROPRIATION (2009) BILL
(No. IX of 2009)

BUDGET SPEECH

Order for Second Reading read.

The Vice-Prime Minister, Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Mr Speaker, Sir, I move that the Appropriation (2009) Bill (No. IX of 2009) be read a *second* time.

RIDING OUT THE GLOBAL CRISIS
SAVING JOBS – PROTECTING PEOPLE –
PREPARING FOR RECOVERY

Mr Speaker, Sir,

2. This Budget appropriates funds for the six months ending December 2009. Thereafter, the fiscal year will be matched with the calendar year – breaking away from a long tradition inherited from the era of a sugar mono-crop economy. Thus, the budgeting process will be better adapted to our more diversified, open and internationally integrated economy.

An Action Plan to Ride Out the Global Economic Crisis

3. Whilst marking a historic transition, this Budget also has to deal with the worst and most precarious global economic outlook since the 1930's – a Great Recession caused by an astonishingly severe financial turmoil. What started as a sub-prime crisis in the United States mortgage market has turned into a financial system disaster that has driven the real economy of the world into a deep recession. Now a severe jobs recession is unfolding. Global unemployment is rising at an alarming pace leading to a sharp increase in poverty that may in turn culminate in a severe human crisis.

4. Internationally and regionally, all forecasts of economic performance are gloomy for 2009 and not too bright for 2010. The predictions, one after the other, keep on getting more pessimistic. The latest IMF forecasts put global GDP growth at negative 1.3 percent, with contractions of 2.8 percent in the US, 4.2 percent in the Euro area, 6.2 percent in Japan, 4.1

percent in the UK, 3 percent in France and 5.6 percent in Germany. GDP growth is now expected to go down to 6.5 percent in China and to 4.5 percent in India from earlier estimates of 9.3 percent and 6.9 percent, respectively. More than 40 million people worldwide have already lost their jobs. It is now feared that the recession will put some 100 million out of their jobs and trap over 100 million more people in poverty. Among those who are still in employment, millions are having to accept cuts in wages, shorter work week and even involuntary unpaid leave. And this is happening across the world, in reputedly strong developed economies as well as in developing nations.

5. This severe global crisis has also rippled to our region. SADC and South Africa's economies are forecast to contract by 0.3 percent, while GDP growth in COMESA will drop to 2 percent. Sub-Saharan Africa is expected to grow by 1.5 percent - this is less than one third of what was anticipated for this year.

6. The impact of the crisis risks being more severe on export-driven economies like Mauritius, for the volume of world trade is expected to decline by 11 percent - its sharpest fall in 80 years. There is also the danger of a dreadful return to overt protectionism by some major importing countries.

7. World Tourism Travel is forecast to decline by 2 percent, but with an ominous shift from long-haul to short-haul trips that is detrimental to our tourism industry. And now the swine flu is another global event that is putting further stress on world travel.

8. Private international capital flows to emerging and developing countries are expected to decline by 80 percent compared to 2007 figures. This will impact on FDI to our country.

9. All these set a glum, unfavourable and even hostile backdrop to economic growth in Mauritius. This unprecedented economic storm is already pounding our shore. It is affecting the real, fiscal, financial and external sectors of our economy. The IMF has estimated that our economy would grow by 2 percent this year. Last March, the Central Statistical Office (CSO) revised its growth forecast from 4 percent to 2.5 percent.

10. Some of the indicators for the first quarter of this year seem to confirm that the economy would indeed expand by between 2 and 2.2 percent.

11. For the first quarter this year, our exports of goods and services have declined by 6.9 percent compared to the value a year earlier. Tourist arrivals have dropped by 10 percent and receipts by 14 percent. The Bank of Mauritius is forecasting a deficit in the Balance of Payments this year, with a deeper trade deficit than last year and a larger current account deficit of 12.6 percent of GDP compared with 10.4 percent last year. As a result, net international reserves at end December 2009 would amount to Rs 85 billion and the import cover could decline to 33 weeks from 35.5 weeks in December 2008. Our worst fear is that a deepening of the crisis could potentially drive our economy into a precarious external balance situation. Public finance is already showing stress marks from the global recession. We are having to face the inexorable paradox that comes with all economic downturns, that of declining government revenue when we need to spend more on social transfers and make up for declining private sector investment to maintain growth. Compared to what we expect in a normal year, on a no policy change basis tax

revenue would decline in 2009 by 11 percent and total revenue by 10.9 percent. The progress we have made on reducing unemployment can also face a serious setback. The export sector has already lost some 5,000 jobs in the first quarter of this year.

12. On the other hand, our economy has continued to show resilience in the job market despite the losses in some sectors. Provisional figures from the Central Statistical Office indicate that the rate of unemployment during the first quarter of 2009 went down to around 8 percent compared to 8.2 percent during the same period in 2008, as there has been a net job creation of some 9,000 with total employment rising from 508,000 to 517,000. This is indeed a good sign compared to massive job losses in other countries. FDI is holding up despite some reduction from the record highs of last year. For the first quarter of the year, FDI reached Rs 1.3 billion and may go up to Rs 5 billion this year. There is also positive news on inflation which is expected to decline to less than 4 percent this year. However, these are but faint specks of hope when measured against the depth, the duration and extent of the global recession.

13. The decline of our GDP growth to around 2 percent from the 5 percent trend is no more an apprehension – it is a harsh reality that is unfolding. To prevent a relapse into the economic and social mayhem of external balance in the red, high and rising budget deficits and debts and rising unemployment is the tremendous challenge facing our country.

14. That is why, Mr Speaker, Sir, this Budget is an action plan for the next eighteen months, focusing on riding out the global crisis to save jobs, protect people and prepare for the recovery.

15. We must refocus our priorities and our energy on the short term imperatives, on the urgent needs of our people and on the outcomes that the population wants. The overall evidence indicates very compellingly that the outstanding performance of our economy in 2008 would not be replicated in 2009 and 2010.

Resilient economy in 2008

16. The year 2008 was indeed a concrete yardstick of the resilience of our economy, considering that it was buffeted by six external shocks that hit at the very core activities of our economy:

- First, the surging oil prices;
- Second, the soaring food prices;
- Third, a severe global food crunch;
- Fourth, the cut of 36 percent in the price of sugar;
- Fifth, the sub-prime crisis;
- And sixth, the slumping world economy.

17. It was the most conspicuous confluence of negative shocks our country has seen in our times. But, as our Prime Minister has said – despite the sea being rough and the sky overcast, the ship has weathered the storm for over 20 months. Indeed, when reputedly strong economies were drifting in recessions - a few lurching to the brink of collapse, ours expanded by 5.3 percent

with all sectors growing. We had a second consecutive year of record FDI - Rs 11.4 billion. Private investment continued its upward trend - going up to around 20 percent of GDP. Net employment creation maintained its rising trend, and reached a never-seen-before 19,400 in a single year. The consumption to GDP ratio rose to 90 percent. Inflation, which early in the year, was a hard nut to crack and was expected to reach 10 percent has actually been contained to below double digit. It has peaked at 9.7 percent and is now on a declining trend. The Balance of Payments registered a surplus of Rs 4.6 billion in spite of the current account deficit rising to 10.4 percent of GDP.

18. The performance of our economy in 2008, exemplifies the height of achievements we can reach when policy responses are right and well thought-out and when policy applications are well managed. Only last week, the Economist Intelligence Unit has ranked Mauritius among the seven countries with the lowest risk of facing a social crisis due to the impact of the global recession. Our recent track record and early policy responses underlie this notable place among the best performing economies in the world.

Mauritius has been ahead of the curve

19. The economic performance and resilience have been outstanding in 2008 because our reforms have succeeded, because we have been able to create the necessary fiscal space to cushion adverse shocks and also because we have been ahead of the curve in terms of response to the global crisis.

20. This has earned us the praise of our Development Partners and placed us amongst the few countries, amidst the global crisis, that have been able to create the scope for and deliver expansionary policies.

21. As early as May 2008, recognizing the anxieties that were gripping the world, we used the greater fiscal space our reforms have generated to set up 6 funds totaling some Rs 6 billion. We have set up contingencies of Rs 1.8 billion in the Budget and even applied pro-cyclical policies when the economy was on the upswing. The prevailing orthodoxy was to apply counter-cyclical policies. That is what the rest of the world was doing. We went against that wave. The global events since then have proven us right. In October 2008, the G20 and the World Bank called for temporary, targeted, flexible and concerted Keynesian policy actions to stimulate growth, confirming that we had anticipated well the global crisis and that we had to consolidate our approach. In that same month, we added to our arsenal of economic stimuli. We lowered some administered prices so as to improve the purchasing power of consumers. And we coordinated with the Bank of Mauritius to lower interest rates and to increase liquidity in the banking system. Between October 2008 and now, the key repo rate has been reduced by 250 basis points.

An Additional Stimulus Package

22. We also kicked off the Additional Stimulus Package (ASP) which was presented in December 2008.

23. The ASP was, for all practical purposes, a mini-budget, that acted on 7 main areas ranging from tax policies, to training and redeployment of retrenched workers, transitional support to enterprises where jobs can be saved on a sustainable basis, price reduction, public infrastructure and monetary easing.

24. And so Mr Speaker, Sir, the ASP was not and is not about doling out money. It is primarily about investing either in equity or providing loans both of which should provide a return to the taxpayer. It is about government investing responsibly and carefully to save jobs and to buttress economic activities. It is about protecting the income sources for thousands of families who would otherwise have to face the indignity of being unemployed and suffer the human desolation that high unemployment always entails. The ASP is about saving the economy and protecting the population from the clutches of one of the worst global economic recessions – an economic scourge that is already causing social despair and unrest in many other countries.

The ASP getting traction

25. The ASP has been getting traction. So far it has saved jobs in eight ways:

First, directly it has saved 2,700 jobs through the Mechanism for Transitional Support, by saving enterprises that are at the breakdown point.

Second, indirectly it has saved some 3,000 jobs through the multiplier effect, because for every job saved directly, there are more workers who are not laid off.

Third, hundreds of companies that are not benefitting from any kind of support from Government have nonetheless responded to our call for greater social obligation. They have refrained from laying off workers –until they have exhausted all other ways of restructuring their business.

Fourth, the Empowerment Programme has done its share by placing many workers in jobs.

Fifth, there have been jobs saved through public infrastructure projects.

Sixth, hundreds of people have been kept in their employment due to the private investments that have been fast tracked by the various sub-committees set up to oversee the implementation of the ASP.

Seventh, our responses and policies have prevented the kind of loss of confidence amongst consumers and businesses that have accelerated the downturn in so many other economies.

Eighth, our tax cuts and reductions have also contributed to saving jobs.

26. All these add up to protecting the income, the standard of living, the quality of life and indeed the livelihood of tens of thousands of men, women and children that make up these

families. Moreover, the economy- wide indicators also bear up the positive impact of our efforts to save jobs.

27. That is why, in this Budget we will build on the Additional Stimulus Package as part of our action plan to ride out the global crisis.

28. The world is still fraught with high uncertainties, lack of visibility, extreme volatility and heightened unpredictability. No one knows where the turning point is. However, there seems to be consensus worldwide that the recession could be deeper than was thought and that the recovery could be woefully weak and farther down the road than had been anticipated. These are the blunt realities. We have a testing 18 months ahead of us.

29. Like most countries, Mauritius will have a tricky river to cross. We must cross it carefully, feeling every rock under our feet and keeping our head above water.

30. We must not let this global recession, however deep and long, lessen our resolve to achieve greater heights of development. We must not let it shrink our economic horizons nor set back the impressive social progress of the past four years. Instead, we must continue on the path of reforms, openness, global competitiveness and full employment. But we must do so, knowing that in the short term our priority is to withstand the global economic crisis, to prevent it from stoking unemployment, from trapping people in poverty and from pushing our economy off the rails.

31. One prominent strand in the thinking and expectations of stakeholders during all our consultations has been the need to save jobs and to be shielded from the harmful effects of the global recession.

32. The workers want Government to help save their jobs, so they can continue to provide for their families. They also want more training and rapid redeployment so that they can feel greater security of employment in these precarious times.

33. The vulnerable enterprises and those already afflicted by the crisis, most of them SMEs, need wide-ranging support to stay afloat until things improve. Many of them are looking for a lifeline.

34. Our industries need more infrastructure, further improvements in the doing business environment and measures to enhance competitiveness. These are also crucial to a quick bounce back when the global economy reaches the turning point.

35. Then, there are the poor, the underprivileged, the families with modest income and our elders. They are usually the most exposed to any economic slowdown. They are often the hardest hit. We must give them all the protection that we can. The nation must show greater social consciousness, solidarity and compassion. All those who can must lend a helping hand.

36. Government has already responded to these anxieties and expectations in the Additional Stimulus Package. But the measure of the challenge keeps getting worse. We have pledged to do more in this year's two budgets, as the need arises. Today, we see there is a need for further robust and bold actions and so we are fulfilling that pledge.

An Action Plan to Ride Out the Global Crisis

37. Mr Speaker, Sir, this Budget is essentially an eighteen month Action Plan to get by the global crisis – the worst threat that our economy and society have known in many decades.

38. It is an action plan that builds on the Additional Stimulus Package, extends its scope and intensifies its implementation.

39. It is an action plan that is targeted, flexible, temporary and in line with the call by the international community for a concerted response.

40. It is an action plan that is sustainable - that has been forged responsibly so as not to jeopardize the economic stability of our country or the future of our children.

41. It is, most of all, an action plan that delivers on the three priorities that Mauritians expect Government to focus on - saving jobs, protecting people and preparing for the recovery.

The fivefold path to Ride Out the global recession

42. Government will take a fivefold path to achieve these three objectives.

43. Path one is about saving jobs. We will do so by shoring up the performance of our industries and investing in viable enterprises that are teetering on the edge of failure due to the crisis.

44. The other four paths are about protecting people and preparing for recovery. We will do so with a comprehensive set of policies to protect the most vulnerable and those who are hardest hit. We will achieve this by building public infrastructure and improving competitiveness through modernization of machinery and equipment and upgrading of skills.

45. More specifically, Path two is about bolstering project realisation capacity in the public sector.

46. On Path three we will launch the largest public sector investment programme in the history of Mauritius.

47. On Path four our actions give greater protection to the population and strengthen the Eradication of Poverty Programme.

48. And Path five is about maintaining the expansionary fiscal and monetary policy approach that we started last year.

49. Before outlining our actions along these 5 Paths, I will first give an account of the resources we plan to deploy. To carry through our action plan to save and create jobs and protect people for the next 18 months in Mauritius and in Rodrigues we are increasing significantly the resources mobilized under the Additional Stimulus Package.

50. Since our emphasis has to be on saving jobs and preparing for recovery, we need to have sufficient ammunition over the next 18 months to battle on these twin fronts at the same time.

51. Our first measure, therefore, is to restructure the Manufacturing Adjustment and SME Development Fund (MASMED) into the Saving Jobs and Recovery Fund (SJR FUND) which will have a much broader scope, encompassing all sectors of the economy and enterprises of all sizes. It will support businesses in the services sector, tourism, domestic oriented and export oriented enterprises, including textiles and clothing, diamond, watch-making and other jewelry and seafood and SME's. To recall, Mr Speaker, Sir, the MASMED Fund started with Rs 500 million, of which Rs 400 million for projects and programmes run by Enterprise Mauritius, SEHDA and the National Women Entrepreneur Council. Rs 100 million were to be used as direct support to help firms on three main fronts: to reengineer to become more competitive and to ensure their long term survival; to improve access to financing, in particular working capital and to restructure their debt. In the Additional Stimulus Package, we broadened the mandate of the MASMED FUND to include support for the export of services and raised its contribution to Rs 1 billion. The restructuring of MASMED into the Saving Jobs and Recovery Fund will create a broader and stronger haven of support for employees whose jobs are threatened because the enterprises they work for are in distress.

52. Our second action is to put adequate resources in the SJR Fund. I am pleased to announce that we are injecting an additional Rs 2 billion in the Fund. This is on top of the Rs 1 billion that was available in the MASMED Fund bringing the grand total of resources to save jobs and prepare for recovery to Rs 3 billion. These facilities will be made available on a temporary and targeted basis for the period ending 31 December 2010.

53. Third, we are making Rs 500 million available for the State Investment Corporation (SIC) to purchase assets from distressed companies to ease their liquidity.

54. Thus, Rs 3.5 billion is available to save jobs and prepare for recovery. For saving jobs, Rs 500 million is available to support SMEs and another Rs 500 million for textiles, clothing and manufacturing. In addition, to prepare for recovery the Rs 500 million will be provided for supporting equipment modernization for SMEs, Rs 500 million for modernization of larger enterprises in all sectors and Rs 500 million to enable firms to raise liquidity by selling assets. The remaining Rs 1 billion will be used to set up an Export Credit Insurance Scheme, a line of credit to encourage leasing; risk sharing to encourage lending by commercial banks to SMEs and equity finance to reduce gearing as part of restructuring under the Mauritius Approach.

55. In addition to these Rs 3.5 billion, we will also draw Rs 740 million from the Social Housing Fund, Rs 600 million from the Human Resources, Knowledge and Arts Development Fund, Rs 450 million from the Local Infrastructure Fund, Rs 350 million from the Food Security Fund; Rs 175 million from the MID Fund and Rs 100 million from the Human Resource Development Council (HRDC), for a total of Rs 5,915 billion.

56. And, we aim to appropriate Rs 8.85 billion for the 18 months covered by the 2009 and 2010 budgets.

57. We are also foregoing some Rs 550 million in taxes and charges in a bid to save jobs in construction and tourism. With these resources, we are increasing the amount available to stimulate the economy to Rs 14.2 billion for the next eighteen months, considerably more than the Additional Stimulus Package of Rs10.4 billion for 24 months.

58. Of the total resources mobilised, Rs 4 billion will be used for Saving Jobs and Rs 2.4 billion for Protecting People and Rs 2.7 billion for Preparing Recovery. In addition, the economy will also benefit from investment by public bodies such as Airports of Mauritius, the Mauritius Port Authority, CEB, CWA and Waste Water Management Authority (WWMA) to the tune of Rs 7.2 billion.

Path One: Saving Jobs

59. I will now announce the actions on path one to save jobs.

60. Our first action, therefore, is to keep the time for processing payments and guarantees to less than three working days from the time of agreement on a Financial Restructuring Plan and signature of Term Sheet. We will also encourage Banks and Shareholders to come to faster agreement by asking the Mauritius Bankers Association to establish clear guidelines with deadlines.

Bringing All SMEs And Micro Enterprises Under The Safety Net

61. Second, the Ministry of Business will conduct an intensive communication campaign in Mauritius and in Rodrigues to ensure that micro enterprises as well as SMEs are aware of all the support available and of the various qualification criteria.

62. Third, consultants will be recruited to assist SMEs to prepare and submit financial restructuring plans to enable them to benefit from the Mechanism for Transitional Support.

63. Fourth, micro enterprises will be encouraged and supported to become corporate bodies so they can benefit from the various schemes formulated to assist SMEs. One of these benefits is the exemption of registration duties on the transfers of immovable properties as equity in a company. To facilitate this process, fees payable for company registration will be waived for the period until December 2010.

64. Fifth, to address the severe dearth of skills in the printing sector, the National Empowerment Foundation will give a greater emphasis to training in this area.

65. Sixth, the Ministry of Business will work with the Ministry of Education to organize training under the second chance programme geared to equipping young people with the skills to take up employment in printing. Similar schemes will be set up on a demand driven basis to cater for the needs of other sectors.

The Mauritius Business Growth Scheme (MBGS)

66. Seventh, an innovative scheme will be set up - the Mauritius Business Growth Scheme (MBGS) - to promote business growth in SMEs. It is conventional wisdom that support is most effective when firms have full freedom to choose services and suppliers. This is a model that has succeeded in other countries and we are replicating it in Mauritius. Under this new scheme, eligible firms will receive financing to support their business growth on a cost-sharing basis. To qualify, the firm must submit an acceptable "Business Growth Plan," defining how it intends to achieve significant sales growth within a well-defined time frame. This scheme will be operated by the Ministry of Business.

67. Eighth, the Ministry of Business will set up a scheme to provide mentoring and advice on how to plan and organize for business growth to enable SMEs to benefit from the MBGS.

Soothing the financial difficulties of enterprises

68. Ninth, an Emergency Export Credit Insurance scheme will be set up for SMEs as well as large enterprises in all sectors until December 2010. This will make it easier for these companies to obtain export credit from banks. The SJR Fund will finance the insurance on a burden-sharing basis with banks and the operators for one year.

69. Tenth, for the period until December 2010, a line of credit for equipment modernization by SMEs will be made available to leasing companies through the SJR Fund. The financial leases will be at concessionary rate and up to 30 percent of the amount will be guaranteed.

70. Eleventh, banks are adding an extra Rs 300 million to support SMEs in addition to the Rs 500 million they agreed to advance to companies in difficulty in the Additional Stimulus Package. Government is guaranteeing 50 percent of such loans on a burden sharing basis involving the operator and its bankers. The loans will be made at the key repo rate.

Leveling the playing field

71. Twelfth, a joint SME/Customs committee is being set up to crack down on undervaluation of imports competing unfairly with local manufacturers, in particular SMEs.

72. Thirteenth, to give greater and fair protection to local enterprises and create a level playing field, a committee has been set up under the Ministry of Foreign Affairs to thrash out issues on legislating on anti-dumping, countervailing measures and safeguards to make speedy recommendations for actions.

73. Fourteenth, in the same vein, the Ministry of Industry will act on the recommendation of the Industrial Development Task Force on norms and standards to ensure that control on imports is as rigorous as it is on domestic products. Appropriate measures will be taken to rationalise capacity and to make sure that such enforcement be operated on a proactive pre-testing mode for imported products.

74. Fifteenth, the Ministry of Industry will also develop the label Genuine Mauritian Handicrafts so that purchasers can know exactly what they are buying and are not fooled by fraudulent imports.

75. Sixteenth, the Legal Metrology Act, the MSB Act, the Animal Feed Control Act and the Food Regulation 2004 will be amended to create a level playing field.

Helping women in business

76. Seventeenth, to ensure sustainability of small businesses initiated mostly by women, the National Empowerment Foundation is introducing a mentoring service to be delivered by capable NGOs and private consultants on a cost-sharing, performance-based arrangement. These mentors will assist the small enterprises in setting-up and developing their marketing capabilities as well as their competencies in managing their businesses.

77. Eighteenth, the SJR Fund will provide for a new micro-enterprise financing scheme for women to be operated by the NEF in collaboration with the Ministry of Women and the MPCB. The scheme will be supported by Development Partners to finance micro-enterprises up to Rs 40,000 per beneficiary and Rs 400,000 for women regrouped into a Société.

Work cum Training scheme

78. Ninteenth, the National Employment Foundation will run a "Work cum Training" scheme to enable companies in manufacturing and tourism facing a reduction in their turnover to send their employees on training instead of laying them off. Mr. Speaker, Sir, we expect workers employed in enterprises of different size to benefit from this scheme. We are providing Rs 300 million and expect to save some 6,000 employees from retrenchment while at the same time improving their skills and maintaining their standard of living. They will be provided training to upgrade their skills and increase their productivity for up to 2 days a week. The scheme will run for a maximum period of 18 months until Dec 2010.

79. Twentieth, to help workers improve their productivity and earning capacity while at the same time improving efficiency in the SME sector, a life skill training for supervisors and coachers of trainees will be developed by the NEF in consultation with employers.

Agro-industry: investing in our long term vision to create jobs

80. Mr Speaker, Sir, we are also investing heavily and extensively to achieve our long term objectives in the agro industry while at the same time saving and creating jobs. The Food Security Fund will contribute Rs 350 million to fund various projects that will benefit small farmers, breeders and fishermen.

81. First, Government is introducing a Food Crop Insurance Scheme for small food crop planters. The scheme will cover some 27 food crops including potato, onion, and tomato. The insurance will be to protect their income against damages caused by excessive rainfall, flood, cyclone and drought. Some 2,000 small food crop planters will be able to benefit from this

scheme, representing some 32,000 tonnes of food crops. We are providing Rs 15 million to this scheme

82. Second, to encourage the production of potatoes by small planters, we are introducing a Seed Potato Purchase Scheme for small potato growers. The scheme will be in the form of a revolving fund, Under that scheme, 80 percent of the cost of seed purchased by eligible individuals and groups of small planters will be provided as an advance to be refunded at harvest. Among the conditions set, planters will be required to insure their plantation and sell a minimum of 2 tonnes of table potato per tonne of seed purchased to the Agricultural Marketing Board. Rs 25 million are being provided to finance this scheme.

83. Third, Government is also introducing an Onion Seed Purchase Scheme bearing the same conditions as the scheme for potato at the cost of Rs 5 million.

84. Fourth, Rs 45 million will be provided to finance the setting up of three dairy farms at Petit Merlo, Nouvelle Découverte and Mon Trésor. These will be on a total area of 60 arpents for 3 cooperatives regrouping small breeders. The financing will cover infrastructure and a grant of Rs 30,000 per head of improved genetic breeds up to a maximum of 50 heads per farm. We expect a production of 700,000 litres of fresh milk as from 2010.

85. Fifth, multiplier farms of improved genetic goat breeds are being set up on an area of 75 *arpents* to be managed by groups of small breeders. They will be given appropriate training for proper herd management on the condition to sell a percentage of the births to small goat breeders. Rs 25 million will be provided for investments in this project.

86. Sixth, a Pasture Development Scheme will be launched to improve yield and quality of pasture lands to increase herd productivity and reduce dependency on feed concentrates. All breeders will be eligible to the Scheme. A grant of Rs 17,000 per *arpent* up to a maximum of Rs 425,000 per farm will be given for the creation of new pastures according to criteria set by AREU. Rs 3 million will be set aside for this scheme.

87. Seventh, 160 *arpents* of additional land from the MSPA will be developed to be rented out to groups of small planters for production of onions and other food crops. Irrigation and land preparation will be provided to support these small planters.

88. Eighth, curing facilities for drying freshly harvested onions will be set up in order to improve quality and increase their shelf life. Rs 40 million will be provided for the land development and for curing facilities.

89. Ninth, Rs 28 million will be provided to finance appropriate fibre-glass boats for off-lagoon fishing for some 35 fishers.

90. Tenth, Rs 45 million is earmarked for a scheme to be developed by the Mauritius Post and Cooperative Bank to finance various medium sized projects such as fish processing, purchase of fishing boats, aquaculture and modernization of dairy farms.

91. Eleventh, since the outbreak of the African swine fever in October 2007, Government has spent Rs 280 million to restructure the pig sector, including infrastructure works, setting up reproduction farms, imports of breeding animals, training and income support. We want to do more to enhance the competitiveness of that sector. We will establish a comprehensive training programme through the National Empowerment Foundation. The aim is to train downstream operators such as butchers and pork meat processors in deboning, carcass processing and other aspects of modern charcuterie.

92. Twelfth, the Fishermen Investment Trust will now finance activities which were previously too ambitious for artisanal fishermen. These activities include fish farming in cage culture in collaboration with the Ferme Marine de Mahebourg, integrated fish culture projects in barachois at Bassin Humbert in Poudre d'Or and purchase of 5 fishing boats suitable for use around 20 fish aggregating devices outside the lagoon in Mauritius and 10 in Rodrigues.

93. Thirteenth, the Maritime Training Academy will be extended to Rodriguan fishers and will train 50 skippers and 50 mechanics over the next year.

94. Fourteenth, we are also assisting small planters with derocking and irrigation. From July 2005 to 30 June 2009, Rs 700 million would have been disbursed for some 2,700 planters covering 2,400 hectares. We will step up this programme and by December 2010, 4,000 hectares would have been derocked to benefit some 4,500 planters. We are providing Rs 72 million for the 6 months of FY 2009.

95. Fifteenth, the MPCB has developed a scheme to finance equipment purchase by SMEs to undertake derocking and farm machinery logistics for harvest and transport of cane. This programme is facilitated by the regrouping of small planters.

96. Sixteenth, small planters and workers are to join the shareholding of all new ventures under the sugar sector reform plan with up to a 35 percent share. However, it is important to have the right vehicle to implement this scheme so that small planters and workers benefit both from a voice in the enterprise and the profits generated. Pending the best instrument and the resolution of the energy issue, Government is investing on their behalf. So far, we have acquired a 35 percent stake in Compagnie Sucrière du Sud and the FUEL refinery with a total investment of Rs 278 million. Another Rs 63 million is earmarked to take up shareholding on behalf of planters and workers for planned projects in the cane sector, including power plants.

97. Seventeenth, the dividends that accrue on the above investments will be kept for the small planters and workers once the appropriate vehicle for their shareholding has been agreed.

Tourism

98. Mr Speaker, Sir, for the tourism industry where there are tens of thousands of jobs at stake directly and indirectly, Government is setting up a Hotel Reconstruction Scheme for hotels that want to reconstruct until December 2010. The scheme is aimed at hotels whose rentals have been recently increased or are being increased under the new industrial lease policy. Government will refund the lower of either 50 percent of the wage bill or the difference between

the new rental and the old rental for such constructions on the condition that no workers are laid off during the reconstruction period.

99. Second, we are also allowing for an alternative financing approach to accelerate the construction of new hotels and create jobs. Hotel development on State land has traditionally been carried out by hoteliers with the financial capacity to undertake massive investments alone. But, this financing model has become a constraint, due mainly to the global credit crunch. As a result, hotel sites are lying undeveloped. The alternative financing approach will address this constraint by allowing individual foreign and Mauritian investors to acquire hotel rooms and villas which they must obligatorily lease back to the hotel operator. Besides being an alternative means of finance, this model also has the advantage of broadening the circle of opportunities in the tourism industry. For villas the same tax treatment will apply as for IRS whilst hotel rooms will be subject to the standard acquisition and transfer taxes.

100. Third, we are giving support to small hotels on less than one hectare of land and with less than 50 bedrooms that are facing financial difficulties because of a sharp fall in occupancy rate. For these hotels, for the period through December 2010 we are suspending payments of the increase in rental.

101. Fourth, the arrears in rental for small hotels, which are due to delays in coming up with a new policy on industrial leases, will be rescheduled to be effected as from January 2011 in 5 equal yearly instalments.

102. Fifth, for other hotels, the rescheduling period for the arrears in rental will be 3 years and there will be no moratorium.

103. Sixth, we are developing a new policy on the rental amount for islets and other state land with severe planning restrictions that limit construction and development. The rental amount will be set to reflect the impact of these restrictions on revenue stream.

104. Seventh, the SJR Fund will operate a scheme to assist small hotels and restaurants to improve, refurbish and renovate so as to enhance productivity and competitiveness and upgrade the level of service.

105. Eighth, the SJR Fund is also financing projects to encourage small and medium hotels and restaurants to reduce cost through energy management. Some Rs 5 million have been approved for such projects.

106. Ninth, in the tourism sector, like in all other export-oriented industries, the competition is getting even stiffer as global demand shrinks. There will be no low hanging fruits for any country or any enterprise. We have to deepen and widen our marketing and promotional campaigns. In this Budget, we are providing Rs 200 million to the MTPA to step up its promotional campaign. This is in addition to the Rs 110 million that were granted in the ASP, representing an increase of around 27 percent in the Budget of the MTPA for the next six months.

107. Tenth, to achieve a balance between sustainable use of wild life in tourism and conservation not only of the target species but also of the ecological system, the Tourism Authority Act will be amended to regulate Whale and Dolphin watching.

108. Eleventh, the Ministry of Tourism and the MBC will set up a Tourism Channel to provide information on activities, events and facilities to encourage tourists to move throughout the island and share the fruits of tourism with a wider cross section of the population. The Tourism Fund will collaborate with the MBC to finance the project to the tune of Rs 6 million.

109. Twelfth, Government is amending legislation to prevent non-citizens to acquire residential properties outside the IRS and RES schemes without the required authorization.

IRS

110. Thirteenth, Mr Speaker, Sir, the global credit crunch is pulling down the sales of IRS villas. To counter this setback, non-citizens will be allowed to contract a loan in Mauritian rupees to finance the purchase of a residential property under the IRS/RES scheme. This will apply for amounts above the first US$ 500,000 provided the repayment is effected in foreign currency.

111. Fourteenth, to provide cash flow relief to IRS/RES promoters, the developer will pay 25 percent of the land transfer tax at the time of signature provided that a bank-guarantee for the remaining balance is furnished to the Registrar-General. The remaining balance will be payable in 3 equal instalments over a period of 18 months.

112. Fifteenth, we are giving more breathing space to this sector by allowing an IRS developer to sell 25 percent of its residential plots as serviced land provided that:

- All infrastructural works related to the IRS project including golf course and other common amenities have been completed;
- The selling price of a plot is at least equivalent to US$ 500,000 and upon payment of registration duty of US$ 70,000.
- The developer imposes a condition on the purchaser to construct the residential building within 5 years and according to strict architectural guidelines in conformity with the project design.
- The purchaser will not be allowed to sell the serviced land and will be granted a residence permit only after construction is completed.

Construction

113. Mr Speaker, Sir, most of our actions to boost the tourism industry and to realize a significant increase in infrastructure projects also have a strong bearing on the performance of the construction industry.

114. First, to give a further boost to that industry, we are suspending the 5 percent additional tax on transfer of land until end December 2010.

115. Second, over the same period, we are also lowering the 10 percent rate for land transfer to 5 percent. There will thus be a single rate of land transfer tax of 5 percent until end December 2010 instead of a two rates of 10 percent and 15 percent.

116. Third, the Ministry of Business will work with the Ministry for Public Infrastructure to provide support for small contractors to qualify as District Contractors.

117. Fourth, we also want to increase the supply of contracts to small contractors. To this end, Government will carry out a programme to restore historical buildings and institute measures to favour small contractors. Buildings to be restored include the Old Central Prison to be turned into an Arts gallery, the Old Windmill at Petit Raffray, Martello Tower at Pointe aux Sables and fortifications at Ile de la Passe. These projects will be financed by the Human Resources, Knowledge and Arts Development Fund under the programme to restore our national heritage.

Information Communication Technology (ICT)

118. ICT is one of the most resilient industries to the global crisis. In fact, enterprises in that industry have been expanding by 10 to 12 percent in the midst of the global recession. The sector has potential for more growth provided the human resources are available. We need to help that industry maintain this momentum and create jobs so we can offset some of the negative impact on other sectors. Government will, therefore, finance and facilitate the training and placement of 2,000 School Certificate and Higher School Certificate holders. These trainees will be placed in jobs after an intensive training lasting 40 days. The NEF will finance the cost of the trainers to the tune of Rs 21 million, while the IVTB will provide the infrastructure facilities and the placements will be done by the NEF in collaboration with Outsourcing and Telecommunications Association of Mauritius. Mr Speaker, Sir this should take care of 2,000 of our youth in their search for a job and a career while at the same time giving a boost to the fifth pillar of our economy.

119. To further boost up the ICT sector at a time when Mauritius is having a competitive edge, especially in business outsourcing, the BOI will step up its promotion and marketing campaign. In September this year, BOI, the Ministry of ICT and Enterprise Mauritius are jointly organising an ICT symposium to showcase Mauritius to possible clients, mainly from the UK, France and North America. This will consist of two events, one geared to disaster recovery services and the other to business process outsourcing.

120. Costs have continued to come down with a reduction in IPLC prices of 35 percent this year which has allowed Internet Service Providers to offer consumers twice the speed for the same price. And we are looking to further significant cost reductions of around 50 percent by 2011 when a second underwater fibre optic cable will be operational. This cable is being built as an open system by regional private investors. Government will support this initiative through the State Investment Corporation (SIC).

Financial services

121. Mr Speaker, Sir, the great resilience of our financial system to the global financial turmoil should not lead to complacency. Having seen that there is no limit to the kind of shock that can buffet a financial system, we must build in greater protection for our depositors, for other stakeholders and for the industry itself.

122. As we must expect a total reengineering of the international financial system in the aftermath of the most severe financial mayhem. We have to ensure that our system adapts smoothly to the new exigencies and that its stability is safeguarded and enhanced. To this end, a Financial Stability Committee comprising the Bank of Mauritius, the Financial Services Commission and the Ministry of Finance and Economic Empowerment will be set up to review regularly and to ensure the soundness and stability of the Financial System.

123. Our second action is to strengthen the Monetary Policy Committee by expanding its membership to bring in additional expertise.

124. Third, Government is exploring the possibility for developing sovereign debts that are Shari'ah compliant, namely the 'sukuk'.

125. Mr Speaker, Sir, with right policy responses and economic diplomacy, we have averted this year what could have been a severe blow to our global business center – the blacklisting of Mauritius as a tax haven by the OECD. Instead, we have graduated to the white list of clean, transparent, cooperative and compliant jurisdictions. To uphold that reputation, the Financial Services Commission (FSC) will enhance its processes for securing proper and adequate information on those who do business in our jurisdiction. It will require wider information relating to Category 2 Global Business Companies which will include data relating to beneficiary owners, an Outline Business Plan and filing of financial summaries.

126. Fifth, the FSC will create better capacity to exchange information with foreign authorities when required.

127. Sixth, the FSC and MRA will sign an MOU to allow faster response to queries from foreign authorities regarding Global Business Companies. Moreover, the Income Tax Act will be amended to allow for an exchange of information on persons who are not tax residents.

128. To keep money launderers off our jurisdiction, we will amend legislations according to the recommendations made by the Financial Sector Assessment Programme (FSAP) team.

129. Government is also engaging with the IMF on minimum achievements and firm commitments required for Mauritius to graduate to Special Data Dissemination Standards (SDDS).

130. Our ninth action is meant to give greater protection to all consumers of financial services. An office of the Ombudsperson will be set up to merge the functions of the ombudsperson for banking, for non-banking financial services and the Commissioner for the Protection of Borrowers.

131. Tenth, in October this year BOI will work with international banks based in Mauritius to organize an international symposium to promote Mauritius as a centre to offer services in fund management, private equity and private banking.

Freeport

132. We are also giving a boost to the Freeport sector.

133. We are raising the twenty percent limit on Freeport operators for transactions on the domestic market to fifty percent. They will be subject to taxes on domestic sales.

134. The Freeport certificate presently issued by BOI and the Freeport license issued annually by MRA, will be combined into a single license to be issued by BOI.

135. Freeport operators will no longer be required to submit their applications through a developer for processing. They will be allowed to do so through an on-line system to BOI.

136. As for Freeport developers they will be given greater autonomy to manage their respective zones. Post audit control will be introduced to ensure appropriate verifications.

Path Two: Boosting Up Project Realisation Capacity

137. Mr Speaker, Sir, the second path in our action plan is to boost up project realisation capacity. It is clear that any policy to stimulate demand in a country where the domestic market is exiguous would have a limited impact. The bulk of the stimulus must come from public sector investment to make up for lower private investment. That is why the Additional Stimulus Package was 59 percent public infrastructure including land acquisition. And for these expenditures to be realised we must have implementation capacity. The more projects we execute in the next 18 months, the better our country's chances of riding out the current crisis. Project realisation capacity is also vital to a dynamic bounce back when the world economy reaches its turning point. We will therefore act on three core elements that together bring about this capacity: human resources, processes in the public sector and institutions.

Investing In Human Resources Capacity

138. First, for the 18-month period through December 2010, I am increasing the provision for the Capacity Building Programme to Rs 190 million to be partly financed by grants from Development partners. This should enable the Capacity Building Programme to rapidly mobilize technical expertise both at home and abroad to serve in the public sector with a special focus on the needs of the ASP and the action plan in this Budget.

139. Second, to the same end, we will expand the Service to Mauritius Programme. A special window will be developed under the Service to Mauritius Programme to employ newly qualified engineers who are required to undertake industrial and pre-registration training. These engineers will also assist small contractors to prepare and submit tender documents for contracts.

140. Third, Government will correct an anomaly to allow for a two way movement of employees between the parastatal sector and Government. This will make it easier for redeployment and better utilisation of talents in the public sector.

141. Fourth, we are seeing the green shoots of success, with respect to the Regional Multidisciplinary Centre of Excellence (RMCE) which has rallied the participation of COMESA and the Agence Française de Développement on two training projects. The RMCE can be a tremendous plus to our efforts on Human Resource Capacity building. Government will pursue negotiation efforts to mobilize more support for the RMCE.

142. Fifth, the National Empowerment Foundation (NEF) has reached thousands of people in Mauritius and in Rodrigues through its training, reskilling, placement programs, circular migration, and assistance to unemployed women. It will step up this undertaking with a special emphasis on assisting first time unemployed and those who have lost their jobs. Thus, with the support of the NEF, the Espace Des Métiers will start operations in July to provide, inter alia, counseling services to the unemployed and retrenched workers to help them in identifying placement for training opportunities that best suit their aptitude and profile. The Espace Des Métiers will also serve as a permanent job fair platform for employers to interact with job seekers.

143. Sixth, for those with low level of qualifications, particularly in the pockets of poverty, the NEF will introduce a functional literacy and numeracy programme and scale-up its life-skills training programme. The objective is to develop their self confidence and positive attitude so as to facilitate their integration into the world of work.

144. Seventh, the NEF will create more possibilities for self employment in old crafts that are disappearing because the skills are not passed on. To train human resources in these areas and at the same time preserve our rich cultural heritage, the NEF will initiate pilot projects in a selected number of crafts to encourage young people to learn from master craftsmen. Technical and financial assistance will be provided to craftsmen to upgrade their workshop and provide training to willing apprentices. These apprentices will be supported financially until they acquire the skills and become internationally certified craftsmen. Such crafts include fer forgé sculptured furniture, working on precious stones, stone carving, upholstery and artistic book binding.

145. To fund all the NEF sponsored programme, I am making a provision of Rs 560 million.

Dealing with the hitches and glitches of procurement processes

146. Mr Speaker, Sir, this crisis has unveiled important weaknesses in our procurement processes - making more apparent their hitches and glitches. This situation compels us to reflect on the best balance between accountability and outcomes with respect to government procurement. Government has imposed on itself onerous regulations in procurement in a well-meaning attempt to increase accountability. But currently we are faced with an obligation to be speedy in our actions so we can save jobs and protect people at a faster pace. We have taken a hard look at the procurement processes and structures. We have come up with pragmatic ways

to continue to embrace full accountability, transparency and good governance while delivering the outputs and the outcomes that are expected of Government at a faster pace. It has become manifestly clear to us that the solutions lie in further decentralisation of the procurement process while strengthening the checks and balances.

147. We are therefore increasing the threshold value of contracts that can be handled at the level of Ministries/Departments from Rs 15 million to Rs 50 million.

148. For all other public bodies, the threshold value is being raised from Rs 15 million to Rs 50 million and Rs 50 million to Rs 100 million.

149. These new procurement policies should trim the queue at the Central Procurement Board and speed up its decisions as well.

Maintaining Strong Checks And Balances In Procurement

150. But as we decentralize the process, we are also making sure that the checks and balances are not sacrificed. The PPO will issue guidelines to ensure that procedures are strictly adhered to. In addition, the various ministries and departments will be required to publish an evaluation report after a contract has been awarded.

151. Likewise, there will be no award of works contract if the best bid exceeds latest estimated costs by 15 percent, in which case negotiations will be undertaken by the Public Body.

152. Along with more decentralization which increases the workload and responsibility for the various ministries and departments there will also be stronger institutional support on procurement. The mandate of the Public Procurement Office (PPO) will be broadened to include assistance to public bodies and oversight on training and capacity building in the area of procurement.

153. Our next major action to bump up project realisation capacity in the public sector is to set up a Road Development Company (RDC) that will tap necessary international expertise through Strategic Partnerships. This company will be mandated to decongest our roads by building, operating and maintaining a network of new roads, the Harbour Bridge and the Busway infrastructure. It will ensure viability of its projects and will mobilise grants and concessional financing to make these roads affordable.

154. The network operated by the RDC will be owned by the Land Transport Authority (LTA) which will be set up by consolidating all the existing Government agencies responsible for land transport. The Bill to set up the LTA will be presented shortly to the National Assembly.

Path Three: Launching The Largest Investment Programme In The History Of Mauritius

155. Mr Speaker, Sir, the global crisis has delivered a new script on infrastructure spending around the world. To support jobs now, the world is investing in the infrastructure of tomorrow. This is the way to go for Mauritius as well. In fact, path three of our action plan is about launching the largest public sector investment programme in the history of Mauritius. We will do so by frontloading our vision of a modern Mauritius and with new infrastructure projects. This way we are saving and creating jobs today while investing in our future. I will now list some of these projects.

156. First, the Harbour Bridge. It will provide a bypass for north-south through traffic and will cost Rs 8 billion over 3 years.

157. Second, the Ring Road. It will offer an alternative access, with multi-entry points into Port Louis from the South. This will require an investment of Rs 6 billion over the three years.

158. Third, the Terre Rouge-Verdun-link road, costing Rs 2 billion.

159. Fourth, the Verdun-Ebene link road at a cost or Rs 800 milion.

160. Fifth, the Bus Rapid Transit System at a cost of Rs 5 billion.

161. Sixth, the East-West connector for Rs 4 billion.

162. These six projects will be owned by the LTA and built and operated by the Road Development Company.

Shovel Ready Projects

163. In addition we have the following shovel ready projects.

164. Seventh, the Triolet bypass project will be completed by mid next year at a cost of Rs 230 million.

165. The Goodlands bypass will also be completed by mid next year at a cost of Rs 300 million. Work on these two road projects have been fasttracked under the Additional Stimulus Package.

166. Ninth, work on the dual carriageway from Pamplemousses to Grand Baie will start next July and will cost Rs 700 million.

167. Tenth, work on the Bus lane on Motorway M1from Pailles to Caudan will start in July as well and will cost Rs 210 million.

168. Eleventh, Rs 11 billion will be invested to endow our country with a new modern airport for some 4 million passengers. Work on that project will start in the third quarter of this year and be completed in 24 months.

169. Twelfth, a feasibility study is being launched for an emergency runway estimated to cost Rs 2 billion.

170. Thirteenth, some Rs 5 billion are being invested in the port to expand its Container Terminal, to construct a 2 meter flood wall and the cruise terminal. Capital spending of Rs 725.4 million is provided for the next 6 months and around Rs 3.6 billion for the subsequent 3 years.

171. Fourteenth, we are adding a third lane to the motorway between Phoenix and Trianon at a cost of Rs 150 million.

Public Private Partnership Projects

172. We are also moving forward with PPP projects.

173. Fifteenth, the Tianli project that should bring in some Rs 20 billion of investment is scheduled to start in September.

174. Sixteenth, the Highlands Project – a modern town on 920 hectares of land has an estimated cost of Rs 100 billion. It should be completed over the next 10 years. The project has reached the stage of final selection of the master developer.

175. Seventeenth, the Integrated Mixed Use Development Project at Rose Hill will include modern Municipal and Arab Town markets, as well as, commercial, recreational and business space that would enable the centre of Rose Hill to become a popular shopping cum recreational destination. This project should start by the end of this year. It would require an investment of some Rs 330 million.

176. Eighteenth, a 25 to 40 MW Wind Park at Bigara, as part of the Maurice Ile Durable project, will require investment of Rs 1 billion and will be implemented over three years.

177. Nineteenth, Government also plans a 100 MW Power Plant Project to consolidate the current capacity expansion plan and to ensure uninterrupted supply of electricity to the country in the short-to-medium term. This will require an investment of Rs 5 billion over three years and will be undertaken on the basis of a tender for the best technology to meet specified environmental standards.

178. Twentieth, the Local Infrastructure Fund (LIF) has Rs 450 million for projects that should significantly improve the infrastructure facilities and amenities in towns and villages. This Fund is financing the construction of market fairs at different locations including one at Rose Belle at a cost of Rs 88 million. The projects financed by the LIF will be executed mostly by Small and Medium Contractors. The Fund will also finance a new waste transfer station which will be built at La Chaumière to replace the St. Martin Station at a cost of Rs 120 million.

Path Four: Protecting People

179. I now come to the fourth path of our action plan which is to protect people. Looking at the world around us we see some countries facing unprecedented challenges. The economic and jobs recessions are already a reality in many countries. Deep apprehensions are building around the gloomy prospect of widespread human anguish and social unrest. Mauritius is not at the centre of this storm. But we are also not outside of its rings. We must take shelter. We must protect the jobs, livelihood, wealth, savings, income and everything that our citizens have made efforts to acquire. In this difficult time our core responsibility is to protect the poor and the most vulnerable. Our Stimulus Package has taken roots. We have been able to bring thousands of families and workers under its protective net. Today, we want to strengthen and widen that protection and shield even more of our citizens from the fallouts of the Great Recession.

Consolidating Capacity To Deliver Support

180. First, we are consolidating the various efforts of Government by bringing under one roof the different agencies involved in empowerment and in the fight against poverty. We want to save on overhead so we have more money that go directly to the needy. The National Empowerment Foundation will, in addition to fulfilling its mandate, provide an overall coordinating framework for the Trust Fund, the Eradication of Absolute Poverty (EAP) programme and the Decentralised Cooperation Programme (DCP). Each agency will continue to operate on its own agenda but with savings on overhead from pooling of common services and better coordination and synergies from being under one roof. We are providing Rs 1.5 billion for the collective efforts of all these organizations under the roof of the NEF.

181. Second, the Decentralised Cooperation Programme will support, inter alia, the efforts of the Ministry of Social Security to build up a strong NGO community through the development of four pillars:

- building capacity of NGOs;
- providing adequate financial/technical and human resources to support NGOs in programme implementation;
- setting up of a professional corps of volunteers for NGOs to tap into; and
- an appropriate monitoring and evaluation system for programmes.

182. Third, the DCP will continue supporting various projects by non-state actors and local governments such as basic education, upgrading of social infrastructure and services. In Rodrigues, micro projects have been supported in the field of irrigation, livestock management, reforestation and agricultural and agro-industrial production. Rs 300 million are being provided for the next 18 months.

183. Fourth, to support NGOs efforts, we will refund VAT for construction that have been undertaken under programmes approved by the NEF.

Decent Dwellings For Families In Need

184. Fifth, inspired by the success of the Integrated Social Development Project at La Valette Bambous, a second project concerning some 30 vulnerable families is being implemented at Cité Lumière, Grand Baie. The pilot village at La Valette Bambous has relocated the first batch of 71 families and the remaining 127 families will move in by the end of the first year. They are also being provided support by the NEF under the Integrated Social Development Programme to develop employability, improving educational performance of children, development of community life and raising environmental responsibility of the families. At least one member in each of the 71 families has obtained stable employment and all children of school age are attending their new schools. Two agricultural projects have been put in place, namely egg production and training in horticulture. The overall cost of the programme is Rs 240 million.

185. Sixth, we are continuing the programme to grant materials for the construction of corrugated iron sheet housing units by the Trust Fund. From July 2008 to date some 1,700 families whose monthly income does not exceed Rs 4,000 have benefited from this programme for a total cost of around Rs 100 million.

186. Seventh, the Maurice Ile Durable vision of the Prime Minister, is a core pillar of our strategy for sustainable development and for protecting the quality of life of our citizens. Last year we launched a series of projects to realize that vision. The response to the solar water heater scheme has been beyond our expectation, with some 29,000 applications compared with our target of 20,000. 14,000 applications have already been approved. The response has been equally outstanding for the CFL lamp scheme with 1 million lamps distributed. There are significant savings for the users, the CEB and the nation while promoting clean energy. We need to press on with putting in place programmes and projects to preserve our environment whilst developing green industries in Mauritius. Government will, therefore, work with local producers to modify the solar water scheme to move from a focus on the consumption side to promoting competitive domestic production of solar heaters with the most appropriate technology for our circumstances.

187. Eighth, we are extending the excise duty of Rs 1.00 per PET bottle to aluminium cans used for soft and alcoholic drinks. The effective date will be from 23 May 2009 and the proceeds will be credited to the MID Fund to encourage the emergence of schemes to recycle aluminium cans.

188. Ninth, the MID Fund will implement a programme to audit energy use in Ministries with a view to reducing wastage and promoting solar energy.

189. Tenth, the Ministry of Public Utilities will develop a programme for consultants to undertake energy audits of enterprises, particularly in the manufacturing and tourism sectors. The MID Fund will share the cost of the consultants.

190. Eleventh, last year we reduced by half the taxes on hybrid vehicles. Excise duties, road tax and registration fees were also cut by half for such vehicles. I am extending these measures now to electric cars.

191. Twelfth, to encourage the saving of electricity at peak times, the CEB will work with the MBC to display an interactive banner indicating peak usage in real time and calling on customers to dynamically manage their electricity consumption more efficiently at those times.

192. Thirteenth, the Ministry of Education will work with the MID Fund to develop a MID module for both primary and secondary schools.

Eradicating Absolute Poverty

193. Fourteenth, last year, we set up the Eradication of Absolute Programme focused on 229 pockets of poverty comprising 7,157 families. We are seeing the fruits of this policy. 415 children between three and five years of age children who were not attending schools have now been given access to pre-primary schools where they rightfully belong. And some 100 households are benefiting from the integrated projects under the EAP. We are now expanding its activities to give medical screening to around 600 children of pre-primary schools in selected areas. Spectacles, hearing aids, food supplements and other facilities will be provided free to those children who require them under the EAP programme.

Corporate Social Responsibility

194. Fifteenth, as part of our policy to broaden the circle of opportunities and to ensure that the fruits of development are shared by all, we had imposed a corporate social responsibility scheme on the IRS promoters with well defined guidelines for their actions. Out of 6 IRS projects, 3 have developed their CSR plans for a total of Rs 50 million. To ensure that there is no duplication and that there is an integrated approach the IRS will work with the NEF and EAP. As the economic situation has now changed, they will be required to align their CSR projects with Government's emphasis on saving jobs and protecting people. To implement these projects a special vehicle will be created for the Rs 50 million to be deposited with the NEF and these funds will be supplemented with a matching grant from Government.

More Support For Micro And Small Businesses In Distress

195. Sixteenth, in the last budget we announced a one off special scheme to facilitate settlement of arrears. This scheme covers artists, taxi drivers, tailors, fishers, small sugar cane planters, tea planters, vegetable planters, fruit growers, potato and onion planters, cattle breeders, dairy farmers, pig breeders, furniture makers, small traders, hawkers, small shop owners and other micro business owners. The period allowed for the settlement of the remaining dues is being extended to the 30th June 2010. It is limited to those who have contracted loans of up to Rs 200,000 before April 2003 and whose accounts have been in arrears for at least five years. The DBM is exceptionally providing a full waiver of the penalty and the interest accumulated and for loans of less than Rs 50,000, fifty percent of the capital is also being written off during the settlement.

196. Seventeenth, DBM will reschedule the loans for SMEs which were servicing their loans prior to the crisis in September 2008 but which now face cash flow problems due to the crisis.

197. Eighteenth, taxi drivers working at hotels that will be under reconstruction will have difficulty to service their bank loans. To support them a scheme is being developed to give them a moratorium on payment of capital on their loans during that period. They will also be given full interest relief for that period.

198. Nineteenth, taxi drivers and contract car operators will be allowed to postpone renewal of their cars that come due until January 2011.

Supporting Artists To Grow Our Creative Arts Industry

199. I am giving further support to our citizens who are contributing to the development of a creative arts industry in our country. In the past, we have supported them by removing duty on equipment and by abolishing the entertainment tax. These measures have cost government, but it has been money well spent. And so today we are doing more.

200. Our twenty-first measure concerns musical bands that perform in hotels. They are likely to suffer from a drastic fall in demand for their services. Rs 2 million will be provided from the Human Resource Development, Knowledge and Art Fund to run a scheme to support them through December 2010.

201. Twenty-second, to broaden the scope for artists, all new constructions costing more than Rs 50 million will be recommended to spend at least one per cent on artistic work.

202. In the same vein, companies which provide entertainment services to hotels through artists will be included in the definition of Tourist Enterprises. They will, thus, be able to contribute voluntarily to the Tourism Employees Welfare Fund. This will enable them to benefit from the social advantages provided by the Fund.

203. Twenty-third, the Human Resources, Knowledge and Arts Development Fund will seek proposals from artists and the public on the best way to create an artistic corridor between our two World Heritage Sites, the Aapravasi Ghat and Le Morne.

204. Twenty fourth, to encourage drama performance by local artists, the Human Resources, Knowledge and Arts Development Fund will finance for them, the rental of theatre hall for the final three rehearsals and the gala show.

205. Twenty fifth, in past budgets we have allocated resources for restoration of national heritage buildings like the Plaza and the St Louis Cathedral. In the same spirit of preserving our cultural heritage, I am this year providing a one off grant of Rs 2 million to the Museé de la Photographie to support its efforts to ensure preservation of the photographic heritage of Mauritius.

Upgrading Our Football Stadiums

206. Mr Speaker, Sir, the world cup football event in South Africa is an opportunity we must seize. There are possibilities for participating teams to train in Mauritius. To attract these teams,

we are providing Rs 15 million for upgrading and modernizing the George Vth and the Anjalay Coopen Stadiums to international standards. This will also greatly benefit our football teams and players.

Fulfilling Our Social Obligations

207. Government remains very committed to face down the problem of HIV/AIDS. We will continue to work in close collaboration with NGOs and with support from development partners on this problem including combating alcohol and substance abuse. To recall, Mr Speaker, Sir, last year I increased the budget provisions for these items by 50 percent. This year, despite the pressure on public finances due to the crisis, I am maintaining the same exceptional level of support as last year. I am providing some Rs 24 million for the 6 months of Financial Year 2009. Within this amount, funding will continue flowing to those NGOs that have been on the forefront to continue their excellent work. PILS will receive Rs 750,000 and Idriss Goomany Centre Rs 500,000. In addition the HIV/AIDS and Substance Abuse Programme, available to support NGOs campaigns, will receive Rs 7.5 million.

208. In all we are providing an additional Rs 450 million for Social Benefits.To help NGOs assisting patients afflicted by cancer and Alzheimer, I am providing Rs 500,000 each to Link to Life and the Alzheimer Association on an annual basis.

209. And we are committing Rs100 million for Tamiflu and other items in line with World Health Organisation recommendations for preparedness in case we need to combat the H1N1 virus.

More support to vulnerable women, children and families

210. Mr Speaker, Sir, in this budget we are again this year making an effort for those who are vulnerable. We are providing funds to increase old age and other non-contributory pensions and social aid benefits by 5.1 percent.

211. We are maintaining our compassionate approach in helping women, children and families who are in distress. Last year we encouraged single mothers who are recipients of social aid and have dependent children to seek employment by giving them a special allowance to enable them to place the children in a day care centre. I am increasing the allowance of Rs 700 by more than 40% to Rs 1000. They will continue to benefit from social aid as long as the total income and social aid payment, exclusive of the allowance do not exceed Rs 7,500 per month.

212. Second, currently for single mothers to benefit from this support, they must have children aged between 3 months and 5 years. I am extending the upper age limit to 7 years.

213. Third, I am also increasing the allowances payable under Social Aid to abandoned women and their children by 10 percent.

214. Fourth, I am continuing the exceptional level of support to assist women and children in need. Chrysalide Centre will receive Rs 600,000 for 2009, the Shelter for Women and Children

in distress Rs 750,000, SOS Villages Rs 4.2 million, Crèche Coeur Immaculé de Marie Rs 1 million and CEDEM Rs 1.1 million.

215. Fifth, the Ministry of Women is working with the Ministry of Social Security and NGOs to develop a comprehensive programme to offer shelter and support to Women and children who need assistance.

216. Sixth, a child allowance is paid to beneficiaries of Social Aid for a child up to the age of 20 who is in full time education in a recognised tertiary institution. To improve access to tertiary education, I am raising that age limit to 23 years.

217. Seventh, last year I announced a scholarship for all students attending courses at tertiary institutions in Mauritius, who face severe hardship following the death or serious incapacity of a wage earner in the family. 120 students have already benefited from this scholarship. I am this year raising the maximum household income threshold for eligibility from Rs 7500 monthly to Rs 10,000 monthly.

Law and order

218. In addition to protecting the population from the negative impact of the Great Recession, we also need to assure their physical safety and protection of their property. We must also preserve our reputation as a safe tourist destination.

219. My first measure for maintaining law and order is to fund the recruitment of 550 policemen and policewomen to strengthen the police service.

220. Second, we are upgrading the CCTV project to integrate the radio communication system and extending its coverage from the Flic en Flac area to two additional locations, namely Port Louis and Grand Baie.

221. Third, we are upgrading the equipment and vehicles to improve response capacity and effectiveness of the force.

222. Fourth, we are also improving search and rescue capacity by procuring a new helicopter from India.

223. Fifth, we are providing financial autonomy to the Director of Public Prosecutions through a separate budget to facilitate the operation of his Office.

224. Rs 1.25 billion have been provided to finance these Law and Order initiatives.

Greater Solidarity With Our Citizens In Rodrigues

225. Mr Speaker, Sir, Rodrigues is also in the gusts of the severe economic storm that is blowing across the world. Its tourism industry is the most severely hit with a harsh decline in the number of visitors. Our national plan to ride out the global crisis, save jobs, protect people and

be ready for the recovery includes Rodrigues. But we have also fashioned some actions to meet the specific needs of workers, businesses and people in Rodrigues.

226. First, we are earmarking Rs100 million to the NEF for a stimulus package for Rodrigues from the Saving Jobs and Recovery Fund and the Food Security Fund.

227. Second, an SJR Fund and Food Security Fund antenna will be set up in Rodrigues operated by the NEF. This antenna will publicise available programmes and facilitate access in Rodrigues.

228. Third, we want to give a boost to its tourism industry. We are thus suspending the travel tax to Rodrigues until December 2010 and Government will make up the shortfall of Rs 10 million to Airport of Rodrigues from the Saving Jobs and Recovery Fund.

229. Fourth, Rodrigues will benefit from the same scheme for growing onions.

230. Fifth, the scheme for the breeding of goats announced earlier will also be extended to small breeders in Rodrigues.

231. Sixth, we are providing Rs 22 million funding to expand the road network at Citron Denis and upgrade at Baie Topaze.

232. Seventh, we are undertaking a review with the assistance of the Agence Francaise de Développement (AFD) to improve water supply including an assessment of desalination options.

233. Eighth, the MID Fund is financing a wind farm project for electricity generation.

234. Ninth, through the NEF, loans of up to Rs 150,000 will be advanced to all fishers in Rodrigues who are willing to move out of their in-lagoon fishing activities to develop a new business. Areas of intervention will include both the agricultural and handicraft sectors.

235. Tenth, the Trust Fund has disbursed a sum of Rs 6.4 million for 1,350 beneficiaries in Rodrigues for the financing of community based projects namely provision of water tanks for rain harvesting, distribution of school materials to children and construction of housing units. These programmes will continue in coordination with the other schemes now being regrouped under the NEF.

236. Eleventh, the extension of the DBM scheme to facilitate settlement of arrears for another year will also apply to businesses in Rodrigues.

Path Five: Maintaining Expansionary Macroeconomic Policies

237. I now come to the fifth path of our action plan. This year, the situation has become even more threatening with a deepening of the recession. The balance of risk will therefore continue to weigh heavily on growth and employment until the global economy recovers. Macroeconomic policies will therefore continue to be expansionary and this Budget reflects that stance.

However, we have to act responsibly. Nor should we shift an unfair share of the burden on future generations. There must be intergenerational equity. This is also no time for government to resort to printing of money to finance its deficit. It would be an irresponsible trek to the bottom - to the detriment of all stakeholders. Yet spending more will be crucial to riding out the global crisis and tax revenue will suffer because of lower growth. We are indeed walking a tight rope. The only option which is sustainable is an expansionary fiscal policy that makes the most of the resources that the economy has now, including the resources we have put aside for a rainy day and mobilization of the international support that our reforms have unlocked. This calls for a great sense of compassion, understanding and solidarity among those who can afford it. It calls for a greater sense of sharing and tests the social consciousness of the nation.

Budget Outturn for 2008/09 and Outlook for July to December 2009

238. Before outlining our tax policy which reflects this call for unity, solidarity and compassion, I will give an account of the 2008/2009 outturn and the estimates for the 2009 budget.

239. For the year 2008/09, we are now expecting tax revenue to be lower by half a billion rupees and overall revenue to be lower by Rs 1 billion. As a percentage of GDP, total revenue will fall by about 0.1 percent of GDP to around 22.1 per cent of GDP.

240. For the budget ending December 2009, total revenue is estimated at around Rs 31.8 billion representing 21.3 percent of GDP. This drop reflects lower tax receipts as a share of GDP which is estimated at 17.1 percent compared to 18.3 percent in 2008/09.

241. As for Government operating expenses for the year 2008/2009, they would reach Rs 64.7 billion - that is around Rs 1.2 billion higher than the estimates. Investment on acquisition of non financial assets will be around Rs 6.5 billion. As a share of GDP total spending will be slightly higher at 25.9 percent compared to the estimates of 25.2 percent.

242. For the next six months, operating expenses and investment in the acquisition of non financial assets are estimated at Rs 34.2 billion and Rs 4.7 billion respectively.

243. Mr Speaker, Sir, when we announced the Additional Stimulus Package we stated that if necessary we would return to Parliament to secure the financing required. I will shortly introduce a Supplementary Appropriations Bill to the 2008/09 Budget to cover Rs 4.3 billion of the Rs 10.4 billion required for the Additional Stimulus Package. The remaining financing will be spread over the 2009 and 2010 budgets.

244. Thus, the overall deficit for this financial year is likely to be around 3.9 percent of GDP against an estimated 3.3 percent. The budget deficit for the next six months is estimated at 4.8 percent of GDP and for fiscal year 2010 at 5.0 percent. This higher than trend deficit is due to the imperative of an expansionary fiscal policy to stimulate the economy and to ride out the global crisis whilst preparing for recovery. Most of the deficits are due to expenditure on capital projects that are crucial to saving and creating jobs in the short term and essential to future

growth and to a dynamic bounce back. It is therefore a deficit that is sustainable and responsible. In fact, we expect the deficit to be reduced to 3.3 percent in 2011 once the global recovery has fully set in.

245. Mr Speaker, Sir, in contrast, the budget deficit of 5.3 percent we inherited in 2005 when the global economy was robust is higher than what we will deliver even as we have to navigate the stormy waters of the Great Recession. Moreover, the four budgets of this Government have reduced the annual average deficit to 4.1 percent of GDP in contrast to 5.6 percent for the five preceding years, namely 2001/02 to 2005/06.

246. Similarly for debt, Government debt as a ratio of GDP would be 50 percent at end June 2009 and 51 percent at end December 2009. For the same periods, Public Sector debt would be 59 percent and 60 percent, respectively. In fact, Government debt for July 2006 to December 2009 will average around 50 percent of GDP as against 55 percent of GDP for the five preceding years. The public sector debt for the same period will average slightly below 60 percent of GDP annually compared to 71 percent of GDP in the preceding 5 years. It should also be pointed out that our borrowing requirement has gone up this year not only due to the need to finance Rs 4.2 billion under the Additional Stimulus Package but also reflecting our international commitments. In response to the appeal of the G20 for a global response to the crisis, we are making an exceptional contribution of Rs 287 million to the IMF. These debts are largely made to acquire financial assets or invest in people. Both deficits and debts are more sustainable when they finance investment rather than consumption expenditures.

247. This year, all Governments, have had to fight the crisis whilst facing a reduction in revenue. As a result, the fiscal balance has worsened across the Globe. We are no exception. But thanks to our reforms and foresight we have been able to come up with a strong package to save jobs, protect people and prepare for recovery whilst limiting the deficits for this year and the next 18 months to 3.9 percent of GDP in 2008/09, 4.8 percent of GDP in 2009 and 5.0 percent in 2010. This is a strong performance when we take account that the US has a fiscal deficit of 13.1 percent of GDP, the UK 12.3 percent of GDP, Malaysia 8.7 percent and India 7.7 percent of GDP. Even fiscally conservative Singapore is running a similar deficit to ours of 4.1 percent of GDP.

248. Mr Speaker, Sir, as we are making a transition to calendar year budgeting, we will also need to align the tax year. We are introducing a six month tax year for July to December 2009 so as not to prejudice those tax payers who expect a refund. Personal income taxes due for this period will be settled by 5 April 2010.

249. Mr Speaker, Sir, this budget has avoided the easy option of increasing the VAT and/or broadening its base to pay for the Additional Stimulus Package or other measures we are introducing to save jobs and protect those that are hit the hardest. However, this is a time for those who can afford it to show solidarity and compassion.

250. I am proposing five measures that will allow us to mobilize resources from those who are able to afford it to support our efforts to save jobs, protect people and prepare for recovery.

251. First, I am introducing a solidarity levy on the providers of fixed and mobile telephony services for the next two financial years. A levy of 5 percent of profits and 1.5 percent of turnover will apply to profitable companies.

252. Second, in the same spirit of solidarity, the special levy on profitable Banks will be increased to 1 percent of turnover plus 3.4 percent of profits for the next two financial years.

253. Third, NGOs have a key role to play in our efforts to protect the population and improve our society. I, therefore, welcome the offers from the private sector to spend some of their profits on Corporate Social Responsibility (CSR) schemes. However, the response and implementation have been uneven. I am, therefore, requiring all profitable firms to either spend 2 percent of their profits on CSR activities approved by Government or to transfer these funds to Government to be used in the fight against poverty. The CSR programme or the direct payment to Government could provide some of the resources to underpin the efforts of the Ministry of Social Security to build up a strong NGO community through the development of the four pillars I talked about earlier.

254. Some of the projects that the CSR programmes could undertake by supporting NGOs include

- Literacy
- Social housing
- Life skills training
- Micro enterprises
- Support to improve academic performance and reduce dropouts
- Aids prevention and support
- Assistance to women and children in need or abused
- Assisting the handicapped
- Alcohol and substance abuse prevention and rehabilitation
- Promoting Arts and Crafts

255. Mr Speaker, Sir, these levies should not be perceived as a tax on efficiency. They are instead a gesture of compassion and solidarity with those who cannot help themselves and with those who will have no means of livelihood if they lose their jobs. Government is standing by them and by all the enterprises which are in distress. But it will not be enough. It requires a national sense of proactive solidarity.

256. Fourth, in these difficult times my appeal to the corporate sector is that, in times of distress, laying off workers should be the very last resort. Companies should consider carefully all options to stay viable while keeping their employees in their jobs. I would also urge directors to carry out a stringent solvency test before deciding on distribution of dividends. Enterprises must build adequate reserves to cushion the shocks that come from unforeseen events during the next 18 months and be prepared for actions to save jobs and protect people.

257. Fifth, Mr Speaker, Sir, social consciousness must be reflected in a national effort. I am, therefore, announcing a series of measures concerning Government, Parastatal bodies and companies where the state is a majority shareholder.

258. We will continue to use the procurement mechanisms that have allowed Government to save several hundred millions of rupees on road contracts. In fact, we have made enough savings to pay for the Rs 150 million Phoenix Trianon motorway lane. And we are expecting substantial savings on another major road project.

259. Ministers salary will be reduced by Rs 10,000 per month for the period July 2009 to December 2010.

260. Entertainment allowances paid to advisers and chairpersons, directors and staff of statutory bodies and state-owned companies are suspended up to 31 December 2010.

261. The frequency, composition and duration of overseas travel will be reduced to a minimum. Where possible and cost effective, our embassies will represent the Government at meetings and conferences.

262. Missions undertaken by officials of statutory bodies and local authorities must be approved by the parent ministry under guidelines issued by the Ministry of Finance and Economic Empowerment.

263. The fees paid to all board and committee members of statutory bodies and state-owned companies, including the Chairpersons, will be frozen at their Pre-PRB level up to December 2010.

264. Expenses incurred for car rentals during official missions abroad will be reduced.

265. Expenditures in respect of overtime and utilities will be closely monitored to ensure that abuse and wastage are eliminated.

266. Parastatal bodies will be subjected to a thorough review and where necessary rationalization will be carried out.

267. Consideration will be given to the closing down of embassies where it is felt that they are not contributing significantly to the socio-economic development of the country.

268. Membership of Mauritius in regional and international organisations where there is little benefit for the country will be reviewed.

269. Where Embassy and Mauritius representation in other organisations are located in the same city, these will be consolidated into a Mauritius House to save on administrative overhead.

270. Expenses incurred by the State in connection with overseas travel of retired high officials will be rationalized.

271. A special unit under the responsibility of the Prime Minister's Office will be set up to oversee the implementation of these measures.

272. Mr Speaker, Sir, before concluding, I would like to announce five important policy measures that reach thousands of our fellow citizens, most of whom are vulnerable to the harmful effects of the Great Recession. Many of them are people who have made tremendous efforts to carve out a decent living for themselves and their families. Today they are facing the risk of serious setbacks. As a compassionate Government we cannot ignore their plight nor can we fail to respond. These are the most vulnerable of our citizens whose life can be blighted by the precarious economic outlook. And there are our youths who need to be given opportunities to better themselves. Finally, in this time of crisis we must neither forget our heritage nor our future.

273. Therefore, Mr Speaker, Sir, we are making a special effort to significantly improve the viability of small cane planters at this especially testing time.

274. We have been making a lot of efforts to assist them. Planters are already benefiting from the world market price for domestic sales of sugar.

275. We have been offering significant assistance to improve their productivity and reduce their costs by assisting with derocking, land preparation and irrigation. We have also made provisions for them to benefit from the reform of the sugar sector by participating in the equity for all new ventures.

276. Now we want to do significantly more. Reform of cess financed institutions will offer strong relief to small planters.

277. Since some of these benefits may take time to be fully realized and given the strong negative impact of the 36 percent reduction in EC sugar price, we are taking an exceptional measure to support small planters with 12 arpents or less. We are reducing the cess amount payable by them by 20 percent for each of the crop seasons 2009/10 and 2010/11. This will amount to Rs 30 million for each crop year. I am exceptionally providing Rs 60 million from the Food Security Fund to cover the cost for the two crops.

278. Mr Speaker, Sir, this measure will alleviate the burden of some 28,000 small planters, accounting for over 98 percent of all sugar planters. The SIE Act will be amended to implement this measure and facilitate the process of cess reduction.

279. Second, Mr Speaker, Sir, we want to make sure that the benefits of our Maurice Ile Durable vision flow to all our citizens. As part of our vision for an attractive, modern and green Mauritius we need to ensure that the NHDC housing estates provide the right living conditions. I am, therefore, earmarking Rs 100 million from the MID Fund to co-finance a Rs 280 million programme with the CEB, CWA and WWMA to clean up the NHDC housing estates and rehabilitate the water, electricity and waste water infrastructure.

280. Third, the Human Resources, Knowledge and Arts Development Fund will establish an International Development Grants Scheme for performing artists. We want to open opportunities for our most promising artists to improve their skills, market their work and enhance their earning capacity. As we do so we will also enrich the cultural life of all Mauritians. The scheme will enable performing artists to gain international exposure that includes training, collaboration with artists of international repute and marketing of their work. For these purposes, professional and promising artists will be able to respond, every quarter, to a call for proposals for the following grants:

- An international Travel Grant of up to Rs 50,000;
- An international Collaboration Grant of up to Rs 150,000; and
- A marketing Development Grant of up to Rs 100,000.

280. One artist may benefit from up to two different development grants.

281. Rs 10 million in grants from the Human Resources, Knowledge and Arts Development Fund will be earmarked to kick start the scheme for an estimated 25 to 50 artists every year.

282. These grants Mr Speaker, Sir, will enable artists to achieve higher level of excellence so we can have more high performing artists of international repute and standards like Eric Triton, Véronique Bungaroo-Zuel, Sandra Mayotte, Sandeep Bhimjee, Anna Patten and Meera Mohun, among others.

283. Fourth, there are around 90,000 men, women and children to whom Government grants an income support. As a sign of solidarity and to help them face the challenging times, I am, in spite of the difficult situation, raising that support by 15 percent.

284. Fifth, we also have to look to the future. We need to continue broadening the circle of opportunities that began in the fifties with free primary education and moved on to free secondary education in the seventies. Now we should focus on ensuring that all school leavers with the ability and inclination will be able to pursue higher studies. We will, therefore, continue with our plan to bring tertiary enrolment ratio to the best international benchmark. I am very pleased to announce that a new university campus, funded from the Human Resource Development, Knowledge and Art Fund, will be built at a cost of Rs 600 million to accommodate some additional 8,000 students.

285. Mr Speaker, Sir, I would like to express my appreciation to all those who have positively responded to our requests for views and suggestions, in particular the NGOs, various organizations and professional groups and many of our citizens. I would like also to thank my colleague Ministers and fellow parliamentarians who have provided their advice and insights.

286. I would like to express my sincere gratitude to the Prime Minister who has given me very useful support and guidance in the preparation of this Budget. Finally, let me thank the staff of my Ministry for their hard work and diligence.

Conclusions

An Action Plan Crafted With The Confidence That We Can Steer In The Right Direction.

287. Mr Speaker, Sir, protecting people is not only about what we do but also and equally important about what we do not do.

288. In the midst of the worst economic tremor the world has been through in some 80 years this Government has stayed staunchly loyal to its mission of putting people first. On this mission – we have not gone astray.

289. While other countries have raised value added tax and other tax to contain their deficits, we have not.

290. While other countries have resorted to savings by not paying the end of year bonus, we have decided to pay the bonus so that purchasing power of our people is maintained.

291. Other countries have slashed expenditure because they did not have the fiscal space to stimulate their economy. We have not – because with foresight and with a deep sense of responsible fiscal stewardship we have been able to put a significant amount of resources aside for the rainy day.

292. Some countries have laid off public sector workers or frozen recruitments. We have not. Instead, we have recruited some 2,000 men and women in the police force to strengthen law and order and in the health sector to deliver more and better services.

293. Some governments have cut wages, shortened the work week and even compelled employees to take unpaid leave. We have not. The National Pay Council has decided on a compensation of 5.1 percent for the lowest income band while at the same time broadening the band. We expect some 71 percent of workers to receive a compensation. Last year, we implemented the PRB report in full. But this year the situation is extremely precarious. The NPC has had to balance the need for solidarity with those at the low rungs of the ladder with the high risk of massive job losses in vulnerable firms across many sectors. Implementing the recommendations of the NPC will cost Rs 1.4 billion, for the economy.

294. Mr Speaker, Sir, we have not touched universal health care. We have instead strengthened it.

295. Likewise for free education.

296. We have not reviewed our policy stance on free transport for students and for our elders despite extreme pressure on Government revenue and greater need for social transfers.

297. We have not undermined the pension of our elders – they are being increased.

298. We are strengthening and extending the scope of programmes to empower people.

299. Similarly for programmes to eradicate poverty.

The equation is simple: no enterprises – no jobs.

300. In this budget we are responding calmly but with resolve across a broad front to meet the challenges of this extraordinary time and prepare for the future. We are proposing some 200 measures to keep our economy moving, save jobs, create new jobs, protect the population and prepare recovery.

301. We have spared no efforts to have a comprehensive and elaborate strategy to save jobs. We are doing so by acting directly on enterprises that are reeling to the break down point. The equation is simple and straightforward: no enterprises no jobs. That is why one of the main pillars of our action plan to save jobs is: to act directly on enterprises. We are also putting resources now in the investment we had planned for the future to save and create jobs. And we are foregoing tax now where we think temporary exemption can be a crucial lifeline to enterprises and industries. We are mobilizing resources from development partners.

302. Mr Speaker, Sir, the significant amount of resources and efforts to save jobs, protect people and prepare for recovery speak of our concern – they are also a measure of our resolve to ride out the storm.

303. We are mobilizing the resources to get the job done. Rs 4 billion is available to save jobs. Another Rs 2.4 billion to protect people and Rs 2.7 billion to prepare for recovery.

304. In all Mr Speaker, Sir, we have a grand total Rs 14 billion to carry through our elaborate fivefold action plan to save jobs, protect people and prepare for recovery. Our action plan turns what last year was a compelling call for vigilance into practical and powerful actions to counter the effects of the global recession. It sets out to do the maximum it should to protect every man, woman and child in our country. And as a caring government, our support puts more weight on protecting the most vulnerable, the underprivileged, those that risk to be hit the hardest by the global recession.

305. Mr Speaker, Sir, this is an action plan that is tailored to our needs amid an unusually difficult situation. It is also an action plan that is crafted on with the confidence that as a nation we have the capacity to steer things in the right direction.

306. Since 2005, we have with poise and conviction, with commitment and hard work, rescued our country from economic decline. We have restored macroeconomic stability, rebuilt resilience and returned the country on the road to prosperity. With the same equanimity and determination, we will once again lead our country and our people out of danger.

307. In the midst of the worst global economic crisis in a very long time, the uphill trek to realize our vision has become more steep and more rugged. We are not responsible for the global recession but today we are once again showing our obligation and determination to ride it out and to face down its consequences – to save jobs, protect people and prepare for the recovery. We must be more united and responsible than ever and move forward with a deep sense of solidarity. Just like each generation before us has risen to the challenge of its time, we must now do our part. United as a nation, with a deep sense of responsibility, solidarity and social consciousness, we will once again prevail.

308. Mr Speaker, Sir, I now commend the Bill to the House.

The Prime Minister rose and seconded.

The debate stood adjourned to the next sitting of the Assembly, in accordance with S.O. 73(2).

MOTIONS

URGENT BUSINESS UNDER S. O. 17(3)

The Vice-Prime Minister, Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Sir, in terms of Standing Order 17(3), I move to take the time of the Assembly for urgent financial business.

The Prime Minister rose and seconded.
Question put and agreed to.

SUSPENSION OF S.O. 29(1)

The Vice-Prime Minister, Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Sir, having obtained your permission, I beg to move the suspension of Standing Order 29 (1) in order that I may present a financial resolution without notice.

The Prime Minister rose and seconded.
Question put and agreed to.

FINANCIAL RESOLUTION
EXCISABLE GOODS

The Vice-Prime Minister, Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Mr Speaker, Sir, having obtained your permission, I now present the Financial Resolution.

Mr Speaker, Sir, I move that this Assembly resolves that, with effect from 23 May 2009, excise duty shall, in respect of the excisable goods falling under their respective H.S. Codes as specified in the Schedule to this Resolution, be levied at the rate corresponding to those H.S. Codes and excisable goods, as specified in that Schedule, and not at the rate corresponding to those H.S. Codes and excisable goods as specified in Part I of the First Schedule to the Excise Act. **(Appendix)**

Mr X. L. Duval rose and seconded.

Question put and agreed to.

Mr Speaker: I have an announcement to make about the Budget Speech. We have just been informed by the Ministry of Finance and Economic Empowerment that Government Printer has not yet completed the printing of the 80 copies of the Programme-Based Budget Estimates 2009 and Indicative Estimates for 2010 and 2011. Copies will be despatched to hon. Members later during this evening.

ADJOURNMENT

The Prime Minister: Sir, I beg to move that this Assembly do now adjourn to Tuesday 26 May 2009 at 11.30 a.m.

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

Mr Speaker: The House stands adjourned.

At 6.40 p.m the Assembly was, on its rising, adjourned to Tuesday 26 May 2009 at 11.30 a.m.

APPPENDIX

RESOLUTION

SCHEDULE

Column 1		Column 2	Column 3	Column 4	Column 5	Column 6
Heading No.	**H.S. Code**	**Excisable goods**	**Statistical Unit**	**Taxable base**	**Rate of excise duty**	**Date payable**
22.02		Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit or vegetable juices of heading 20.09. - Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured:				
	2202.102	--- In aluminium can	L	Specific duty per can	Re 1 per can	(a) At the time the entry for the goods is validated in accordance with the Customs Act 1988 in case of import

						(b) As specified in paragraph (6) in case of local manufacture
22.03		Beer made from malt:				
	2203.001	--- In aluminium can	L	Specific duty per litre and per can	Rs 19 per litre and Re 1 per can	(a) At the time the entry for the goods is validated in accordance with the Customs Act 1988 in case of import (b) As specified in paragraph (6) in case of local manufacture
	2203.009	--- Other	L	Specific duty per litre	Rs 19 per litre	"
22.06		Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included:				

	--- Beer:				
2206.0041	---- In aluminium can	L	Specific duty per litre and per can	Rs 19 per litre and Re 1 per can	(a) At the time the entry for the goods is validated in accordance with the Customs Act 1988 in case of import (b) As specified in paragraph (6) in case of local manufacture
2206.0049	---- Other	L	Specific duty per litre	Rs 19 per litre	"
	--- Cider, perry and mead:				
2206.0051	---- In aluminium can	L	Specific duty per litre and per can	Rs 20 per litre and Re 1 per can	"
2206.0059	---- Other	L	Specific duty per litre	Rs 20 per litre	"
	--- Other:				
2206.0091	---- In aluminium can	L	Specific duty per litre and per can	Rs 75 per litre and Re 1 per can	"
2206.0099	---- Other	L	Specific duty per	Rs 75 per litre	"

litre