MAURITIUS FOURTH NATIONAL ASSEMBLY

FIRST SESSION

Friday 05 June 2009

The Assembly met in the Assembly House, Port Louis,

at 3.30 p.m.

The National Anthem was played

(Mr Speaker in the Chair)

MAURITIUS

Fourth National Assembly

First Session

Debate No. 17 of 2009

Sitting of Friday 05 June 2009

PAPERS LAID

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

A. Prime Minister's Office -

(a) Order made by the Commissioner of Police under section 13A of the Police Act Declaration of Protected Area (Government Notice No. 49 of 2009).

(b) Order made by the Commissioner of Police under section 13A of the Police Act Declaration of Protected Area (Government Notice No. 52 of 2009).

B. Ministry of Business, Enterprise & Co-operatives -

(a) The Annual Report of the Ministry of Commerce and Co-operatives for the period 01 March 2002 to 28 February 2003.

(b) The Annual Report of the Ministry of Commerce and Co-operatives
(Co-operatives Division) for the period 01 March 2003 to 28 February 2004.

MOTION

SUSPENSION OF S.O.10(2)

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

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

PUBLIC BILL

Second Reading

THE SUPPLEMENTARY APPROPRIATION (2008-2009) BILL

(No. XI of 2009)

Order for Second Reading read.

The Vice-Prime Minister, Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Mr Speaker, Sir, I move that the Supplementary Appropriation (2008-2009) Bill (No. XI of 2009) be read a second time.

Mr Speaker, Sir, last December, we presented an Additional Stimulus Package to shore up economic performance. It is essentially a targeted, flexible, temporary and concerted action plan to face the economic downturn. Our aim was to build greater resilience to the fallouts of what was turning out to be the worst economic recession the world has known in more than 80 years.

The Additional Stimulus Package followed timely actions taken in mid 2008 to leverage the greater fiscal leeway our reforms have generated to create funds and to reserve resources for contingencies.

To finance that ASP we needed to mobilise some Rs10.4 billion over a two year period that would be spent primarily on saving jobs, protecting people and preparing for the recovery.

The Rs10.4 billion are being financed in part by drawing from these funds and the contingencies. The financing of the ASP also includes, revenue foregone by Government through the temporary suspension of many tax measures, which is equivalent to an injection of money into the economy and also higher Government expenditures on public infrastructure.

We stated in the ASP document that we would be able to mobilise some of the necessary financing by shifting resources from lower priority items to meet the needs of sectors under pressure and also from the savings in public debt service as a result of lower interest rates. And we also said, Mr Speaker, Sir, that we will request the National Assembly to appropriate the necessary funding under a Supplementary Appropriation Bill.

I further stated at paragraph 243 of the Budget Speech 2009 that we will have to introduce a Supplementary Appropriation Bill to the 2008/09 Budget to cover Rs4.3 billion of the Rs10.4 billion required for the Additional Stimulus Package.

In fact, the Supplementary Appropriation Bill provides for the appropriation of an amount of Rs4.262 billion for the financial year 2008-2009 to supplement the initial voted amount of Rs55.638 billion.

I will now explain, Mr Speaker, Sir, how the various items add up to the Rs4.262 billion.

Contribution to RDA

An amount of Rs500 m. is being appropriated as contribution to the Road Development Authority/Land Transport Authority for financing the road decongestion programme.

It should also be pointed out, Mr Speaker, Sir, that compared to its initial budget, the RDA would spend an additional amount of Rs450 m. by the end of June 2009 for road maintenance across the island.

We have also already launched tenders for some components of the road decongestion programme and are undertaking feasibility studies and consultancies. We need additional funding also for land acquisition for these projects. We are therefore appropriating Rs500 m. to meet these expenses.

Transfer to the Local Infrastructure Fund (LIF)

Second, in the Additional Stimulus Package (ASP) we announced Rs500 m. for Local Government including Rs50 m. for Rodrigues. Taking into account available resources after previous commitments, we need to appropriate Rs375 m. of this amount to top up existing resources. This will ensure that the LIF can provide the financing for infrastructure development in Municipalities, District Councils and Rodrigues. In fact, the Rs500 m. is already fully committed. Most works are under way and up to now Rs80 m. has been paid.

Transfer to the MASMED Fund and to the SJR Fund

Third, the 2008/2009 Budget had already appropriated Rs500 m. for the Manufacturing Adjustment and SME Development (MASMED) Fund. This amount is fully committed including Rs100 m. to SMEs. As of now, about Rs200 m. has already been disbursed and we expect the rest to be used shortly. The Additional Stimulus Package also mobilised an additional Rs500 m. for schemes and projects to save jobs under the Mauritius Approach. We have already saved over 2,700 jobs with an investment of Rs100 m. and guarantees of Rs10 m. Many other cases are being processed and will also require funding. We need to appropriate the Rs500 m. announced in the ASP already to ensure we can meet our obligations. For example, only this week two additional requests concerning 200 jobs and Rs18 m. have been finalised.

Moreover, we have broadened and deepened the scope of intervention to cover all sectors including SMEs. These new interventions will require around Rs500 m.

We also need to mobilise Rs1.5 billion to cover all sectors and SMEs under the Mauritius Approach and to set up new instruments for emergency interventions and support as follows -

- an Emergency Export Credit Insurance Scheme to be set up immediately to support the textiles and clothing sector;
- a Credit Guarantee Scheme to be introduced shortly for loans provided by banks to unlock the Rs800 m. banks have committed to support restructuring, including for SME's;
- a line of credit for equipment modernisation for enterprises to be set up soon;
- a 30 percent Guarantee Scheme for encouraging leasing as a means to upgrade and modernise operations of SMEs, and
- upgrading of small and medium sized hotels.

Mr Speaker, Sir, the number of cases that is now coming forward is increasing and it is expected to grow as the global outlook deteriorates. We need to ensure that we have the necessary resources on hand to meet this rising demand in a timely and adequate manner.

These are the reasons why we are appropriating Rs2.5 billion for the MASMED Fund. As I have indicated in the Budget Speech, the MASMED Fund will be restructured into the Saving Jobs and Recovery (SJR) Fund which will have a much broader scope, encompassing all sectors of the economy and enterprises of all sizes.

The process of restructuring has already been initiated. Last week, my colleague ministers and myself had a working session with officials of concerned ministries and public agencies as well as key stakeholders from the private sector on the appropriate structure and *modus operandi* of the SJR Fund. Since it will cover all sectors of the economy, the SJR Fund will have several sub-committees, each one dealing with specific issues or sectors chaired by the relevant Ministry. The sub-committees will operate within an interactive and coherent framework and a consistent set of guidelines. In view of the large amount entrusted to the SJR Fund and of its multi-sectoral nature, it will be chaired now by the Financial Secretary with representation from all concerned Ministries on its governing committee. The appropriate Regulations are being drafted.

Mr Speaker, Sir, to ensure full transparency, accountability and Parliamentary scrutiny, we will publish on a regular basis how taxpayers' money has been used to support our enterprises in these challenging times. The beneficiaries, the amount involved, the instruments used and the main terms and conditions of the agreement will be disclosed to the National Assembly.

Equity Participation in the DBM Ltd

Fourth, we are appropriating Rs100 m. to inject new equity into the DBM Ltd. This is necessary to make up for weaknesses in the DBM's capital base following losses made over the years. The additional capital will enable the bank to continue its operations and provide the required support to SMEs to allow them to grow.

Special Purpose Vehicle (SPV) for asset purchase, swap or lease back

Fifth, as mentioned in the Additional Stimulus Package, we are appropriating Rs500 m. for equity participation in a Special Purpose Vehicle to enable the State Investment Corporation to acquire, hold, swap or lease-back assets from asset-rich but cash-poor enterprises. The coming into operation of the SPV will enable those enterprises to obtain liquidity for their operations and raise finance for investment purposes. These enterprises will be given the opportunity to buy back their assets in the future. The scheme is already operational, Mr Speaker, Sir, and SIC has already paid Rs50 m. to purchase assets on behalf of the SPV and this will now be refunded from the appropriation.

Subscription to IMF

Finally, we are appropriating an amount of Rs287 m. in response to the appeal by the IMF for additional resources. This amount is used to purchase additional Special Drawing Rights to the tune of SDR Rs6 m. from the IMF. As a result, Mauritius has increased its net international reserves with the IMF by the same amount.

All these Mr Speaker, Sir, are resources being mobilised to meet the new policy priorities, i.e., save jobs, protect people and prepare for recovery. The results in terms of saving jobs are encouraging, as many thousands of families have already been spared the human desolation that comes with unemployment. The increasing demand for support, from enterprises of all sizes and across all sectors of the economy, is evidence of the vulnerability of both our export and domestic oriented industries. And as consumer and investor confidence globally waxes and wanes, we must be ready and able to stand by our workers, our enterprises and by the entire population.

However, Mr Speaker, Sir, it should also be stressed that, in spite of increased appropriation for 2008/09, the overall budget deficit for that financial year of around 3.9 percent of GDP is sustainable and slightly above the estimated 3.3 percent of GDP. The supplementary appropriation does not undermine the quality of the deficit, which is due mostly to meet the absolute necessity of saving jobs in the most precarious of times and to invest in 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.

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

The Prime Minister rose and seconded.

(3.43 p.m.)

The Leader of the Opposition (Mr P. Bérenger): Mr Speaker, Sir, we had the opportunity to discuss at length on 07 April this year, the Additional Stimulus Package and the measures contained therein. Then, as from next month and until this week, we had the opportunity to discuss the 2009 Budget.

As has been made clear by the hon. Deputy Prime Minister & Minister of Finance himself and it is the case, the Supplementary Appropriation Bill that we are discussing today, apportioned funds, to implement programmes and projects already discussed when we discussed the Additional Stimulus Package in April and the 2009 Budget. I shall, therefore, of course, not repeat all the arguments that we have thrashed out on both occasions.

Indeed, now comes implementation time and, as you know, as I said, when debating the Additional Stimulus Package and the 2009 Budget, I am not optimistic concerning the road decongestion programme which the hon. Minister has referred to and which is in the Supplementary Appropriation Bill before us. I have also great doubts that Government will deliver as far as SMEs are concerned and, of course, we shall be watching very carefully over the coming weeks and months the performance of both the SIC and the DBM.

Therefore, now comes implementation time and, as I said, I am not optimistic. We shall, therefore, in the weeks and months to come, be looking very closely at the implementation of all these programmes and measures announced in both the Additional Stimulus Package and the 2009 Budget. I shall, through PNQs, follow the implementation of those programmes and measures and, in six months' time, we will have another budget before us and then also it will be time to examine how implementation has taken place.

The figures which the hon. Vice-Prime Minister & Minister of Finance mentioned, as far as the budget deficit is concerned, in the 2009 Budget Speech and which he came back on today, we shall see how the situation evolves. Whether, as in the past, there is massive under spending or whether implementation is better than has been the case until now.

Thank you, Mr Speaker, Sir.

(3.46 p.m.)

Mr P. Jugnauth (First Member for Quartier Militaire & Moka): Mr Speaker, Sir, for the second consecutive year, the hon. Vice-Prime Minister & Minister of Finance is coming and is presenting an ESE in parallel with the Budget.

Last year, the hon. hon. Vice-Prime Minister & Minister of Finance came with an ESE to appropriate some Rs4.5 billion for the financial year 2007/2008 which was meant to be spent in the financial year 2008/2009. This time, again, he is asking this House to approve some Rs4.3 billion for financial year 2008/2009, but which is meant to be spent this month, I believe till the end of this current financial year, whereas it is clear that this money will be spent during the next financial year, that is, the next six months, up to December 2009.

Mr Speaker, Sir, normally and, I think, logically speaking, the Minister of Finance comes with an ESE to appropriate sums that have been spent, in fact, in excess of those approved for a financial year. Since June 2008, for the first time in the history of the presentation of Budget, ESEs are being presented for sums not yet spent. I would not comment more on that, but I would say that last year my colleague, hon. Nando Bodha, had already expressed concern on the way of this state of affairs and on the way things were being done. And he said that this type of accounting trick was being used to, in fact, hide the actual truth on capital expenditure and on the budget deficit and, I remember, when I was reading his speech, he said that this has amounted to 'voodoo accounting' and, today, we are saying the same thing because when we look at the Bill that has been circulated, the object of the Bill is to provide for an estimate of supplementary expenditure showing the sums required or spent for the financial year 2008-2009 and in paragraph 2, it is said –

> "A total sum not exceeding four billion two hundred and sixty-two million rupees shall be issued from the Consolidated Fund to meet the supplementary expenditure of Mauritius for the financial year 2008-2009."

The hon. Minister believes probably that we do not understand, but we know exactly what he is doing and why he is doing that.

Mr Speaker, Sir, I have to explain the trend that has been going last year and what is happening this time again. Last year, in March, while answering to a Parliamentary Question from hon. Mrs Hanoomanjee, the Minister said that out of the Rs10 billion voted for Capital Budget for 2007 and 2008, only Rs3.3 billion had been spent. Then, at Budget Time, less than three months later, we were told that capital expenditure had reached Rs7 billion, or so. In fact, capital expenditure had been boosted through the acquisition of financial assets which were not really programmed in the 2007-2008 Budget such as the provision for Rs1.2 billion of equity investment for airport development in both Mauritius and Rodrigues and capital transfers were also inflated.

We still remember that days before the presentation of the 2007-2008 Budget, we heard of a last minute deal with Microsoft for the supply of software at a cost of Rs250 m. Ministries were then asked to spend as much as possible and even after doing that, there was massive under-spending on the Capital Budget. In addition to that, Mr Speaker, Sir, Government had collected Rs4 billion of revenue, more than estimated as evidenced in paragraph 269 of the 2008-2009 Budget. This was achieved, we all know, by more revenue, namely on VAT due to the cascading increases in prices that followed the 20% depreciation of the rupee, we had the NRPT, the taxation on interest, amongst others.

Therefore, the Minister had billion in hands. Instead of reflecting the true status of public finances at that point in time, he came with those, what I call, and what he used to call also as ‘colourable device’ to further inflate capital expenditure. We saw six Funds that he announced in the 2008-2009 Budget Speech for which more money were appropriated from the 2007-2008 Budget.

When we look at the actual 2007-2008 figures, for capital expenditure, plus net lending, on the Ministry of Finance website – and when I took the pains to check carefully - what do we see, and it is their posted for everyone to see, the figure that was reached on the Consolidation of Budgetary Government Accounts: Rs13.1 billion. I just mentioned it, include a total out of this Rs13.1 billion. Sums that were allocated to the Food Security Fund: Rs1 billion, Human Resource Knowledge and Arts Development Fund: Rs1 billion, *Maurice Ile Durable*: Rs1 billion, Social Housing Fund: Rs500 m. and Local Infrastructure Fund: Rs130 m.; are also included the Rs1.24 billion of investment in equity out of which Rs1.2 billion equity for modernisation and expansion of the SSR and Rodrigues Airports.

Mr Speaker, Sir, I wish to emphasise on the fact that those Rs3.63 billion allocated to all those Funds, the sum of Rs1.24 billion which is investment in equity were not expenditure incurred in 2007-2008. They were mere accounting tricks to inflate expenditure. In fact, had not all these accounting tricks been utilised, the budget deficit for 2007-2008 would have been 1.2% instead of the 3.3%. My point is that in June 2008 the Minister of Finance had a big *marge de manœuvre* and he could have come with a number of measures to relieve the population.

Mr Speaker: I am sorry. We are going too far on this debate. I have given the hon. Member the opportunity to talk about the deficit which could have raised by him. We have to stick to what appears in it.

Mr Jugnauth: I was stating what the Minister has done in the last financial year to this one. But, let me come to the actual financial status within the six Funds that had been announced in the 2008-2009 Budget Speech. The figures that I will quote include additional provisions made in the 2008-2009 Budget and through the ASP of December 2008. Food Security Fund: Rs1.05 billion, Human Resource Knowledge and Arts Development Fund: Rs1.05 billion, Local Infrastructure Fund: Rs305 m., MASMED Fund: Rs500 m., *Maurice Ile Durable*: Rs1 billion, Social Housing Fund: Rs1.2 billion. Unfortunately, I had asked the hon. Minister for figures of the amount spent, but I did not get it. I have got certain information; probably, the Minister can in his summing up confirm or state the figures that have been spent. What amount has been actually spent under those six Funds so far? So often, I hear the hon. Minister mentioning about sums committed, but sums committed is one thing, and sums really spent is another thing. From the information that I have, I note the following -

(i) out of the Rs1.05 billion allocated to the Food Security Fund, some Rs50 m. have been spent as at now;

(ii) out of the Rs1.05 billion allocated for Human Resource Knowledge and Arts Development Fund, Rs70 m. have been disbursed so far;

(iii) out of the Rs1 billion allocated to *Maurice Ile Durable*, Rs100 m. have been disbursed so far;

(iv) out of the Rs305 m. allocated to the Local Infrastructure Fund, Rs80 m. have been disbursed so far;

(v) out of the Rs500 m. allocated to the MASMED Fund, approximately Rs400 m. have been disbursed, and

(vi) out of the Rs1.2 billion allocated to the Social Housing Development Fund, only Rs200 m. have been spent so far.

Mr Speaker, Sir, before the new announcements made in the Budget Speech on 22 May 2009, the six Funds had allocated financial resources to the tune of Rs5.1 billion and disbursements at total.

Again, according to information that I have, I say that it is only Rs900 m. Therefore, around Rs4.2 billion are available and have been appropriated in this House. Now, let us see what the hon. Minister wants us to approve today to be accounted for in 2008/2009 Budget -

1) Rs375 m. additional allocation for the local infrastructure fund, under which I point out that Rs225 m. is still available;

2) Rs2.5 m. for the SJR Fund which carries forward Rs100 m. left under the initial MASMED Fund;

3) Rs500 m. for SIC, for equity participation in distress companies;

4) Rs500 m. for contribution to RDA, LTA under the Road Decongestion Programme;

5) Rs100 m. to DBM, and

6) Rs287 m. of contribution to the IMF.

Mr Speaker, Sir, the bulk, not to say the totality of the Rs4.2 billion, which the hon. Vice-Prime Minister & Minister of Finance is asking us to approve today, have been spent in Financial Year 2008/2009. It would be completely unrealistic to even think how much effort - even if the Vice-Prime Minister & Minister of Finance, and his colleagues will try to do - to imagine that this amount will be spent in the 25 days, because if I take it, we are today Friday 05 June, the Financial Year will end Tuesday 30 June, that is, 25 days; unless, there is this kind of ‘voodoo spending’ also.

Once more, Mr Speaker, Sir, I would say that this whole trick is to deliberately inflate capital expenditure, to hide the truth on the failure as regards capital investment - that is also very important - and show a higher Budget deficit. I would say - the term that we normally use in criminal matters - the confession of the hon. Vice-Prime Minister & Minister of Finance, in his summing up speech - because he likes to use a lot of technical terms, so probably, in other fields also we can qualify what he said in his summing up speech on the Additional Stimulus Package.

And I quote –

"Instead of letting the deficit to go down, because we have had the benefits of reforms, to reinvest Rs6 billion, Mr Speaker, Sir, in these funds as early as May".

You can see clearly the intention of the hon. Vice-Prime Minister & Minister of Finance.

In the Revised Estimates for Financial Year 2008/2009, we see that an extra Rs1 billion has been allotted to the Ministry of Industry, Science and Research, that is, in P*rogramme Code 601*. And this, unfortunately, has not been detailed. Only an amount is mentioned. Probably, the Vice-Prime Minister & Minister of Finance can give us some information afterwards.

For P*rogramme Code 952 – Centrally Managed Initiatives of Government,* we see that a sum of Rs1 billion has been added and only Rs500 m. in equity to SIC as shown in the figures. Again, probably, we'll get some additional information.

In the *Programme Code 482*, *Competiveness of the Sugar Cane Sector,* the transfers for the accompanying measures for the sugar sector, that is, the VRS disbursements and other measures planned for 2011, they have been frontloaded to 2008/2009. Now, this represents an amount of Rs850 m. as I had indicated in my intervention on the Budget Speech.

Mr Speaker, Sir, the only thing I can see is that the amount of Rs850 m. was earmarked to be spent - it is exactly Rs841,655,000 that was proposed to be spent - in 2011 and has been frontloaded. Therefore, now, it is included in 2008/2009. The revised estimates, therefore, show an addition of Rs4.85 billion accounted in capital expenditure and net lending. Out of this figure, only about Rs1 billion have been spent if we removed the net equity purchases of Rs976 m. Therefore, we arrive at the figure of Rs6.9 billion which is the real capital expenditure and net lending figure, instead of the indicated figure of Rs11.76 billion. Now, taking this into account, Mr Speaker, Sir, the real Budget deficit for 2008/2009, works out to be less than 2.5%, and not 4.4%, as indicated in the statement of Budgetary Central Government Operations, which had been tabled at pageXX3 of the PBB Estimates for 2009. This proves, Mr Speaker, Sir, that the hon. Vice-Prime Minister & Minister of Finance - and I said this again for this Budget, because we know what happened for the last one - had ample room for manoeuvre in this Budget. There are billions of rupees of unused funds and every time we mention a few measures to relieve the middle-class and the poor, the hon. Vice-Prime Minister and Minister of Finance comes with VAT unfortunately.

Mr Speaker: No! I am sorry, the hon. Member has to comment the debates only. I have already given a ruling in the House, that when we are discussing this ESE, we have to restrict the debate to the items. I have allowed some general debate to prove whether the performance is there and, secondly, whether the Budget deficit will be what the Vice-Prime Minister & Minister of Finance said.

Mr Jugnauth: I will go according to your remarks, Mr Speaker, Sir. So, why is it that the Vice-Prime Minister & Minister of Finance did not compute the actual figures and did not tell the truth on Government finances in June 2008 and May 2009? Why not show the truth and tell the truth to the people of this country? Why come with this type of 'voodoo accounting'?

(Interruptions)

We are on this side of the House; we are not going to be a party to such practices. We believe in total transparency in managing the finances and the affairs of this country and, of course, we cannot condone 'voodoo accounting'.

In fact, many people are asking questions: what is the motive behind hiding the real capital expenditure figures? Is it because there has been a failure on implementing capital projects that have been announced year in year out? I see that the hon. Vice-Prime Minister & Minister of Finance has set up a Project Implementation Unit at his office, under the responsibility of Sir Vinod Bacha. Well, it is good news, probably for some. *Mais j'aimerais bien savoir, M. le président, ce que pense le ministre des finances et le ministre des infrastructures publiques. En tout cas, c'est la question que nous nous posons.*

To conclude, I would say that, unfortunately, for the second year running, we are coming with - it is not only a strategy - the same trick, I would say, of allocating money that will definitely not be spent. In this financial year, the Vice-Prime Minister & Minister of Finance knows very well that that amount cannot be spent for this year and that it will be used for the next financial year. This is the main reason why we do not agree because there is no transparency. The truth must be told to the people. If the Budget deficit has gone down, the hon. Minister of Finance should say that he has not been able to spend so much money; he should give the actual figures. Then, we will be able to monitor and see whether reforms that have been proposed by the hon. Minister of Finance, whether the measures that he has been advocating for years and years, are bringing the actual results. That is my observation, Mr Speaker, Sir.

Mr Speaker: I will have to ask for a clarification from the hon. Member. He has used the word 'trick' several times. If the word is referred to the Government, then, it is all right, but if it is referred to the Minister, that is not parliamentary.

Mr Jugnauth: It is the accounting trick that is being used by Government then. Thank you, Sir.

(4.11 p.m.)

The Vice-Prime Minister, Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Mr Speaker, Sir, we have been working till very, very late for a very long time. So, we are all very tired. I will try to be very, very brief, Mr Speaker, Sir.

First, let me respond to the hon. Leader of the Opposition. I do agree that we do have some problems in implementation, but we are doing our best not only in terms of resource mobilisation, but also in terms of people to make sure that we implement what we have agreed. But I must say that these are quite unique circumstances, Mr Speaker, Sir. Never has our country faced so many challenges. When you look at the Mauritius approach, it is the first time that we have this Mauritius approach, trying to use taxpayers' money to help the enterprises, save jobs, protect people and prepare for the recovery. I chaired a meeting last week, Mr Speaker, Sir, while the debates on the Budget were going on, with many of my colleagues, to make sure that we start delivering on what we have said in the

Budget, whether it is in terms of the leasing facilities for the SMEs, the export credit guarantee or the insurance guarantee.

For the Budget deficit, the hon. Leader of the Opposition said that we will wait for the figures. In fact, hon. P. Jugnauth also asked me that question. We have published revised estimates, Mr Speaker, Sir, at page XXIII. The day before yesterday also, hon. P. Jugnauth asked me why we have not published revised estimates. We have published revised estimates in the third column and the second column is the estimates, which, in fact, makes the distinction between the estimated budget deficit which was 3.3% and the budget deficit, we believe, at the end of June 2009, would be 3.9%. On top of that, Mr Speaker, Sir, we did circulate the details. In fact, he was quoting from one of these details which were omitted, I must say, on the budget day, but which we did circulate to all hon. Members. I think there are eight pages on what were the estimates and what we think would be the revised estimates.

Hon. P. Jugnauth made the distinction between non-financial and financial asset. But it is there, Mr Speaker, Sir. You would see that in the estimates, we have said what we used to call in the past the Capital Budget; it is there. So, Mr Speaker, Sir, we were forecasting Rs7.1 billion and the revised estimate is Rs6.4 billion. Rs6.4 billion divided by Rs7.1 billion is 90% and 90% is quite a good achievement for capital expenditure. I am sure that hon. P. Jugnauth knows that this Rs6.3 billion does not include the items that we are appropriating today, because these are financial appropriation, Mr Speaker, Sir. So, it is a bit unfair to come and say that this is a way to disguise the underspending in capital expenditure. In fact, it was the case of my good friend, the hon. Minister of Public Infrastructure; we gave him Rs200 m. in the Budget for road maintenance, he has spent already Rs700 m. up to now and we still have one month to go. So, there are cases, Mr Speaker, Sir, where the money has already been spent. It is also very unfair for hon. Jugnauth to say that this money will be spent next year. No! A lot has already been spent.

When we look at contribution to RDA, Mr Speaker, Sir, we are appropriating money that has already been spent, but for which there was no authority from Parliament and that's why we are coming to Parliament. I am sure hon. Jugnauth knows that there are two ways of doing it. One, you can reallocate, but then if you have gone beyond reallocation, you have to come to Parliament for this, Mr Speaker, Sir.

Regarding the Local Infrastructure Fund, we agree to give Rs500 m. to Local Government. This includes not only the Municipalities and the District Councils, but also Rodrigues. Money has been spent, I have given the figure. We all know what happened, Mr Speaker, Sir. Money has been spent, the work has been completed and the payment is in the pipeline. We have already committed it; it is in the process and it takes time, because we do a lot of accounting on a cash basis. The hon. Minister of Local Government is fully aware that the Rs500 m. is fully committed and a lot of work for which orders have already been issued are being done in all Municipalities, in all District Councils and also in Rodrigues. By the end of June 2009, Mr Speaker, Sir, almost 50% of that amount will be spent and then there would be some work that could have been done, they need to process it through the Accountant-General and the money will be paid.

Concerning the SIC - maybe there is a slight confusion here, Mr Speaker, Sir - we did not announce it in the Budget. We provided for the special purpose vehicle in the Additional Stimulus Package. So, we have to transfer the money. The SIC did not get a single cent from the Budget itself, but they have already spent money. In fact, one of the enterprises that has benefited from the Additional

Stimulus Package, because it did not have money and it had assets, Mr Speaker, Sir. SIC has spent money to purchase this asset, so we have to give the money to SIC, Mr Speaker, Sir. It is the same thing for the DBM. Money has to be given to the DBM now, because they are cash strapped and they need the money. For IMF also, the money is going to be disbursed, Mr Speaker, Sir, before 30 June, because the call has been made by the G-20 that we need to give additional funding to the IMF, but, obviously, we work on a quota basis, we have to fulfil our part of the quota.

It is totally unfair for hon. Jugnauth to say that, last year, we had Rs13.4 billion; if you remove the Rs4.5 billion that were put in the Fund, there is still Rs8.5 billion.

Concerning investment for the airport, we'll have to put money, equity. This will cost approximately Rs10 billion. Part of it is being funded by equity. All the preparatory that has been done, Mr Speaker, Sir, is not free of charge. We have to pay. So, this Rs1 billion that we have given to Airport of Mauritius has been used for this; a lot of work has been done. *Les R 200 millions pour Rodrigues*, we have paid, Mr Speaker, Sir, for work that has been done at the Airport of Rodrigues. In fact, we have to do new work for Rodrigues now. But this is money that has to be paid to clean the balance sheet of Airport of Rodrigues for work that has been done. This is not going to be money that will be spent next year. In fact, Mr Speaker, Sir, there are six of them. If you look at five of them: RDA, Local Infrastructure Fund, Development Bank of Mauritius, SPV and International Monetary Fund, it will be for this year. Now the sixth one, obviously, is a tricky one. Obviously the sixth one is a tricky one. Again, let me try to explain because this is taxpayers' money, Mr Speaker, Sir. I have said we want to be transparent and we want to give all the information out of this House. A sum of Rs500 m. was provided for in the Budget. The Minister of Industry has explained how this money has been spent - Rs200 m has already been spent. The other Rs300 m. has been committed work in progress, Mr Speaker, Sir. This is money is fully committed, and most of the money will be spent by 30 June, Mr Speaker, Sir. This is the first one. Then, in the Additional Stimulus Package, we said that we would give Rs500 m. to save jobs and Rs500 m. to SIC. That is why we are appropriating for the SIC. We cannot actually transfer the money, because we did not have the authority of Parliament. Now the Rs500 m. to save jobs - we are saving jobs, and this is what we have transferred, Mr Speaker, Sir. Now we are seeking the authority of Parliament to approve this transfer of Rs500 m. an initial one that we have already spent. Rs150 m. has already been spent. Only this week we have spent some money and we have saved 200 jobs also. There are about 50 in the pipeline until the 30 June that are seeking support from Government, the independent financial consultants have been appointed. They are discussing with the banks, Mr Speaker, Sir. So it is very unfair to say that this money will be spent next year. Money is being spent, Mr Speaker, Sir. What we have suggested is: we need this Export Credit Insurance Scheme. We are setting it now, Mr Speaker, Sir, because they need this support now. And I have said in the debates that this is going to be on a burden sharing basis. MEXA will have to be some and Wool pay some, but we will have to set it now, Mr Speaker, Sir. It is the same thing for equipment modernisation. We are discussing with the leasing companies now to set up a facility that will make sure that SMEs don't have to provide 30% upfront on a leasing equipment in order to have access to this finance to modernise their *outil de production*. This is happening now, Mr Speaker, Sir, I have said it. The third one, the credit guarantee - the banks have agreed to put Rs800 m. but they are seeking some guarantee in order to support enterprises *qui ont des problèmes conjoncturels*. We are discussing with the banks to set up this Credit Insurance

Scheme now. So, there is an Export Credit Insurance Scheme; there is a Credit Insurance Scheme and there is a Leasing Scheme so that SMEs, Mr Speaker, Sir, don't have to fork out 30% of the value of their equipment at one go. In the UK, they pay only 10%, but here, because of the risk aversion of the leasing companies, they ask SMEs to pay 30% of the initial. So, we are working on the guarantee that they don’t have to pay 30% and, obviously, after some years, if this fails we will have to find a solution for this, Mr Speaker, Sir. So this is what we have provided for. A lot of the money has already been spent, Mr Speaker, Sir. Having said that, we cannot come to Parliament every week, because we don't know how deep the recession will be and how long the recession will be. Some of the money is for a rainy day and it is an 18-month Action Plan. We have not done any ‘voodoo accounting’, Mr Speaker, Sir. It is all transparent. So some of it we have provided and, in fact, most Ministers of Finance use tricks to lower the deficit. You have seen in France, in the UK, how some items are outside the budget in order to bring down the deficit, and here, he is saying that the deficit should have been lower, we have made it higher. This is a good sound. This is a good financial management. Usually it is the opposite, Mr Speaker, Sir. We have said also that the support must be timely, must be targeted, must be temporary whereas the hon. Leader of the Opposition is saying that this is a recurrent one. We are more flexible, when the support is targeted, is temporary, and we say that it is an 18-month bailed out situation, Mr Speaker, Sir. So the budget deficit is lower, is sustainable. We have been extremely transparent in terms of the Capital Budget. This year, in fact, it is in the estimates that we have provided, Mr Speaker, Sir. Even the hon. Leader of the Opposition was saying that we have exaggerated the loss of revenue. The figures are there, Mr Speaker, Sir. We cannot do any tricks, as some were doing in the past. Last year, we provided the figures for what will be the revenue this year and the hon. Leader of the Opposition knows that it is ¯11, compared to what it would have been under normal circumstances. So, Mr Speaker, Sir, I have explained very clearly why we have come to the House in order to appropriate this amount. Most of them, five out of the six, will be money that have already been spent, we need to appropriate them. And the sixth one, some money has been spent, some money will be spent until 30 June. Others are setting up all these credit insurance or export guarantees schemes, and of course, others will be used of a period of additional 12-month in order to save jobs, to protect people and to prepare for the recovery.

Thank you, Mr Speaker, Sir.

Question put and agreed to.

Bill read a second time and committed.

COMMITTEE OF SUPPLY

(The Chairman of Committees in the Chair)

The following Programme Codes were called and agreed to -

(a) Ministry of Public Infrastructure, Land Transport and Shipping - Programme Code 323: Construction and Maintenance of Roads and Bridges (Rs500,000,000), ordered to stand part of the Schedule

(b) Ministry of Local Government - Programme Code 462: Facilitation of Local Authorities (Rs375,000,000)

(c) Ministry of Industry, Small & Medium Enterprises, Commerce & Cooperatives - Programme Code 601:Policy and Management for Industry, Commerce and Cooperatives (Rs2,500,000,000)

(d) Centralised Operations of Government - Programme Code 951 Centrally Managed Expenses of Government was called.

Dr. Sithanen: Sir, I move as per amendment circulated. I move to delete therefrom the following -

Centralised Operations of Government	951	Centrally Managed Expenses of Government	887,000,000	887,000,000

and to replace therefore by the following –

Centralised Operations of Government	951	Centrally Managed Expenses of Government	600,000,000	600,000,000
	952	Centrally Managed Initiatives of Government	287,000,000	287,000,000

Amendment agreed to.

Centralised Operations of Government - Programme Code 951 Centrally Managed Expenses of Government, as amended (Rs600,000,000) was, on question put, agreed to.

Centralised Operations of Government - Programme Code 952 Centrally Managed Expenses of Government (Rs287,000,000) was, on question put, agreed to.

The Schedule was called.

Dr. Sithanen: Sir, I move for the amendment as circulated. I move to delete therefrom the following -

Centralised Operations of Government	951	Centrally Managed Expenses of Government	887,000,000	887,000,000

and to replace therefore by the following –

Centralised Operations of Government	951	Centrally Managed Expenses of Government	600,000,000	600,000,000
	952	Centrally Managed Initiatives of Government	287,000,000	287,000,000

Amendment agreed to.

Schedule, as amended, was, on question put, agreed to.

Clauses 1 and 2 ordered to stand part of the Bill.

The title and the enacting clause were agreed to.

The Bill, as amended, was agreed to.

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

Third Reading

On motion made and seconded, the Appropriation (2009) Bill (No. IX of 2009) was read the third time and passed.

ADJOURNMENT

The Vice-Prime Minister, Minister of Finance & Economic Empowerment (Dr. R. Sithanen): Sir, I beg to move that this Assembly do now adjourn to Tuesday 16 June 2009, at 11.30 a.m.

Mr X. L. Duval rose and seconded.

Mr Speaker: The House stands adjourned.

At 4.30 p.m., the Assembly was, on its rising, adjourned to Tuesday 16 June 2009, *at 11.30 a.m.*

Debate No. 17 **Friday**

05.06.2009

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