



SIXTH NATIONAL ASSEMBLY

**PARLIAMENTARY
DEBATES
(HANSARD)**

FIRST SESSION

THURSDAY 08 JUNE 2017

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THE CABINET

(Formed by Hon. Pravind Kumar Jugnauth)

Hon. Pravind Kumar Jugnauth	Prime Minister, Minister of Home Affairs, External Communications and National Development Unit, Minister of Finance and Economic Development
Hon. Ivan Leslie Collendavelloo, GCSK, SC	Deputy Prime Minister, Minister of Energy and Public Utilities
Hon. Sir Anerood Jugnauth, GCSK, KCMG, QC	Minister Mentor, Minister of Defence, Minister for Rodrigues
Hon. Showkutally Soodhun, GCSK	Vice-Prime Minister, Minister of Housing and Lands
Hon. Seetanah Lutchmeenaraidoo, GCSK	Minister of Foreign Affairs, Regional Integration and International Trade
Hon. Yogida Sawmynaden	Minister of Technology, Communication and Innovation
Hon. Nandcoomar Bodha, GCSK	Minister of Public Infrastructure and Land Transport
Hon. Mrs Leela Devi Dookun-Luchoomun	Minister of Education and Human Resources, Tertiary Education and Scientific Research
Hon. Anil Kumarsingh Gayan, SC	Minister of Tourism
Dr. the Hon. Mohammad Anwar Husnoo	Minister of Health and Quality of Life
Hon. Prithvirajsing Roopun	Minister of Arts and Culture
Hon. Marie Joseph Noël Etienne Ghislain Sinatambou	Minister of Social Security, National Solidarity, and Environment and Sustainable Development
Hon. Mahen Kumar Seeruttun	Minister of Agro-Industry and Food Security
Hon. Ashit Kumar Gungah	Minister of Industry, Commerce and Consumer Protection
Hon. Ravi Yerrigadoo	Attorney General
Hon. Jean Christophe Stephan Toussaint	Minister of Youth and Sports
Hon. Soomilduth Bholah	Minister of Business, Enterprise and Cooperatives
Hon. Marie Roland Alain Wong Yen Cheong, MSK	Minister of Social Integration and Economic Empowerment
Hon. Mrs Fazila Jeewa-Daureeawoo	Minister of Gender Equality, Child Development and Family Welfare

Hon. Premdut Koonjoo

Minister of Ocean Economy, Marine Resources, Fisheries and Shipping

Hon. Soodesh Satkam Callichurn

Minister of Labour, Industrial Relations, Employment and Training

Hon. Purmanund Jhugroo

Minister of Local Government and Outer Islands

Hon. Marie Cyril Eddy Boissézon

Minister of Civil Service and Administrative Reforms

Hon. Dharmendar Sesungkur

Minister of Financial Services, Good Governance and Institutional Reforms

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MAURITIUS

Sixth National Assembly

FIRST SESSION

Debate No. 08 of 2017

Sitting of 08 June 2017

The Assembly met in the Assembly House, Port Louis at 5.00 p.m.

The National Anthem was played

(Madam Speaker in the Chair)

ANNOUNCEMENTS

(1) NATIONAL ASSEMBLY – HON. SMT. SUMITRA MAHAJAN, SPEAKER OF LOK SABHA & DELEGATION – VISIT

(2) SUSPENSION OF SITTING – HON. MEMBERS & GUESTS – MUSLIM FAITH – FAST-BREAKING

Madam Speaker: Hon. Members, before we start with the business of the House, I have two announcements to make.

Hon. Members, we are deeply honoured and privileged to have in our midst this afternoon the distinguished presence of hon. Smt. Sumitra Mahajan, Speaker of the Lok Sabha who is on official visit in Mauritius since yesterday. Hon. Smt. Sumitra Mahajan is leading a delegation of six hon. Members, both from the Lok Sabha and the Rajya Sabha. Allow me, on behalf of Members of this august Assembly and in my own name, to extend a warm and cordial welcome to our eminent guest and the Members of her delegation.

I wish her Excellency and her delegation a pleasant stay in Mauritius.

Hon. Members, I also have to inform the House that I will exceptionally suspend the sitting for 15 minutes at a convenient time to allow hon. Members and other guests of the Muslim faith to break their fast.

Thank you.

PAPERS LAID

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

Prime Minister's Office

- (a) Certificate of Urgency in respect of the Appropriation (2017-2018) Bill 2017 (No. VII of 2017). (In Original).
- (b) Estimates 2017-2018 and Indicative Estimates 2018-2019 and 2019-2020.
- (c) Three Year Strategic Plan 2017/2018-2019/2020.

MOTION

SUSPENSION OF S.O. 10(2)

The Prime Minister: Madam Speaker, I 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 (2017-2018) Bill 2017 (No. VII of 2017) was read a first time.

Second Reading

THE APPROPRIATION (2017-2018) BILL 2017

(No. VII of 2017)

Order for Second Reading read.

Budget Speech 2017/2018

RISING TO THE CHALLENGE OF OUR AMBITIONS

The Prime Minister, Minister of Home Affairs, External Communications and National Development Unit, Minister of Finance and Economic Development (Mr P. Jugnauth):

1. Madam Speaker, I move that the Appropriation (2017-18) Bill be read a second time.
2. Madam Speaker, when this Government took office in December 2014, we made a pledge to shape a new destiny for our country and our population.
3. We said we would put the economy back on track, reduce the unemployment rate, take families out of absolute poverty and achieve development that is environmentally sustainable and more inclusive.

II. ECONOMIC ACHIEVEMENTS AND PROGRESS

4. Today, as we look at our economy at the dawn of our country's 50th independence anniversary, I am pleased to report to the House that we are making good progress on our pledges.
5. The thrust of last year's Budget has allowed us to build a strong framework for economic revival. It has propelled our economy to a higher growth rate of 3.9 per cent in 2016/17, compared to 3.2 per cent in the previous year.
6. We are expecting the growth rate to rise further to 4.1 per cent in 2017/18.
7. The unemployment rate has fallen to 7.3 per cent in 2016 and the inflation rate was one per cent in that same year.
8. The real growth rate of private investment, which has been negative since 2012, has picked up with a positive growth of 5.7 per cent in 2016.

9. But we should not rest on our laurels.
10. We have high ambitions for our country, as spelled out in Vision 2030.
11. Our aim is for Mauritius to be a high income country by 2023, with an income per capita of around USD 13,600 against the current level of USD 9,740.
12. Last year, in my Budget Speech, I spoke about my vision of a new era of development - a vision of a society without any families living in absolute poverty, where there will be a narrower gap between the rich and the poor, no gender bias, better opportunities for all, with modern infrastructure and a quality of life that will meet the standards reached by advanced countries. This Budget which I am presenting today reflects my deep resolve to lead our nation to realise these ambitions.
13. Indeed, Madam Speaker, Budget 2017/18 is about **RISING TO THE CHALLENGE OF OUR AMBITIONS.**
14. This Budget focuses on five central challenges.
 - First, fostering higher growth for more and better jobs.
 - Second, investing massively in the infrastructure of the future.
 - Third, further improving the quality of life of our people.
 - Fourth, ushering in a New Social Paradigm.
 - And fifth, consolidating macro-economic fundamentals.
15. To succeed, we need to be clear on the path we have to follow.
16. I am, therefore, introducing a three-year rolling plan to support our medium-term and long-term objectives. This Budget is cast within the context of the first Three-Year Strategic Plan 2017/18 to 2019/20, copies of which will be included among the Budget documents. **(APPENDIX I)**
17. We will also circulate an Annex as an integral part of the Budget Speech to provide greater details on measures, schemes and legislative amendments in the Budget. **(APPENDIX II)**
18. Before elaborating on the policies and measures in the Budget, let me highlight that this year again, we are getting an exceptional financial support from the Government of India to implement several key development projects and programmes.
19. I am pleased to announce that the Government of India is offering a financial support envelope of USD500 million, that is, around Rs18 billion, through a line of credit. Another tranche of USD130 million, that is, Rs4.5 billion, which was approved in February 2012 is also available, thus adding up to a total of Rs22.5 billion. This

support from India is over and above the grant of Rs12.7 billion that was given to us last year, making a total of Rs35.2 billion.

20. The line of credit of USD500 million, bearing an annual interest rate of 1.8 per cent, will be made available to the SBM (Mauritius) Infrastructure Development Company Ltd for investment in redeemable preference shares. These shares will be issued by public sector entities implementing infrastructure projects and will have a redemption period of 20 years, with an initial grace period of 7 years.

III. FOSTERING HIGHER GROWTH FOR MORE AND BETTER JOBS

21. I will now articulate our policies on the first challenge of this Budget, which is to foster higher growth for more and better jobs.
22. We need to imperatively strengthen institutional capacity to support our growth objectives. To that end, an Economic Development Board (EDB) will be established to ensure greater coherence and effectiveness in implementing our policies and actions. The EDB will have three main directorates.
- The first directorate will be responsible for national and sectoral economic development planning.
 - The second directorate will be in charge of investment and export promotion. The various functions of the existing promotion organisations, namely, the BOI, Enterprise Mauritius, the Financial Services Promotion Agency and the Mauritius Africa Fund will be integrated in the Economic Development Board.
 - And the third directorate will manage the e-licensing business platform. The EDB will thus be the main business licensing agency in Mauritius – no more office hopping to obtain a business license.
23. We are also setting up a National Economic and Social Council under my chairmanship to address key socio-economic issues and strengthen dialogue with the private sector and civil society. The Council will meet on a quarterly basis.
24. To boost up growth we will equally act on the demand side. Our embassies and consulates will channel more of their resources to export and investment-driven diplomacy in strategic markets.
25. As Africa offers great prospects for our export sector and cross-border investments, we are consolidating our diplomatic footprint in Africa.

26. Thus, a number of joint commissions will be held with countries such as Cote D'Ivoire, Ethiopia, Ghana, Kenya, Madagascar and Zambia. Our aim is to further enhance bilateral cooperation with these countries in various sectors, including trade, investment and capacity building.
27. This month, the first Special Economic Zone in Senegal will be inaugurated. Mauritius-Africa Fund is a partner in that venture. In fact, Phase 1 of the development of that Zone is completed and will give Mauritian companies access to warehouses and office spaces totalling 31,000 square meters on 13 hectares. Phase 2 of the development will be on 40 hectares.
28. As regards Ivory Coast, the Mauritius-Africa Fund has secured access to land, on preferential terms, in the "*Zone Franche de la Biotechnologie et des Technologies de l'Information et de la Communication*" for Mauritian enterprises to undertake development projects.
29. To facilitate the implementation of joint projects by Mauritian enterprises in Africa, the Mauritius-Africa Fund will establish a Business and Investment Platform for Africa (BIPA).
30. We will also pursue negotiations on Free Trade Agreements (FTA) with China and the European Free Trade Association.
31. And we will step up efforts to finalise the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India.

Building Innovative Mauritius

32. I now turn to our plan to build Innovative Mauritius. This will be crucial to global competitiveness, higher value-added production and to creating better jobs.
33. As research and development is the bedrock of innovation, our plan is to put an unprecedented focus on encouraging research.
34. We are fundamentally reviewing and restructuring the Mauritius Research Council to transform it into the Mauritius Research and Innovation Council (MRIC). The Board of the MRIC will include wider representations of the private sector and relevant stakeholders.
35. It will manage a National Innovation and Research Fund to finance research in public and private institutions.
36. It will also set up a Mauritius Research Repository to which the public will have access.

37. And the Industrial Property Office will eventually be integrated in the MRIC.
38. Moreover, a Bio-Technology Institute will be set up under the aegis of the Ministry of Agro Industry and Food Security.
39. We will also promote academic research in all our universities. To that end, Government is injecting Rs50 million in a Research Fund to be managed by the Tertiary Education Commission (TEC).
40. An Innovator Occupation Permit will be introduced for innovative start-ups with a minimum operational expenditure of 20 per cent for R&D purposes.
41. In the same vein, I am allowing accelerated depreciation of 50 per cent per annum, in respect of capital expenditure incurred on R&D.
42. Companies will be allowed to claim a double deduction in respect of qualifying expenditure on R&D. This will apply until income year 2021-2022.

Investing in Skills Development

43. Success in achieving higher growth and lower unemployment rates lies also in our capacity to adapt our workforce. The skills of our manpower must evolve with the new needs of our economy.
44. To this end, I am providing Rs310 million for upgrading educational hardware and infrastructure in our training institutions, namely, the MITD training centres, the École Hôtelière Sir Gaëtan Duval, the Sir Ramparsad Neerunjun Training Centre and Le Chou Training Centre in Rodrigues.
45. We are providing funds for the refurbishment works at the University of Technology Mauritius and the *Université des Mascareignes*. Moreover, the University of Technology Mauritius is working on a project to construct a new campus.
46. And I am allocating an amount of Rs130 million to finance the operating costs of our polytechnics. They will have a vital contribution to better connect the world of learning with the world of work, especially in the fields of tourism, ICT, nursing and paramedics.
47. This year 2,500 of our youths have benefitted from training coupled with industrial placement, under the National Skills Development Programme. During the coming financial year, another batch of 2,500 will be enrolled for training under this Programme to address the skills mismatch.

Doing more to facilitate business

48. Madam Speaker, we must have, at all times, an environment that is conducive and efficient for businesses to operate and to be globally competitive.
49. We have recently passed the Business Facilitation Act. Today, we are introducing more measures to improve the doing business environment.
50. We are significantly decreasing the cost for businesses to connect to the electricity network:

Firstly, the cost of extension of high tension networks for commercial projects will be reduced by 50 per cent.

Secondly, we are eliminating the processing fee for new applications in respect of all categories of customers, including domestic customers, but excluding parceling of land and Property Development Schemes projects.

51. Plan approvals from CEB, CWA or the WMA will not be required anymore when applying for a Building and Land Use Permit in zones which are well networked and serviced, as well as in *morcellements*.
52. To eliminate inefficiencies and duplications in the licensing processes, BOI will carry out a business process reengineering on more than 125 licenses and permits where some 14 Ministries are involved.
53. To further attract foreign investment, high tech machines and equipment brought by an investor from abroad will now be considered as part of the minimum investment of USD 100,000 required to obtain an Occupation Permit. This will be subject to complying with set criteria.

Stimulating growth and employment in key productive sectors

54. I will now elaborate on our actions to boost investment, growth and job creation in the main sectors of our economy, starting with manufacturing.
55. First, I am introducing a major tax reform to encourage our domestic enterprises to expand their export capacity and seek new markets, especially the SMEs. Their profits from exports of goods will be taxed at the lower rate of 3 per cent, instead of 15 per cent.
56. Second, to encourage the development of new growth poles, we are introducing an 8-year income tax holiday for new companies engaged in the manufacturing of pharmaceutical products, medical devices and high tech products.
57. Third, to address the threats from Brexit, we established last year a Speed to Market Scheme for the textile and apparel exports on the European markets. I am extending

that scheme to the export of jewellery, medical devices, fruits, flowers, vegetables and chilled fish.

58. Fourth, I am introducing the Innovation Box Regime for Intellectual Property assets which are developed in Mauritius. New companies involved in innovation-driven activities will benefit from a tax holiday of 8 years on the income derived from the totality of Intellectual Property Assets.
59. Fifth, as there is good potential for the production of medical devices, the existing Clinical Trials Act will be amended to allow for the testing of such devices.
60. Sixth, I am extending the 8-year work permit policy for expatriate workers in the export-oriented enterprises to all manufacturing activities.
61. Seventh, the issuance and renewal of work permits will be made within the reduced timeframe of 15 working days, instead of 40 working days.
62. Eighth, the Fashion and Design Institute will be reengineered to focus on training in areas where skills mismatch in fashion and design are most severe and will include training in jewellery. To this end, the jewellery centre will be transferred from the MITD to the Fashion and Design Institute.
63. Ninth, we are setting up two 3D Printing Service Centres at the National Computer Board to support manufacturing firms, university students and start-ups.
64. Tenth, Mauritas, which is currently established as a department under the Ministry of Industry, Commerce and Consumer Protection, will be given full autonomy to offer accreditation services locally. This should result in lower costs of accreditation for our exporters.
65. Eleventh, I am eliminating Registration Duty and Land Transfer Tax on any transfer of immovable property for the setting up of a business for high-tech manufacturing.

Agro industry: adapting and modernizing

Sugarcane

66. I now turn to the sugar cane industry. Our strategy is to ensure its long-term viability.
67. We need to address the issue of abandonment of cane lands. To that end, a provision of Rs50 million is being made for bringing back under cane cultivation at least 500 hectares in fiscal year 2017/18.
68. I am providing for the introduction and adoption of drone technology in agriculture, starting with the sugar industry. This new technology will improve the assessment and monitoring of crop performance on large areas.

69. Government is working out a scheme to encourage the use of biomass such as cane trash and woodchips by the Independent Power Producers (IPPs) operating in the sugar industry.
70. Moreover, the registration duty payable on leases of agricultural lands of up to 10 hectares will be waived.
71. I am also providing VAT refund for the replacement of old lorries which are used for carrying harvested canes.
72. Moreover, financing facilities will be made available under LEMS for the replacement of such vehicles.

Boosting growth and employment creation in non-sugar agriculture

73. To boost productivity and employment creation in non-sugar agriculture, our strategy focuses on further diversification with an eye on the export market.
74. There is great potential for establishing Macadamia plantations in Mauritius as a new export niche and create new employment opportunities. I am therefore providing funds for importation of Macadamia seeds, setting up of nursery facilities and for foreign consultancy to advise and assist FAREI in the propagation of Macadamia trees.
75. We are coming up with a Food Processing Development Certificate to promote the importation of products such as maize, vanilla, cocoa, coconut and medicinal plants to be used as raw materials for processing and re-exports, including the refining of raw sugar.

Encouraging the revival of tea export

76. We also want to further encourage the revival of tea export.
77. The final price for green tea leaves supplied to tea manufacturers will be increased by 6 per cent as from the current crop 2016/17. This will enable the tea cultivators to share the benefits from increased sales of value-added tea.
78. I am pleased to announce that tea growers will be granted excise duty exemption on the purchase of a single/double space cabin vehicle.
79. And specified equipment and tools used in tea cultivation will benefit from VAT refund.

80. As regards the production of food crops, we are exempting the setting up of greenhouses for crop production on agricultural land from the need to obtain a Building & Land Use Permit.
81. Planters of food crops will be able to benefit from the SME scheme provided by MauBank and other commercial banks.
82. And the DBM will provide loans to assist planters whose crops are damaged by climatic conditions, pests and diseases.
83. To enable planters of food crops to better protect their fields from theft, I am providing for a subsidy on the cost of purchase of CCTV cameras with video surveillance system.

Expanding livestock production

84. I now turn to the livestock sector.
85. As there is a growing interest for the production of lamb meat, I am providing for the rehabilitation and upgrading of the farm buildings and associated infrastructure at the Government sheep farm at Salazie.
86. We have seen recently how animal diseases can decimate livestock with harsh implications for farmers' income and their financial standing. To deal with the risks of diseases:
- Government will come up with a comprehensive National Biosecurity Plan and a contingency plan for notifiable animal diseases.
 - And I am providing Rs18 million for improving animal disease surveillance and establishing animal health laboratory facilities.
87. Moreover, the role and functions of the Division of Veterinary Services and the Mauritius Society for Animal Welfare will be reviewed to enable them to offer better and more proactive services.
88. The 24x7 Veterinary Services will be strengthened with recruitments of more vets to better respond promptly to the demands of breeders, especially at night.
89. I am also providing an initial amount of Rs5 million to improve the pig waste treatment facility at St Martin.

Lowering cost of production

90. The cost of producing livestock has a direct bearing on the income of farmers as well as on consumer prices.
91. I am therefore increasing the subsidy on the price of concentrate feeds to Rs10 million through the Livestock Feed Promotion Scheme.
92. And I am removing customs duty on all animal feed, except for poultry and pets.

Madam Speaker: Hon. Prime Minister, I am sorry, I will have to interrupt you. As I stated earlier, I will suspend the sitting for 15 minutes to allow the hon. Members and guests of the Muslim faith to break their fast. May I kindly request other hon. Members and guests to remain seated meanwhile. We will resume in 15 minutes.

Thank you.

At 5.33 p.m., the sitting was suspended.

On resuming at 5.52 p.m. with Madam Speaker in the Chair.

Madam Speaker: Hon. Prime Minister, you may please proceed.

The Prime Minister: Thank you, Madam Speaker. I was dealing with agriculture.

Helping out with the financing of production

93. Financing production is another issue where our farmers need support.
94. Last year, I waived the 50 per cent of outstanding balances on loans granted by the DBM under the Pig Sector Restructuring Programme. For hardship cases, DBM will write off outstanding balances on their loans. For other cases, the loan repayment period will be extended for another year.
95. I am extending the same facility to all planters, other breeders including cattle breeders and to fishermen who have contracted start-up loans prior to 1st July 2012 under certain schemes.
96. Let me add here that I am including another 25 equipment in the list of equipment under the VAT refund scheme for planters, breeders, bee keepers, fishermen and bakers.

Boosting Bio-farming

97. To give a boost to bio-farming, I am providing for financing all costs associated with the registration, certification and audit for those holders of a Bio-farming Development Certificate who would wish to acquire the international organic label for their farm produce.

98. I am also providing for subsidy on the cost of bio-pesticides for registered growers.

Ocean Economy: building a future pillar

99. I now turn to the ocean economy which holds tremendous potential to boost exports and create good quality employment opportunities.

100. First, the validity of the fishing rights permit will be extended from one year to five years for fishing vessels flying the Mauritian flag, subject to all their catch being unloaded and processed in Mauritius. This should make it easier for them to access finance.

101. Second, I am making provision to upgrade and equip the Maison des Pêcheurs at Cap Malheureux, Tamarin and Mahebourg. Our aim is to provide the fishermen cooperatives with the facilities to transform their fish catch into value-added fish products.

102. Third, the scheme that we launched last year for fishermen cooperative societies to acquire semi-industrial vessels will be extended for another year.

103. Fourth, I am providing for grants to the fishermen cooperative societies for the acquisition of refrigeration vehicles.

104. Fifth, to promote coral farming by fishermen and SMEs, I am making provision for the setting up of sea-based coral farms for developing ornamental corals for the tourism sector, aquarium market and high-end jewellery manufacturing.

105. Sixth, appropriate amendments will be made to the Maritime Zone Act to cater for marina development.

106. Seventh, the Mauritius Shipping Corporation Ltd, in collaboration with the Royal Institution of Naval Architects, will set up a new Maritime Training Institute that will focus on training our youths for jobs on cruise ships and in the maritime sector.

Tourism: building on the regained growth momentum

107. I will now elaborate our measures to further strengthen the dynamism of our tourism industry.

108. First, the coming of KLM in Mauritius this year will further open up air access not only to the Netherlands but also to neighbouring regions namely, Germany, Benelux countries, Scandinavian countries and Eastern Europe. This will further diversify our markets in Europe.
109. Second, the Asia-Africa air corridor initiative is now fully embedded in our air access policy. It has given positive results in terms of Asia connection. To maintain that dynamism and meet rising demand, Air Mauritius will operate additional weekly flights to Singapore.
110. Third, concerning Africa connection, the MTPA will promote the twin destinations offer of Bush & Beach Tourism of Kenya and Mauritius.
111. Fourth, Government will give a voucher that will entitle a tourist to a Rs200 discount on a minimum purchase of Rs1,000 of Mauritian handicraft products. This should increase expenditure per tourist while at the same time giving a boost to Mauritian handicraft.
112. Fifth, to attract more Asian tourists, hotels will be allowed to host gaming machines within their premises, subject to access being restricted to non-residents and foreigners only and against payment of the appropriate license fee and betting tax.
113. Sixth, in the same spirit of attracting more visitors, a non-citizen acquiring a residential property for an amount below USD500,000 will be entitled to a Multi-Entry Visa for a maximum of 180 days per year for a consecutive period of 5 years and renewable every 5 years depending on the status of ownership.

Financial services

114. I now turn to the financial services industry which holds good potential for growth and employment.
115. This industry is facing numerous challenges from the international community, not least from the OECD and the European Union.
116. At the same time, there are opportunities arising from the new global economic order which need to be tapped.
117. Our response will therefore be to consolidate the sector, gear up to face the emerging challenges and ensure that international norms, standards and compliance requirements are respected.
118. Our strategy is to take our global business sector to a new level, based on quality of product offerings rather than only on non-sustainable fiscal advantages.

119. I am therefore announcing that a blueprint will be elaborated by the Ministry of Financial Services, Good Governance and Institutional Reforms, in collaboration with the EDB, the Bank of Mauritius, the Financial Services Commission and all stakeholders in the financial services sector. This blueprint will focus on the vision for the sector over the next 10 years and will also take on board the forthcoming international requirements with regard to taxation without undermining the competitiveness of our jurisdiction.
120. We are also taking measures to further enhance the reputation of Mauritius as a jurisdiction of substance. Currently, a GBC1 company must fulfill at least one of six criteria established by the FSC to demonstrate substance. They will henceforth be required to fulfill at least two of the criteria – thus making the guidelines more stringent on the substance requirement.
121. Government is also amending the Companies Act 2001 to allow for Islamic Financial Institutions and Islamic Banks to adopt accounting standards issued by the Accounting and Auditing Organisation for Islamic Financial institution.
122. The Stock Exchange of Mauritius will engage with Euroclear to transform the local debt market and set up an international capital market which would attract Governments and Corporates from Africa and other regions to issue multi-currency bonds in Mauritius.
123. The legal obligations on Special Purpose Funds will be aligned with those of GBC1 companies.
124. We will also reform our tax regime for global business companies so that it evolves and meets the new international requirements.
125. Mauritius must also harness the benefits of the fintech revolution the more so that there is good potential for making of Mauritius a Fintech Hub for Africa.
126. In this respect, the EDB will engage with stakeholders to create a Regional Fintech Association. The Association will act as a think-tank, advise on necessary regulatory and business climate amendments and create network and tie-ups with international institutions such as Innovate Finance London and the Fintech Circle.
127. The FSC will set the rules for regulating the Fintech activities such as peer-to-peer lending and funding, as well as mobile wallet.

128. Furthermore, the minimum capital requirement of banks will be raised from Rs200 million to Rs400 million. Existing banks will be given two years to adjust their capital to the new level. The Banking Act will be amended accordingly.

Making further strides on our ambition of a fully-fledged digital economy

129. Madam Speaker, last year I spoke about our strategy to move towards a fully-fledged digital society. This year we will make further strides to realise this ambition.
130. Our strategy is to provide the right ecosystem for this sector to grow above 10% in the years ahead.
131. I am, therefore, introducing measures that will encompass all enablers to drive this transformation.
132. First, I am pleased to announce that in line with the Government's strategy to boost the ICT and BPO sector, the prices of International Private Leased Circuits (IPLC) and Global Multiprotocol Label Switching (MPLS) services will be lowered by at least 15% as from 1st of July 2017.
133. Second, the Data Protection Act will be amended to comply with the new EU data protection regulation which will come in force in May 2018. This will encourage companies in the ICT sector to use Mauritius as a platform for their services.
134. Fourth, to enable the development of the right environment to nurture the growth of digital entrepreneurs, Government will build capacity in new technologies like robotics, Big Data and Internet of Things at the Réduit Polytechnic.
135. Fifth, I am providing for a cloud computing integrated platform to offer a 'Mauritius ICT plug and play platform' to attract digital nomads.
136. Sixth, Mauricloud will be created to offer a platform for issuance and verification of documents & certificates in a digital way.
137. Seventh, a Digital Youth Engagement Programme will be set up by the NCB to provide introductory courses on coding to youngsters.
138. Eighth, Government is setting up an Open Data Portal as a single point of reference for public datasets.
139. Ninth, as scarcity of skill remains a severe constraint on investment and growth in the ICT sector, I am announcing a new policy to encourage firms to allow their employees to work at home. The Employment legislation will be amended

accordingly. This policy will attract more women into the labour force, reduce cost for the enterprises and raise productivity nationally.

Nurturing the creative industry

140. I will now speak about our policy actions to support artists by better integrating them in the mainstream of economic development. At the same time, we want to optimise the potential of the creative sector for economic growth, job creation and social inclusion.
141. My first measure is to set up a National Arts Fund to finance activities for performing as well as fine arts, such as for recording of music, concerts and sales and exhibition of art work, amongst others. An initial contribution of Rs50 million will be made to that Fund.
142. Second, Government will invest in the setting up of a Médiathèque, which will serve as a repertoire of our folkloric songs, such as collections of Séga, Geet Gawai, Qawwali and Bhojpuri songs.
143. Third, an annual national award ceremony will be organised to give recognition to local artists who have made outstanding achievements.
144. Fourth, to encourage artists to share their work and talents on a national scale, they will be remunerated for their performances on the MBC television.
145. We are providing for the renovation of Plaza Theatre building. The project value is about Rs300 million.
146. Moreover, the Town Hall of Curepipe will be refurbished at an estimated cost of Rs110 million.
147. I am providing for the creation of a “*Village des Artistes*” at the site of Batterie de l’Harmonie at Les Salines, Rivière Noire.
148. The private sector will develop the Art Zone at the Granary to give local artists an outlet for marketing their work.
149. And land will be earmarked at Côte d’Or City in Highlands for the construction of a ‘*Palais des Arts et de la Culture*’.
150. The film rebate scheme will be modified to promote local productions as well and will be extended to other activities such as production of TV serials and film dubbing.
151. And courses will be offered under the National Skills Development Programme to train local talent for the film production industry and other performing and fine arts.

Supporting Micro, Small and Medium Enterprises and Cooperatives

152. As we consolidate our various industries, we will also strengthen the SME sector and cooperatives. I am therefore announcing the following measures:
153. First, SMEs and cooperative societies will be given dedicated space in four new market fairs that will be built at Goodlands, Bel Air, Chemin Grenier and Mahebourg to market their products.
154. Second, an SME e-platform will be set up to provide more visibility to SME products.
155. Third, to further help SMEs and cooperatives improve the marketing of their manufacturing products, Government will contribute Rs5,000 towards the costs of membership in the 'Made in Moris' label.
156. Fourth, an Export Financing Facility will be introduced to assist manufacturing enterprises in the SME and cooperative sectors. This will include, amongst others, loans at concessionary rates.
157. Fifth, the SME Venture Capital Fund which was established last year is now operational. It will provide equity financing in projects by local SMEs.
158. And Government will continue to guarantee the loans made to SMEs under the two financing schemes which are operated by commercial banks. Since 2015, banks have disbursed a total amount of Rs3.2 billion under these schemes.
159. Sixth, DBM will provide finance to SMEs at the interest rate of 6 per cent. In addition, the interest rate on its loans to micro enterprises is being brought down from 6 per cent to 3 per cent.
160. Seventh, an amendment will be made to the *Code Civil Mauricien* and the *Code de Commerce* to allow the use of all movable assets as loan collaterals.
161. Eighth, CEB will implement a new scheme for solar PV for small commercial businesses. Under this scheme, the initial investment cost for the installation of a 2 kw solar PV will be financed by CEB. Fifty per cent of the investment will be paid back by the small enterprises over a period of 24 months through a net metering scheme. Thus, the enterprise will have the benefits of consuming electricity free of charge and exporting any surplus electricity generated to the CEB grid.
162. Ninth, Government will relax the criteria and speed up the processes for SMEs and cooperatives to employ foreign labour.

163. Tenth, Government is providing Rs100 million over the next three years for the implementation of the 10-Year Master Plan for the SME Sector.
164. Eleventh, we need a fundamental institutional reform to better support the SMEs and as recommended in the 10-year Master Plan for the SME Sector, 'SME Mauritius' will be set up to replace SMEDA.

IV. INVESTING MASSIVELY IN THE INFRASTRUCTURE OF THE FUTURE

165. Let me now turn to the second challenge that this Budget addresses - Investing massively in the infrastructure of the future.
166. Last year, I announced the Metro Express Project. It is underway and work on the site will start in September this year. I must say the project will be fully financed with the financial support from the Government of India.
167. To expand our transport network we will also be investing some Rs 4.9 billion over the next three years in various projects.

First, the construction of both the Jumbo-Phoenix round-about and the A1M1 Bridge will start in October this year;

Second, a new road will be built that will connect La Vigie and La Brasserie so as to relieve traffic congestion in the Curepipe region. This road will eventually be connected to Beaux Songes, thereby providing a direct link between the south and west; and

Third, a second fly-over to connect directly the M1 to the Terre Rouge Verdun motorway. This will significantly improve traffic fluidity in and out of Ébène.

168. I will now elaborate on another major project that will redefine and modernise our physical landscape. This is the Côte d'Or City at Highlands.
169. This project will be implemented in phases and will include a state-of-the-art sports complex that will also host the *Jeux des Îles de L'Océan Indien* 2019. The on-site infrastructure works are due to start in October 2017.
170. The first phase will also comprise the construction of two administrative towers for government offices which will be financed from the financial support of the Government of India, for an amount of Rs3.6 billion.
171. Phase 2 of the project will be developed on 250 *arpents* of land and will include commercial, business and residential spaces, as well as leisure facilities.

172. An Urban and Rural Regeneration Master Plan will be prepared and one of the first projects will be the upgrading of the Ébène Cybercity into a mixed-use town model of multimodal streets, walkable blocs, various distinct types of buildings and dedicated public spaces.
173. With regard to Smart City projects, construction works have already started on the Mon Trésor Smart City, Mauritius Jinfei Economic Trade and Cooperation Zone, Moka Smart City and Médine Smart City. Taken together, a total of Rs2.6 billion will be invested by the end of 2017.

Transforming the Port

174. Let me now speak about the port which is making good progress in its transition to becoming a regional maritime hub, with investment of some Rs 3 billion this year and a further Rs 1.6 billion in the coming financial year.
175. The extended Mauritius Container Terminal berth will be fully operational by October 2017, with an increased capacity to handle up to 750,000 TEUs. The objective is to further increase the capacity to 1.5 million TEUs by 2030 through the Island Terminal project.
176. Moreover, the MPA has finalised its Port Master Plan and will be preparing a Master Plan for the development of a quay for leisure crafts and fishing boats at Vieux Grand Port.
177. The MPA is also proceeding with the construction of a second breakwater. Works are planned to start in early 2018 and to be completed by mid-2019.
178. And it will invest around half a billion rupees in a new Passenger Terminal Building at Les Salines to accommodate both Cruise and inter-island passenger traffic.
179. As we consolidate the competitiveness of the Port, we are also unlocking the growth potential at Riche Terre. The Riche Terre Business and Industrial Park should attract some Rs4.4 billion of investments over the next three years.

Expanding capacity at the airport

180. As regards the airport, due to more rapid growth in passenger and aircraft movement traffic, its master plan will be reviewed to bring forward the construction of a second passenger terminal.
181. In the same vein, the Old Passenger Terminal will be renovated and refurbished.

Making greater use of local sources of renewable energy

182. As we modernise our country, we must also invest in the production of clean and renewable energy.
183. First, a 2 MW solar PV farm will be set up by CEB (Green) Co Ltd at Henrietta by March 2018, followed by an investment in an additional 13 MW capacity by the end of 2018.
184. Second, CEB will, over the next two years, invest in battery storage of 8 MW.
185. Third, some Rs700 million will be invested in the ‘Solar Home Project’ comprising the installation of 10,000 roof top solar panels over the next 5 years for low income households in the social tariff category.
186. Fourth, solar panels of 1 KW will be installed on rooftops of another 3,000 low cost houses to be constructed by the NHDC.
187. Fifth, the CEB will extend the Small Scale Distributed Generation scheme to a further 1,000 households.
188. Sixth, businesses will be able to deduct the investment in solar energy units from their taxable income.
189. Seventh, all interest income from debentures issued to finance renewable energy projects and which are approved by the MRA will be exempted from tax.
190. Eighth, to improve efficiency in energy consumption the importation of incandescent lamps of 75 watts and above will be prohibited.
191. This Budget also provides for the staffing and operationalisation of the Utility Regulatory Authority.

V. FURTHER IMPROVING THE QUALITY OF LIFE OF OUR PEOPLE

192. I now turn to the third challenge of this Budget, which is about further improving the quality of life of our people.
193. It is something that I take at heart for there is much to be done.
194. Our first priority is the water sector.
195. This Government has made a pledge that water will be made available to all households on a round-the-clock basis. Our aim is to fulfil this promise by the end of 2019 at latest.
196. Our strategy is two-fold:
- In the short-term we will focus on improving water distribution.

- In the medium term our emphasis will be on expanding reservoir capacity and replacing old pipes.

197. Let me now spell out our actions for the short-term.
198. First, CWA will invest some Rs210 million in the installation of steel tanks of 2,000 cubic meters in 21 water distressed regions.
199. Second, Rs135 million will be invested in 15 mobile plants to treat water affected by mud during heavy rainfalls.
200. Third, duplicate boreholes will be drilled on 13 sites around the country to avoid interruptions in the water supply caused by breakdown in the use of boreholes.
201. Fourth, solar powered borehole pumps will also be installed on 12 sites to improve efficiency.
202. Fifth, I am extending the water tank scheme for another year and raising the income eligibility ceiling for the grant under this scheme from Rs15,000 to Rs25,000.
203. Sixth, to encourage water savings culture at schools, I am providing for the installation of rain water harvesting systems in 14 primary schools.
204. In the medium-term, our plan is to expand the capacity of existing reservoirs, build new ones and complete the replacement of old pipes.
205. Therefore, our seventh measure for the water sector is to provide Rs598 million for the installation of a water treatment plant to make the Bagatelle Dam fully operational.
206. Eighth, the capacity of La Nicolière Water Treatment Plant is being upgraded to increase the supply of potable water to the northern region.
207. Ninth, I am providing for consultancy services for a feasibility study on the construction of the Rivière des Anguilles Dam. Our objective is to add another 50 million cubic metres to our water supply capacity in the regions of south and south west by 2022.
208. Tenth, this Budget provides Rs2.3 billion for the replacement of 264 kilometres of pipes.
209. And eleventh, Rs400 million will be invested to improve the efficiency of 150 stations that pump water into service reservoirs.

210. In recent years, due to climatic change, the occurrences of flooding have become more frequent – creating miseries for thousands of families across our country.
211. To address this problem, we will invest, over the next three years, some Rs1.3 billion in the construction, upgrading and cleaning of drains.
212. In this Budget, I am providing for drain projects at Péreybère, Fond du Sac, Flacq, St Pierre, Clémencia, Camp Carol, Grand Bois, Bel Ombre and a number of other high risks areas across the island.
213. The upcoming Land Drainage Authority will prepare a flood risk map and a National Land Drainage Plan to effectively address flooding problems.

Investing in waste management

214. We will also be investing some Rs3.8 billion in Wastewater Management over the next three years.
215. For the next financial year, we are providing for projects at Grand' Baie, Pailles, Highlands and for rehabilitation of wastewater networks at Cité Atlee, Cité Paul et Virginie, Cité Vallée des Prêtres, Cité Palmerstone, Cité La Cure, Cité Malherbes, Tranquebar and Pointe aux Sables.
216. And we will encourage production of compost from organic waste. To this end, an additional 10,000 compost bins will be distributed to the population.
217. Let me now turn to our national “*Moris nou zoli péi*” campaign.
218. In the same endeavour to foster a clean and green Mauritius for all, we will invest in the up-hauling of public beaches for greater cleanliness as well as safety and convenience for the public. This will include:
- a) Upgrading the infrastructure facilities of the Beach Authority at Péreybère, Belle Mare, Blue Bay and Flic en Flac;
 - b) enhancing amenities at several public beaches around the island and at Flic en Flac, Mon Choisy and Belle Mare;
 - c) major coastal and beach rehabilitation works at Providence, Grand' Baie, Baie du Tombeau, Cité La Chaux;
 - d) coastal adaptation projects at Mon Choisy and Rivière des Galets; and
 - e) a refuge centre at Quatre Sœurs.
219. Moreover, I am providing funds to support renovation works and embellishment of our places of worship.

220. Socio-cultural organisations as well will get support for extension and renovation of their buildings. This will be done through a special loan scheme from the DBM.

221. And Trade Union Confederations will be exempted from customs duty on the purchase of a 15-seater motor vehicle.

Sports and leisure

222. I now come to sports and leisure.

223. They are important sources of recreation. They can make a significant contribution to maintain health and physical fitness, encourage team spirit and can also provide an important diversion from the stress of daily life.

224. Moreover, it can help to reduce crime, promote social inclusion and help with the development of young people at school.

225. We must, therefore, get more people, young and old, men and women to practice sports and engage in physical activity.

226. Government is coming up with a National Sports Policy. Rs25 million will be earmarked to fund the implementation of that policy as follows:

- Rs5 million will be allocated to the preparation of the National Sports Policy which will be done through wide consultations involving public and private stakeholders.
- The remaining Rs20 million will be used for the following targeted programmes:
 - Keeping vulnerable youths away from the many ills of society, such as drugs;
 - encouraging greater participation of young adolescent girls in sports activities;
 - promoting exercise at the workplace;
 - creating structured programmes in sports for school age children after school hours;
 - promoting healthy ageing;
 - sensitising our youth to the benefits of sports, and
 - capacity building.

227. We are also providing for the upgrading of 15 of our major sporting infrastructures.

228. With the coming of the *Jeux des Îles* in two years, I am providing Rs18 million to ensure our athletes benefit from the best preparation to maximise our chances of seeing the National flag fly high during the games.
229. We must also give due recognition to all those great men and women who at some point in their lives have made our nation proud. I am therefore pleased to announce the setting up of a Hall of Fame and an allowance scheme for retired athletes who have recorded performances at senior level at African and international games and championships. The monthly allowances will range from Rs3,000 to Rs10,000.
230. Government will provide the means to further expand the activities of Volunteer Mauritius which is under the aegis of the Ministry of Youth and Sports. Our aim is to give more of our young people the opportunity to acquire life skills while putting their energy, passion and creativity to help our society deal with pressing issues.

Health care

231. The importance of health to improving the quality of life cannot be underestimated.
232. I am allocating Rs11.6 billion to the Ministry of Health and Quality of Life.
233. To increase human resources in our hospitals, we are providing for the recruitment of 624 personnel, including specialists in various fields, student nurses and general staff.
234. Government is also investing to expand hospital infrastructure and health care facilities. This includes:
- two linear accelerators for the treatment of cancer patients at Victoria Hospital and the New Cancer Hospital and other high-tech equipment;
 - Three new Mediclinics at Quartier Militaire, Bel Air and Stanley;
 - Two new Community Health Centres at St. Francois Xavier and L'Espérance;
 - upgrading the Yves Cantin Community Hospital in Black River;
 - consultancy work on the setting up of a state-of-the-art Neurosurgery Unit at Dr. Jeetoo Hospital;
 - construction of a modern Warehouse Facility for pharmaceutical drugs and medical consumables;
 - 5 new SAMU ambulances; and
 - an increase of 20 per cent in the provision for the acquisition of medicine, drugs and vaccines bringing the total amount to around Rs1 billion.

235. To promote the development of private health care, a Visitor Medical Visa upon arrival will be introduced for foreign patients.
236. We will also continue our fight against excessive consumption of alcohol and cigarettes. I am increasing the rates of excise duty as follows:
- By 5 per cent for beer and other alcoholic products
 - By 10 per cent for tobacco products

Facilitating the day to day life of our citizens

237. I now come to issues which are crucial to the well-being of people. I am speaking about problems and issues that create unnecessary inconveniences in the day to day life of our citizens across the country.
238. To address these issues, we will come forward with a People Facilitation Bill. The main objectives of that legislation will be to spare our population the hassles of office-hopping to get public services, reduce costs and queuing time and enable them to use fully their rights.
239. To help prepare the legislation in a democratic way, our citizens will be able to use the Citizen Portal to submit their views and suggestions on how best to improve their daily lives.

Improving basic infrastructure all over the Island

240. Many public facilities established in different locations across Mauritius in the 1980s to improve the living conditions of the people are in a deplorable state.
241. There is a strong need for concrete and prompt actions to address this problem. The backlog must be urgently addressed.
242. In this budget, I am taking a series of bold measures to address the infrastructural issues at regional, local and national level all over the island with the objective to clear the outstanding projects to the maximum extent possible.
243. First, at the regional level. I am providing an envelope of Rs1 billion and 85 million for 2017/18 to the National Development Unit. The projects of NDU include the following:
- i. Construction of drains at Pointe aux Sables, Vallée Pitot, Bramsthan, Sebastopol, Alma, Trois Boutiques, Bel Ombre and Rodrigues.

- ii. Upgrading of bridges at Congomah, Olivia and Rivière du Poste.
- iii. Reconstruction of the bridge at Hollyrood, Vacoas.
- iv. Upgrading and widening of Avenue Berthaud at Quatre Bornes.

244. Second, at the local level. I am providing an exceptional capital grant of Rs500 million to local authorities so that all councils can address long outstanding minor infrastructural works in their localities. Thus, each local authority, under an approved implementation plan, will use the special grant to execute the projects, including:

- Resurfacing of existing internal road networks;
- Construction of new roads;
- Construction of drains in local areas and maintenance of existing drain networks;
- Energy efficient street lighting;
- Upgrading of existing and setting up of new children playgrounds;
- Setting up of recreational parks such as green spaces;
- And construction and rehabilitation of basic sports infrastructure.

245. At the national level. I am allocating a budget of Rs3.3 billion from the Indian funding to partly finance all the major and medium projects comprising the following:

- First, three new traffic centres at Piton, Ébène and Pointe aux Sables;
- Second, rehabilitation of the Ste Marie bridge at Savanne, the Joli Bois Bridge at Mare Tabac, the Choisy Bridge at Poste Lafayette and the upgrading of Radier St Martin at Bel Ombre;
- Third, construction of bridges at Richelieu and Cité La Cure;
- Fourth, upgrading of 10 Community Health Centres;
- Fifth, development of a New Health Care Centre at Coromandel;
- Sixth, three administrative headquarters for the Councils of Flacq, Pamplemousses and Savanne;
- Seventh, multi-purpose complexes at Plaine Verte and Rivière du Rempart;
- Eighth, multi-sports complex at Port Louis and Triolet;
- Ninth, a swimming pool at Curepipe;
- Tenth, a new leisure park at Quartier Militaire;

- Eleventh, renovation works in 8 Police stations around the country;
- Twelfth, acquisition of 20 fire and rescue vehicles;
- Thirteenth, two high volume water pumps to be used in emergencies caused by flash floods and major outbreaks of fire;
- Fourteenth, installing incinerators at Camp Le Vieux, Mahebourg, Highlands, Allée Brillant, Souillac, Montagne Longue and Quatre Bornes; and
- Fifteenth, development of a waterfront at Deux Frères.

Tackling law and order

246. Let me now turn to law and order.

247. I am providing Rs8.4 billion to the Police Department as follows:

- i. For the recruitment of 583 additional Police Constables and the procurement of equipment including Security Equipment;
- ii. Acquisition of 18 Light Armoured Personnel Carriers, 12 for the Special Mobile Force (SMF) and 6 for the Special Support Unit (SSU) to reinforce our capability in emergency and disaster situations;
- iii. Reinforcing Police Patrols all over the Island, especially in crime prone areas;
- iv. Consolidating and intensifying the Community Policing Programme together with all the Social Welfare Centres and Community Centres and all the stakeholders concerned;
- v. More technological support in the combat against crimes and juvenile delinquency, and
- vi. Implementing the Police Training Academy at Côte d'Or City.

248. Furthermore, we are coming up with an Integrated Development Project for the National Coast Guard (NCG), the Trident Project with a project value of Rs 2.9 billion. It will comprise the construction of a modern headquarters at Fort William, repair facilities for the NCG vessels and a slipway facility.

249. To further combat crime, we are scaling up the pilot Safe City Project which was launched last year into a fully-fledged project. The main feature of that project is the installation of Intelligence and Traffic Surveillance cameras in major public areas. I am providing an amount of Rs440 million for 2017/18 to implement this project.

250. The *Brigade Des Mineurs* will be reinforced and will be active in regions where related cases have been detected involving juveniles.

Judiciary

251. I now turn to the judiciary.

252. The design of the Supreme Court Tower will be ready by the end of this month and construction should start by the end of this year.

253. I am earmarking Rs15 million for a modern computerised system to better monitor payment of fines and other Court fees and keep track of the progress of cases. Thus, fines and fees will be paid at any District Court and even online.

Ensuring consumer well-being

254. Consumer well-being is another priority of Government as it is a central component of quality of life:

- Last year, we reduced the price of LPG (12 kg) from Rs330 to Rs270. This year, we are further improving the purchasing power of consumers. The retail price of flour will be reduced from Rs5.85 to Rs4.85 per half kilogram, that is, by 17 per cent, as from tomorrow.
- Consequently, the price of bread and other flour-based products should also go down. The price of a 100 gram “pain maison” will go down by 10 cents per unit.

255. To better protect the victims of sale by levy, we are amending the legislation to ensure that the ‘*mise à prix*’ should be at least 50 per cent of the value of the immovable property being put for sale.

256. And I am removing VAT on sanitary pads.

Investing in education

257. I now turn to our policies for the education sector.

258. Our world is changing and in order to prepare our children, our education system must evolve and improve.

259. Last year, we announced the nine-year schooling. This year, it is being implemented. And we will see positive results.

260. Moreover, our children deserve to evolve in a safe, clean and green environment. The campaign for a cleaner Mauritius will also be extended to schools.

261. I am providing Rs590 million for construction, extension and upgrading of infrastructure in public primary and secondary schools.
262. I am making provision for equipping 125 private pre-primary schools in disadvantaged regions, with the necessary pedagogical tools and materials to upgrade the quality of their teaching and learning environment.
263. The infrastructure in four secondary schools will be adapted to make them more accessible for physically challenged students as well as personnel and visitors.
264. We are also increasing the teaching staff.
- By an additional 308 Trainee Educators to increase teaching capacity and quality in our primary schools. Of those new recruits 158 will be educators in holistic education;
 - An additional 184 Support Teachers to provide special help to students with learning difficulties;
 - And an additional 250 educators in our secondary schools, of whom 75 will be recruited to teach new subjects such as Travel and Tourism and enterprise education.
265. In January this year, I launched the programme “*Natation Scolaire*” for 30 schools and I was alarmed to find out that out of 1,000 grade 4 children, only 25 could swim in deep water. I am therefore providing for the construction of 4 ‘*bassins d’apprentissage*’ to reach out to more students.
266. I now come to living allowances under the Mauritius Scholarship Scheme. I am providing for an increase of Rs20 million in the Budget to implement the recommendations of the Standing Committee on the review of the living allowances.
267. I am also increasing the yearly allowance for laureates pursuing post graduate studies locally by 10 per cent.
268. And the yearly living allowance for Additional Laureates studying abroad will be increased by 20 per cent.
269. Children with special education needs should also get the help that addresses their individual differences and needs in an effective way. To this end, I am increasing the grant-in-aid to the NGOs running Special Education Needs schools to Rs110 million.

270. Moreover, a new Strategy Paper for the Special Education Needs will be developed and an authority will be set up to harmonise and promote policies for that sector.

271. As regards ZEP schools, last year, a pilot project was introduced, under the Marshall Plan Against Poverty, for community schools where academic teaching and community engagement are integrated to lead to improved learning. This year, we are extending this project to 5 additional schools.

VI. USHERING IN A NEW SOCIAL PARADIGM

272. I now come to the fourth challenge which is about ushering in a new social paradigm.

273. Last year, I introduced a historic measure to combat absolute poverty. I am pleased to report that more than 8,000 families are now benefitting from subsistence allowance that was introduced in last year's Budget under the Marshall Plan Against Poverty.

274. But our determination does not end here.

275. This Budget makes a leap forward.

276. In the last decade, we have seen a widening of the income gap between the rich and the poor as measured by the Gini coefficient.

277. Too many of our workers who at the lower rung of the income ladder are finding it difficult and indeed impossible to make ends meet and to provide for the needs of their family and children.

278. Madam Speaker, as a responsible and compassionate government we cannot let that situation persist. It goes beyond our values as a nation and is a stain on social justice that must be erased.

279. I am therefore announcing today another historic measure to combat poverty and reduce inequality.

Negative Income Tax

280. I am introducing the negative income tax system to provide financial support to some 150,000 employees in full time employment and earning emoluments less than Rs10,000 per month. This measure will provide financial support of up to Rs1,000 per month to low-income employees.

281. This policy will take effect as from 1st January 2018 and will cost about Rs1.3 billion.

282. The support will be paid on a semi-annual basis. Thus, the first payment will be paid by the MRA for the 6 months from January to June 2018 by 30th August 2018.

283. The benefit will only be paid if:

- The employer and employee have made the required contributions to the National Pensions Fund and the National Savings Fund, and
- the total income including exempt income of a couple does not exceed Rs30,000 in a month;

Solidarity Levy

284. To further reduce inequality, I am introducing a solidarity levy on high income earners. Individuals having chargeable income plus dividends in excess of Rs3.5 million will be required to pay 5 per cent of the excess.

Increase in Income Exemption Threshold

285. Individuals having more than one dependent are penalised with the current income exemption thresholds. I am reversing this situation. The income exemption thresholds are being increased as follows:

- Rs5,000 for tax payers having no dependent or one dependent;
- Rs10,000 for those having 2 dependents; and
- Rs15,000 for those having 3 dependents.

286. Moreover, I am introducing a new category of income exemption threshold for persons having 4 or more dependents. They will be entitled to an increase of Rs45,000 in their income exemption threshold bringing it to Rs550,000.

Relief for medical insurance premiums

287. I am also raising the maximum allowable deduction for medical insurance premiums for income tax purposes, as follows:

- (i) From Rs12,000 to Rs15,000 in respect of the tax payer;
- (ii) From Rs12,000 to Rs15,000 in respect of the first dependent; and
- (iii) From Rs6,000 to Rs10,000 for each of two additional dependents.

Deduction for household employees

288. I am also introducing a new deduction for taxpayers who employ household workers. A person will be allowed to deduct the wages paid to household employees from his annual taxable income subject to a maximum deduction of Rs30,000.

289. My next measure is to correct an injustice. Presently, beneficiaries of industrial injury and survivor's pension cannot obtain any Basic Pension. I am allowing for these persons to be entitled to basic pensions as well.

290. Furthermore, the financial assistance provided under the National Pensions Act to disabled persons such as the basic invalidity pension, carer's allowance and contributory invalidity pension is being exempted from income tax.

Simplifying CSR and giving NGOs greater access to funding

291. I now turn to the issue of CSR. Based on what was decided last year, companies are supposed to contribute 50 per cent of their CSR contributions to the MRA in the first year and 75 per cent in the second year. To give more time to the companies to adapt to the new system, I am allowing companies to keep 50 per cent of their CSR contributions to implement their own CSR projects for another year.

292. The other 50 per cent will have to be remitted to the MRA for the National CSR Foundation.

Pursuing Poverty Eradication

293. Let me now spell out further actions to combat poverty.

294. Much of the poverty problem in our country and even social ills are rooted in inadequate and poor housing conditions.

295. We are therefore starting an unprecedented thrust to resolving the housing problems for thousands of poor and low income families, while at the same time supporting middle class families as they invest to build their residences.

296. I am allocating Rs1.8 billion from the Government of India's financial support to the construction of social and low income housing units.

297. In addition, Government is earmarking Rs5 billion for the next three years to the housing sector from the Budget.

298. These add up to a total of Rs6.8 billion.

299. We are also investing to improve living conditions in the 41 NHDC housing estates in Baie du Tombeau, Poste de Flacq, Camp Levieux, Dagotière and Cap Malheureux.

300. And provision is made for the relocation of squatters at La Ferme in the context of the rehabilitation of the reservoir as well as for the urgent relocation to Camp Ithier of 11 families of Quatre Soeurs affected by severe landslide.

301. I will now address an issue that concerns mostly middle class families who are facing difficulties to finance the construction or purchase of a house. Currently, commercial banks grant credit facilities up to 90 per cent of residential property for loans of less than Rs5 million. During the pre-budget consultations, we have received proposals to remove the limit of 90 per cent, especially for first time buyers. We have discussed the matter with the Bank of Mauritius and they have agreed to consider favourably removing the limit.
302. I will now announce a measure that speaks of this Government's caring and compassionate approach in supporting our elderly. Indeed, we are devoting Rs50 million in this Budget to set up two homes that will accommodate low income elderly residents who are living alone. The homes will be equipped with all necessary facilities, amenities, safety, security and a harmonious environment where they can live an active and healthy life.
303. Government will put in the initial capital, while the operations and management of the homes will be executed by NGOs.
- Eradicating the scourge of drug trafficking*
304. Another crucial challenge of social policy is the urgent imperative to protect our citizens from drug trafficking and the collateral damage that it brings with it.
305. I have on many occasions spoken about my unflinching resolve to put a stop to drug trafficking in our country.
306. We have been taking strong actions in recent months and we are all seeing the results. The number of seizures of drugs and drug money – the number of arrests of drug traffickers– and the significant inroads we have made to break their network speak of the success of our efforts.
307. Drug traffickers have no concern for the damage they inflict on children, on our youths and families. We, on the other hand, have values to uphold and a duty to preserve social cohesion and the well-being of our citizens.
308. We will, therefore, continue relentlessly our fight against the drug scourge - we will fight it on all fronts - for it is a war that we must win and that we will win.
309. I am providing Rs100 million to equip the MRA customs with modern and sophisticated tools to detect drugs entering our country through the seaport and airport. MRA will procure scanners, interceptor boats, sniffer dogs, drones as well CCTV cameras.

310. Government, with the assistance of the United Nations Office on Drug and Crime is coming up with a National Drug Control Master plan for Mauritius.
311. To further improve the capability and the response of the Anti-Drug Smuggling Unit (ADSU) in combating drugs, I am doubling the provision for the acquisition of vehicles and equipment for ADSU. Furthermore, manpower at ADSU will be increased from 400 to 450.
312. An alarming amount of drugs permeate prisons in Mauritius. Cutting this supply is a crucial part of helping to maintain order and safety and ensuring prisons rehabilitate offenders. I am therefore providing for the acquisition of two body scanners for the Melrose and Beau Bassin Prisons and for the recruitment of 35 Prison officers.
313. There is also a growing connection between drug trafficking and illegal gambling that must be stopped. The Gambling Regulatory Authority Act will be amended to ban cash betting transactions above Rs2,000; to introduce an account based betting together with a player card program/system; and to make it mandatory for licensees /operators earning Rs10 million or above, to report and file suspicious transactions to the Authorities.

Supporting victims of domestic violence

314. Domestic violence is another social ill that we must root out of our society. Most of the victims are women and children.
315. We need to strengthen capacity to deal with this serious problem.
316. I am, therefore, providing for the recruitment of an additional 7 Family Welfare and Protection Officers and 6 more Enforcement Officers at the Ministry of Gender Equality.
317. Government is coming up with a Children's Bill that will give effect to the Convention on the Rights of the Child and providing the framework for better protection and care to children.

VII. PUBLIC SECTOR REFORMS

318. Let me now turn to public sector reforms.
319. Last year, I outlined a major public sector reform programme under Strategy 9 of the Budget Speech. I am pleased to report that several of the reforms have already been initiated, including:
- (i) The merger of BPML, SPDC and SLDC into one single institution, namely the Landscape (Mauritius) Ltd;

- (ii) The NDU and the 35 Citizens Advice Bureaus are being reorganised with the on-line Citizens Support Portal;
- (iii) MRA is making arrangements to be the collecting agent for levies and other contributions on behalf of several institutions;
- (iv) Public sector bodies, including DBM, that have been loss-making under the previous regime have submitted their turn-round plans and they are currently being implemented;
- (v) Concerning the integration of the Registrar General Department with the MRA, we have, at the request of the Trade Unions, given one year for the Department to improve the collection of arrears;
- (vi) A Broadcasting and Communications Authority Bill is being finalised to merge the Independent Broadcasting Authority and the Information and Communication Technology Authority;
- (vii) Concerning the transformation of the Department of Civil Aviation into a Civil Aviation Authority, tender exercise has been completed and a consultant will be appointed soon;
- (viii) Ministries have already been empowered to recruit directly consultants and contractors for projects of up to Rs25 million;
- (ix) The Planning and Development Bill will be introduced to replace the Town and Country Planning Board by a modern Planning Commission.

320. I have just spoken about the setting up of the Economic Development Board, SME Mauritius and the fundamental restructuring of the Mauritius Research Council. These reforms show our determination to continue strengthening institutional capacity in the public sector.

321. I will now announce yet another institutional reform. Government is establishing the Mauritius National Investment Authority to invest, locally and globally, the surplus funds of the NPF and NSF which amount to some Rs130 billion. This should allow for a greater diversification of the investment portfolio while at the same time improving the prospects for higher return. This new Investment Authority will also invest the funds of other public sector bodies.

322. To ensure judicious use of taxpayers' money, the Public Procurement Act will be amended to allow a Public Body, in a bidding exercise, to exclude bidders whose performance in previous public contract has shown deficiencies.

VIII. RODRIGUES AND OUTER ISLANDS

323. I will now spell out our policy measures for Rodrigues and Outer Islands.
324. I am allocating some Rs4.4 billion to Rodrigues, of which some Rs3.4 billion in the budget of the Rodrigues Regional Assembly and around Rs1 billion in the budgets of Ministries and Departments for meeting expenditure related to Rodrigues.
325. Tomorrow will be the closing date for the tender for the undersea fibre optic project.
326. I am also extending the Bus Modernisation Scheme to Rodrigues for the renewal of conventional buses.
327. 200 KW of solar PV panels will be installed at Grenade.
328. Rs10 million are earmarked for preparation of detailed design, tender documents and EIA report for the new quay and port facilities, including infrastructure for berthing yachts as proposed in the Rodrigues Port Master Plan.

Agalega

329. Agalega has been experiencing major deficiencies in terms of sea and air infrastructure which have caused enormous inconveniences to the inhabitants and have also blocked its development potential.
330. My Government has taken a historic decision to come up with a major development programme for this island.
331. Thus, thanks to the financial assistance from India, a new runway as well as a new jetty will be constructed.
332. Furthermore, some 10 Megabits per second satellite bandwidth capacity will be made available shortly in Agalega.

Chagos

333. Madam Speaker, I want our citizens from Chagos to know that Government will continue to be on their side and to work with them to have our sovereignty over Chagos fully recognised.
334. Let me highlight here that this year, I am increasing the grant to the Chagossian Welfare Fund Board by 50 per cent to Rs9 million to cater for renovation works at the community centres and also to enable more welfare activities to be organised for the Chagossian Community.

IX. BUILDING MORE RESILIENT MACRO-ECONOMIC FUNDAMENTALS

335. I now turn to the fifth priority of this Budget which is about building more resilient macro-economic fundamentals.
336. Our fiscal policy is formulated on the conviction that a government should not promise more than it can deliver nor should it spend more than what the country can afford.
337. Let me start with measures to improve transparency in public finance management and our fiscal strategy.
338. Firstly, all revenues and expenses of the Build Mauritius Fund and the National Resilience Fund will be consolidated in the National Budget.
339. Secondly, we will amend the Public Debt Management Act to establish the gross debt rather than the net debt as the public sector debt ceiling. This will improve transparency and will be closer to the IMF definition.
340. And a key feature of our fiscal strategy going forward will be to put the gross debt to GDP ratio on a downward path.
341. In fact, we are expecting our gross public sector debt to GDP ratio to decline to 63 per cent at end June 2018, from 66.1 per cent at June 2017. Our aim is to maintain that declining trend and to bring the ratio to below 60 percent.
342. I now come to the budget outturn for the year 2016/17.
343. The Budget deficit for 2016/17 would reach 3.5 per cent of GDP.
344. This will be due to total expenditure of Rs110.6 billion against a budgeted figure of Rs117.4 billion.
345. On the other hand, total revenue is estimated at Rs94.7 billion compared to a budgeted figure of Rs102.4 billion.
346. As regards the budget outlook for 2017/18, total expenditure will amount to Rs127.7 billion, of which Rs108.9 billion for recurrent expenditure.
347. Capital expenditure will amount to Rs18.8 billion, including Rs3.1 billion from the Build Mauritius Fund.
348. Total revenue will increase to Rs112.2 billion, of which Rs92.3 billion from tax receipts, Rs6.9 billion from external grants and Rs5.7 billion from the closure of the two Special Funds.
349. The overall budget deficit will fall to Rs15.5 billion, representing 3.2 per cent of GDP compared to 3.5 per cent in 2016/17.

350. Madam Speaker, we have listed a number of tax administration measures in the Annex to this Budget.

X. CELEBRATING LIBERTY

351. Madam Speaker, next year on the twelfth of March, all Mauritians will come together to celebrate the 50th Anniversary of our country's independence. It is an event that we will celebrate in style, with pride and with the conviction that as a nation we have lived up to our own expectations. I am providing Rs75 million to prepare for that great moment that will mark our history as a nation for ever.

352. Before concluding, I would like to express my sincere appreciation to all stakeholders who have participated in the pre-budget consultations. I have had very fruitful meetings with them and their contribution to this Budget should not be underestimated.

353. I have also worked in close consultation with all my colleague ministers and parliamentarians and I thank them all for their support.

354. I would also like to extend my thanks to the Financial Secretary, the staff of the Ministry of Finance and Economic Development and the staff at the Prime Minister's Office who have worked relentlessly to prepare this Budget.

XI. CONCLUSION

355. I will now conclude.

356. Madam Speaker, as a nation, we have in our relatively short history faced many formidable challenges.

357. We have seen many turning points and decisive moments.

358. But all along our journey to the golden jubilee of our nation which we will be celebrating next year, we have always risen to the challenges before us.

359. Today, Budget 2017/18 takes us another stride forward - building on our strengths as a nation - on a past that makes us proud so as to shape a more prosperous and just society for the future.

360. Thus, today's Budget goes beyond allocating resources and setting development priorities for the next year.

361. It articulates the destiny we all want - sets realistic objectives and defines the pathways.

362. It states in no uncertain terms that as we move forward to achieve our high ambitions we will leave no one behind.
363. And we have all it takes to succeed.
364. Madam Speaker, it is my deep conviction that success goes to those who set the right goals and work hard and diligently towards them.
365. Let us, therefore, come together as a nation, like we have always done in the past, and rise to the challenge of our ambitions.
366. With these words, I commend the Bill to the House.

(Applause)

The Deputy 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 Prime Minister: Madam Speaker, in terms of Standing Order 17(3), I move to take the time of the Assembly for urgent business.

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

SUSPENSION OF S.O. 29(1)

The Prime Minister: Madam Speaker, 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 Deputy Prime Minister rose and seconded.

Question put and agreed to.

FINANCIAL RESOLUTION

The Prime Minister: Madam Speaker, having obtained your permission, I now present the Financial Resolution.

Madam Speaker, I move that this Assembly resolves that, with effect from 09 June 2017, 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 III)**

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

ADJOURNMENT

The Prime Minister: Madam Speaker, I beg to move that this Assembly do now adjourn to Monday 12 June 2017 at 11.30 a.m.

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

Madam Speaker: The House stands adjourned.

At 7.11 p.m., the Assembly was, on its rising, adjourned to Monday 12 June 2017 at 11.30 a.m.