

Address by the Hon Mohammed Asraf Ally Dulull, M.P.,
Minister of Housing & Lands of the Republic of Mauritius

Eminent personalities here present,
Distinguished guests,
Ladies and gentlemen.

It gives me much pleasure to deliver to you a key note speech in this year's Construction 360° week. The theme suggested to me is "housing development and all that goes with it". For this purpose, I have chosen to share the Mauritian experience with you in this very important field, but I am sure you will all be interested to hear from me about my country.

Though we live in an island right there in the Indian Ocean, the Mauritian people are not insular but outward looking. Our foreign policy, dictated by the imperatives of internal realities, continues to include, as a vital element, the policy, principle, and practice of "friendship with all countries and all peoples of the world". As we scarcely have any natural resources, we continue with increasing vigour to focus on our main resource, which is our human resource. We have a sophisticated population, relatively well educated, with a relatively very low percentage of illiteracy. We provide free education from pre-primary to secondary level, and free health services to our people. We also provide free transport for our student population, and to our old and otherwise capable citizens.

Our state is one of welfare but is selectively so. The average citizen of our country is tri-lingual – speaking and writing English and French and in a third language, and, on top of that, we have a local dialect which is common to and which binds the Mauritian Nation together. It is also amazing how so many of our citizens are working abroad in the UK, in Europe, in the USA, in the Middle East, in fact everywhere in the world, where they are appreciated and respected for their contribution to the economy.

Mauritius welcomes you all as it is a safe and secure country, and has become a business-friendly and business-facilitation place and such facilitation is legally provided for. FDI is protected in Mauritius. Our financial institutions are run on modern business and commercial lines, with no harassment of any kind. We are also a clean country and a clean society. Our selective and up-market tourism industry is booming, and we welcome and

envisage eco-tourism projects in our very green country, where we are innovating with a new type of leases – the green lease for our state land, to foster environment-friendliness and protect our eco-system.

As I have just hinted, Mauritius is an international business centre with a surface area of 1,865 square kilometres and is strategically located in the Indian Ocean, in the same time zone as Dubai, and is midway between the developing continents of Asia, Africa and Australia. It is a tropical island with a population of some 1.2 million people, Mauritius is the place where east meets west, north meets south with its multi-lingual, multi-religious, multi-cultural population with roots in India, China, Africa and Europe.

Mauritius is a successful developing economy having recorded average GDP growth of 5% over the last twenty years. From a mono-crop economy based on cultivation of sugar cane, the island has metamorphosed into a robust and diversified economy, resting on agro-industry, export oriented manufacturing, tourism, financial services and the ICT sector. The rapid pace of development and industrialisation has been due to sound economic management, strong institutions, a clearly defined development policy and a strong partnership in a clear and shared vision binding government, business community and the civil society.

In 1968 when Mauritius achieved its independence, it had several teething problems to solve, including a housing problem, which Government undertook to tackle. To this end, a Ministry of Housing and Lands, and Town and Country Planning was created, the role of which is to look specifically at matters regarding housing and their implications. Special units have been set up, and, additionally, a greater proportion of government's budget was allocated to housing. I am proud to say all these efforts have paid off, and we have managed to solve the problem, and today, in 2008, some 90% of the heads of an estimated 330, 000 households are owners of their houses. It is estimated that Government has helped directly or indirectly 25% of these heads of households to achieve home ownership, that is about 1 in 4 families.

Mauritius is today poised for the next wave of real estate and landmark property development. It aims at creating an exciting development process that sets new standards in design and quality of build, and this is being reflected in the up-market property development programme like the Integrated Resort Scheme (IRS), which, basically, is a

programme designed to facilitate the acquisition of resort and residential property on the island by non-citizens. Through the IRS, international buyers can become Mauritian residents as soon as they acquire luxury property on the island. Several IRS projects like Anahita, Valriche and Tamarina, which also cater for golf course, marina, individual swimming pools, catering etc.. are now complete and sold out. Many others are on the way. Whilst achieving all this, we have managed to keep the built up area of the country at a low percentage of 23%, the rest being green space.

On a hospitality note, the island has earned international recognition as a choice tourism destination for its welcoming and genuine hospitality, scenic splendour, and world class hotels.

Mauritius boasts a favourable business climate, access to immovable property by non-citizens. The rapidly growing service sector, recent business tax reductions, availability of land for development and a world class workforce - all combine to make Mauritius a magnet for investment and business activities. Mauritius is one investment destination with many markets to conquer like SADC and COMESA, the country being recognised as a sure, safe, and business-exciting gateway to Africa.

Whilst targeting the high net worth foreign investors, Government is not neglecting the less well-to-do citizens, and has geared itself towards the alleviation and reduction of poverty. We are still investing in social housing as my country embarks on a new era in this domain. We are studying the introduction of Housing Bonds and Housing Provident Funds. Also, we are working in collaboration with the private sector. As we are all aware, in market economy, it is normal to meet the needs of goods and services including housing through the market mechanisms, which in practice means that the private sector is to be relied upon for housing provisions similar to the provisions of numerous other goods and services in any free market economy.

But, unfortunately, this does not quite work out for the poor, because of the intertwined problem of low affordability of the poor on the demand side and low profitability from such housing projects on the supply side. This economic reality restrains the private sector to enter the market segment of the poor. To address this problem, my ministry has devised a formula to get the private sector on board in social housing programmes and we are embarking on a new venture in Port Louis, the capital city of Mauritius. Indeed Private

Promoters having the necessary expertise and financial capabilities for the finance, design, construction, marketing, selling of flats to the lower middle income group are being invited to submit proposals, while harping on the possibility of cross-subsidisation of the construction of social housing units for the poor and economically weak, with profitability from the construction of housing units for the middle income groups.

Government's contribution shall be in terms of the land and the provision of on-site infrastructure. The promoter may use part of the land for commercial development in order to cross subsidise their investment made.

By resorting to this form of implementation of social housing, that is, financing by Promoters, government's gain shall be in the form of having to shoulder lesser financial burden. Moreover, by so doing, Government will also empower the beneficiaries to own a house which they would have had to acquire at a much higher cost, had they needed to purchase a plot of land and construct their own housing unit.

If this formula works, it is my intention to replicate it on a larger scale across the country to satisfy the 22, 000 or so registered demands for social housing units. This represents a tremendous potential for construction professionals and investors. Moreover, it is my intention to embark on more energy efficient houses as we now approach the time where fuel cost is climbing up. We also wish to reduce our already low CO2 emission even lower. Moreover, I am also encouraging every family member to whom I am remitting a key for a housing unit to plant a tree in the quest for an even greener Mauritius.

I am seriously considering the desirability and advisability of revamping a Public Private Partnership (PPP) Scheme for the construction of houses, by the re-introduction of a Housing Development Certificate that is issued to potential groups or firms or individuals from the private sector, in Mauritius and abroad. Under this PPP Scheme and with the Housing Development Certificate conversion of land for housing purposes is to be free of charge. Additionally, there are to be duty exemptions for construction materials and equipment, over and above exemptions from income tax for a specified number of years.

In order to achieve the perfect balance between economic and environmental costs and benefits, the Ministry of Environment of Mauritius requires that every sizeable project must be accompanied by an Environmental Impact Assessment (EIA). An EIA is a study

that predicts the environmental consequences of a proposed development. It also evaluates the expected effects on the natural environment, human health, and on property. The study requires a multi-disciplinary approach. Alternatives include location as well as methods, process technology and construction methods.

When one looks at real estate in a broader perspective, one has to consider the infrastructure planning as well, the basic objective of which is to provide adequate roads, electricity, water and sewerage services to more people. Also to sustain the economic development and industrial growth, the government has invested massively in reliable, efficient and supportive infrastructure. The island is covered with an excellent road network including a multiple lane highway linking the airport. Electricity is available over the whole of the island through the overhead cables. Piped potable water can now be accessed from anywhere on the island and on a 24-hour basis and is treated according to international standards. The airport and seaport are equipped with modern infrastructure and equipment to meet both passenger and cargo demands. Mauritius has a well developed digital network infrastructure and offers excellent telecommunications facilities.

The National Development Strategy (NDS) prepared for the island of Mauritius in 2004 advocates the consolidation of development in these designated growth zones with a strong emphasis on urban renaissance and regeneration. Clear strategies have been proposed to plan further provision of infrastructure in a coordinated manner. In this respect the sewage master plan for the conurbation is being implemented. Road improvement programmes also include the provision of adequate storm water drains and the laying of further Utility lines to cater for water, electricity and telecommunications. Regarding the traffic flow further in the transport sector, the NDS had recommended an efficient mass transit system along the conurbation to reduce the reliance on private car trips and thus ease congestion at peak hours. In this respect the Government has commissioned the operation of a bus route system for which an appropriate alignment is being finalised. Additionally, a Ring Road around Port Louis currently in the pipeline with the forecasted increase in traffic due to the arrival of the industrial village of Tianli, a mega Chinese venture in Mauritius.

As Minister of Lands also, I am bestowed with the responsibility to ensure effective management and sustainable utilisation of state land. About 25% of the total land surface of the Island of Mauritius is State Land domain, out of which Forest cover has a major

share (11%). Pas Géométriques land is a strip of State land lying around almost the entire coastal area where the nice sandy beaches are found. The coastal zone of Mauritius sustains much pressure for development, in particular, from the tourism sector and for secondary residences. My Government leases the Pas Géométriques lands and other State Lands for hotel development, industry, commerce, social housing, grazing, farming and to religious bodies. The rental is minimal for social housing, religious and agricultural purposes.

In order to optimise the scarce land resource of Mauritius, two reform projects are currently in the pipeline and piloted by my ministry, and they are;

(1) The Land Administration, Valuation and Information Management System (**LAVIMS**) Project, which is the first and major part of an ongoing reform programme that will deliver the essential building blocks for a modern Land Administration and Management System (**LAMS**) for the Republic of Mauritius. The three major outcomes of **LAVIMS** are:

- (i) a Property Valuation;
- (ii) a Cadastre; and
- (iii) a parcel-based Deeds Registration System, integrated and supported by an appropriate Information Management System (**IMS**).

On the other hand, the Valuation Roll will provide more rational economic values for the State Land parcels in view of optimising revenue from their rentals and the collection of the National Residential Property Tax.

(2) The Mauritius Land Authority (**MLA**) which shall be an autonomous body legally established and will combine functions that are focused on Land Administration and Land Information and will be under the jurisdiction of the Minister responsible for lands. The setting up of the Mauritius Land Authority (**MLA**) will also take into consideration the specificities of Mauritius.

Travel writers remind that Mark Twain once wrote words to the effect that “Mauritius is a uniquely paradise island”. So as I said in the beginning, Mauritius is ready, willing, and happy to welcome you all and to welcome all potential investors, businessman, and tourists for business and pleasure, and also for friendship.

With these few words, I would like to wish all of you a very productive and fruitful time ahead in this year's Construction 360° week.

Thank you.