

SPEECH ON BUDGET 2007-2008

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MINISTER OF PUBLIC UTILITIES

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Mr Speaker Sir,

1. Last Thursday I took some time off during our lunch to go to a Prize Giving Ceremony at Solferino Ramsoondar Primary School when I was proud to hold the hand of a little girl called Dossea. Her father is a vegetable seller at the Market Fair in Vacoas. She came out first at the Alliance Française examination, while being from a very ordinary non-star school; I have no doubt this girl will shine just as Mr. Sithanen in the years to come given the limitless opportunities, which are being created by this Government, for our youngsters.

2. I am afraid my friend Hon. Cuttaree is wrong to think that there will be no more Sithanen emerging from modest families.

3. Since the debates on the budget have started, there has been an onslaught on the Deputy Prime Minister & Minister of Finance – all the sins of the world being heaped over his head. What expressions have not been coined to criticize the Government? I have patiently noted them all down and I shall refute some of them.

4. The Leader of the Opposition called it a non-event and proceeded to take us on an escapade on board his Titanic with all the consequential disasters he could possibly imagine.

5. Indeed, Mr. Speaker Sir, we could have met with disaster had the Minister of Finance not acted. I will take instead the example of a critically ill patient suffering from a chronic haemorrhage. There are various scenarios to deal with this case:

- (i) Do nothing, the patient will die
- (ii) Take palliative measures like giving him some medicine or a blood transfusion which will only delay the demise
- (iii) Establish the diagnosis and take corrective, aggressive, and bold surgical action to extirpate the incriminating lesions.

6. This is exactly what the Minister of Finance did to the economy, which is now on the way to recovery. “Mais la prudence est de mise.” We cannot afford any “largesse” yet.

7. Hon. Dowarkasing spoke about trauma inflicted to the population during the past years and condemning the closure of the DWC. In fact, the government, through its bold action, is doing its best to attenuate the impact on the life of citizens of this country.

8. No responsible government would pour money down a bottomless pit that the DWC had come to be. We have been accused of backpedaling on a number of measures. It is quite true that we revisited some of them because we are a caring government and because we are prepared to listen to the call of the people and respond accordingly.

9. It has also been stated that none of us from this side can go in our constituency or walk in the streets. Mr. Speaker Sir, I can assure my Colleagues on the other side that I go to my Constituency every day.

10. I live in the heart of my Constituency. I go regularly to the Market Fair in Vacoas and meet my constituents every week. I even go jogging regularly all by myself.

11. Unfair criticisms have also been leveled against the Tian Li and Apollo Hospital Projects. These are once in a life time projects, which will bring in substantial FDI to our economy.

12. I fail to understand why suddenly the Opposition is trying to torpedo both of these projects.

13. In the case of Tian Li, they suddenly became self-appointed champions of planters, some of whom had never cultivated their land, the lease of which had already expired.

14. These newly found opportunistic saviours started stirring the planters up to embarrass government. Even a leader of an unknown party, who had hoped to be welcome to the MMM club, was dishing out legal advice on the cheap at high decibels on the private radio.

15. Unfortunately or perhaps fortunately, he got promptly deflated by the MMM Leader, who could not recall which party he represents. But they did not get far, as the Prime Minister cut the grass under their feet by compensating the lessees more than adequately.

16. Apollo Hospital seems to provoke almost an intensive allergic reaction among some members of the Opposition. The coming of this high-tech hospital is a god-gift to mankind and to this country.

17. It will help put Mauritius on the world map as a super medical hub and will ensure that we Mauritians also have access to the best medical care available on this earth. All in all, the criticisms of the Opposition have not been constructive.

18. They are full of sound and fury signifying nothing, as Shakespeare would have aptly put it.

19. The Honourable Leader of the Opposition has without any credible arguments qualified the budget as a “non-event”.

20. A simple analysis of the budget reveals exactly the contrary, and his whole array of unfounded arguments have been completely nullified, as the public has received positively the range of measures contained in the budget, be it on the economic or social fronts.

21. It is a pity to see that those in opposition are not challenging the budget on its contents and substance but only out of sheer demagoguery. There is nothing much they have to say, yet the opposition is trying to say something. They are therefore speaking to say nothing concrete.

22. Allow me to quote a few credible comments on the Budget from independent observers, consultants and economic analysts:

23. Mr Riviere in this week's Business Magazine has in unequivocal terms stated "*Un bon exercice d'équilibriste* and further "*Des Directions plus claires*".

24. Deloitte's summarises the budget as having as "*main themes accelerating the transition to global competitiveness, securing full employment and improving the living standard for the whole nation.*"

25. Grant Thornton recognizes that "*the overriding philosophy of the 2007-08 budget remains growth and equity by means of business facilitation, friendly taxation, and the fair and equitable distribution of wealth to ensure Mauritius takes its proper place in a fast moving business world where innovation and the ability to make changes in the way we do business remains the key to the success of our country.*"

26. On its part, DCDDM Economic and Management Consultants qualify the Budget as being *Resolute with a measure of compassion*. DCDDM have correctly identified the twenty three measures aimed specifically at vulnerable groups, in Mauritius and Rodrigues. I wonder how the Opposition can say that the DPM and Minister of Finance has no heart for the poor?

27. Given that this budget cannot be attacked on the basis of the soundness of the economic and social measures which are contained therein, the opposition is now arguing its case on other flimsy, frivolous and trivial grounds.

28. In the Presidential address it is rightly emphasized that this mandate is *“to bring in a new economic model through the democratization of the Mauritian economy”* and *“.... to gear our country towards a future that is prosperous for all, where economic success will be equally characterized by equity, ethics and social justice.”*

Mr. Speaker Sir

29. Budgets of this Government will always, aim at fulfilling the above vision and values. Together with Government, Mauritians of all walks of life, with their own lifestyle, aspirations and expectations have embarked on this journey towards growth, reconstruction of our economy, prosperity, development and a better future.

30. All of us share this vision of hope, confidence, humility, enthusiasm and perseverance. Together we will transform the resources at our disposal into opportunities for all and culminating in the fulfillment of the aspirations of our nation.

31. All the economic indicators are showing the right trends. Such tangible improvement would not have been possible if we were not resolute and bold enough and did not have the necessary will to put in place and implement the 40 major daring reform measures which we proposed in last year's Budget. These measures are now starting to bear fruit.

32. However, let us not be shy about it; it was indeed unfortunate that the prevailing economic situation was so critical that the measures which had been prescribed were not so palatable. Moreover, conscious of the need to shield those who are most vulnerable, Government took great care to ensure that all the necessary socio-economic considerations were properly addressed.

33. This year's budget adopts the same philosophy while managing to provide targeted relief to the most vulnerable groups of our society. We have adopted this stance as we firmly believe that as one people and one nation, we would be able to support the implementation of the innovative budgetary measures, knowing that we are striving towards a common goal that will usher in brighter days for Mauritius.

CHALLENGES

Mr Speaker Sir,

34. Our principle of “Putting people first” has remained our motto over the last two years and will remain so until the end of our mandate.

35. Yet from one year to the next, we have to adapt our plans to the progress we have actually accomplished and to the changes that take place in our environment. We are faced with a number of challenges ahead and we need to pull our forces and energies together to meet them in the most appropriate and effective manner.

36. This brings to my mind the “Le Chatelier Principle which states that when a constraint is applied to a system in equilibrium, the system reacts in such a manner as to restore the equilibrium”.

37. On our way towards a common future, we would continue to meet the basic needs of all Mauritians. Our programmes and projects must be geared towards meeting the aspirations of all strata of the population. This budget, as a continuity of the reform programme undertaken, also devotes much attention to meeting these objectives.

38. It is proof that this government does not want to divorce its social obligations from its economic policies. Both go hand in hand.

39. The ultimate aim of all our actions is to free our population from any bondage, be it economic, social or physical.

40. As Amartya Sen has rightly pointed out:

“.... Freedom is both the primary objective, and the principal means of development.... What a person has the actual capacity to achieve, is influenced by economic opportunities, political liberties, social facilities, and the enabling conditions of good health, basic education, and the encouragement and cultivation of initiatives. These opportunities are, to a great extent, mutually complementary, and tend to reinforce one another.”

41. Mr. Speaker Sir, I shall now turn to the Utility sector which falls under my responsibility.

42. It is the fundamental right of people to have access to potable water, sanitation and electricity.

43. I pay tribute to successive governments since independence which have struggled to achieve this goal by judiciously investing in these utilities, and this, despite severe economic constraints which have been faced then and now.

44. As a result, 99.6 per cent of our population is presently provided with piped potable water and the entire islands of Mauritius and Rodrigues are provided with electricity.

Water Resources

45. Government remains committed to taking up the emerging challenges in the management of the ever increasing demand on water resources and to satisfying the need to provide an excellent and sustainable water supply of appropriate quality.

46. To meet these challenges, an appropriate multi-faceted strategy has been devised. The Masterplan for the Sustainable Water Supply has been completed in February this year and this document shall serve as guidance to decision makers for years to come. This integrated plan has been prepared with the aim of harnessing additional water resources so that the future water requirements of all sectors of the economy can be met up to the year 2040.

47. Moreover, the Ministry is in the process of elaborating a National Water Policy which will address policy issues in a holistic manner. But we have to be careful about policy issues and implementation on the ground. Whenever policies are elaborated, we have to make sure that all impacts are well assessed, including the social impact.

48. This National Water Policy will therefore be the first Water Policy document since independence and will encompass cross-cutting multisectoral issues in a holistic manner.

49. The major challenge remains the reduction of Non Revenue Water which, presently, stands out at around 46%. A sum of Rs 1.2 billion has been earmarked to reduce the Non Revenue Water to an acceptable level of 25%.

50. The funding for this project comes from a loan of the European Investment Bank. I am pleased to state that the Non-Revenue Water Reduction project is now well under way as the Project Manager has been appointed. About 20 million rupees are budgeted for this financial year.

51. Having completed the feasibility study for the Bagatelle Dam during the past financial year, Government has embarked on the next phase namely the detailed design of the dam. This project when completed around year 2012, will ensure a 24 hour supply of water to the Lower Plaines Wilhems and Port Louis regions. In the meantime, the project of supplementing water supply to Port Louis from La Nicoliere Reservoir is well under way.

52. Considerable efforts are being made to secure adequate water supply for the capital city of Port Louis. The bypass project to transfer surplus potable water from La Nicoliere Reservoir to Port Louis system started in October 2006 is ongoing. This financial year, Rs 20 million are expected to be spent on this item.

53. Still for Port Louis, the Water Supply Infrastructure Project at Vallee Pitot to improve the quality of life for the inhabitants in the region is 80% completed. It will be fully completed in November this year and about 15 million rupees will be spent this financial year.

54. The project consisting in the rationalization and distribution of water supply in the East is now completed to the level of 75%. It will be completed in November this year and about Rs 45 million are budgeted

55. Of course one of the major projects being encouraged by this Government is the Tian Li Industrial Park project at Riche Terre. To meet the needs of the new industrial zone, the La Nicoliere Treatment plant will be extended. For the upcoming financial year, about Rs 35 million will be spent on providing water supply related infrastructure.

56. As regards **Rodrigues**, in forthcoming weeks, a memorandum of understanding will be signed between the Ministry of Public Utilities and the Rodrigues Regional Assembly.

57. I am pleased to inform the House that the MOU will provide the framework for the CWA to assist the RRA in managing its water resources and supply network.

Energy

58. The issue of energy is one which permeates all aspects of our daily lives. As the price of oil hovers around \$ 70 a barrel, the vulnerability of the country in terms of its reliance on oil should not be understated. Last year, Mr. Speaker Sir, I stated my vision for my country. This vision has now been incorporated in the Outline Energy Policy 2007 to 2025 in a much more comprehensive way so that the direction in which we are heading is clear to all citizens.

59. The aim of the policy is to reduce, as far as possible, the country's reliance on oil and to produce affordable electricity for our citizens sustainably. Government has adopted this policy in line with the general framework used since the June 2005 elections, i.e. the democratization of the economy whereby opportunities for all classes of citizens are created so that they may invest in all sectors of the economy, including the energy sector.

60. This does not mean that consideration is not being given to the Sugar Industry. But what it does mean is that those engaged into generating electricity from bagasse-coal configurations will have to respect the framework elaborated in the Outline Energy Policy.

61. It also means that, although it is understood that the Sugar Industry will have to make good the loss in revenue caused by the 36% reduction in the price of sugar from the EU through the implementation of the MAAS, on its part the CEB will not engage into excessive purchases of electricity.

62. Government will seek to maximize the utilization of bagasse whilst minimizing the use of coal in bagasse-coal configurations due to efficiency considerations.

63. The production of the Outline Energy Policy was the first step to the preparation of a detailed Energy Policy in which we are now embarking with the collaboration and support of international institutions.

64. I am pleased to state that we have enlisted the help of the EU delegation and the United Nations Development Programme to finance and support the detailing of our energy policy.

65. Of course, Mauritius has always been a firm believer in the potential of Renewable energy sources to meet the demand for electricity. The CEB, which is the only institution in Mauritius legally able to transmit and distribute electricity, started in fact as a hydro power station in Reduit. Our foundations are therefore firmly anchored in renewables.

66. Moreover, let us not forget that already Mauritius is amongst the countries which have the highest percentage contribution of renewable energy as regards electricity production.

67. Renewable sources account for 22% of electricity, 15% being from bagasse derived electricity. The rest is from hydro and wind.

68. In future years, the contribution of bagasse to our energy mix will increase due to the use of more efficient boilers. The production of electricity from bagasse will therefore increase from 300 GWh to 600 GWh in 2012 and this will mean a contribution of about 19% to the national electricity production.

69. As regards **Rodrigues**, the CEB will be investing in the construction of a new wind farm of 300 kW capacity. Moreover, to meet increasing demand there, the CEB will invest in additional capacity of 2.5 MW at Pointe Monnier.

70. Far from neglecting Rodrigues, people should know that it forms an integral part of the Republic of Mauritius. In fact, the CEB is making annual losses to the tune of around Rs 90 million for its operations in Rodrigues.

71. The social dimension is therefore highly present in all our actions.

Social Dimension

Mr Speaker Sir,

72. Despite the daunting challenges ahead, Government is respecting its advocated policy of “Putting People First”. A series of measures with social dimensions has been introduced and Government will keep targeting the needy and the poor.

73. The project to provide Electricity supply to regularized squatters is in line with Government's policy to formalise some residential squatter's settlements. The estimated total cost for the project is Rs 25 million.

74. At present, electricity is being provided to squatters at Cite Tole, Camp Créole and Sottise. The expected amount required for financial year 2007-08 is Rs 5 million.

75. A new assistance scheme, designed to help the population to get financing for the installation of electricity poles, has now become operational.

76. Under this scheme, the costs of electrification will, depending on the nature of the case, be either partially or totally met by Government and the Central Electricity Board. To date, 194 cases have been tackled under the scheme for a total sum of Rs 6.5 million.

77. A Displacement and Insulation of networks project has been initiated. It will cater for hardship cases related to applications for the displacement of existing CEB networks where there are bare conductors in proximity of buildings in order to avoid the risk of electrocution. An expected amount of Rs 5 million is required for financial year 2007-08.

78. Given the precariousness of our situation with respect to the unpredictability and volatility of the price of oil on the international market, we have to keep sensitising public opinion on the need to be energy efficient and energy saving conscious.

79. It is imperative to inculcate an energy-saving culture to the public at large. To encourage efficient use of energy, my Ministry has pursued the comprehensive and sustained energy savings campaign targeting users in various categories. We have to promote energy efficient appliances without forgetting energy efficiency norms and we have to push for an energy efficient economy where for each unit of GDP produced, minimum energy is used.

Wastewater Sector

80. With regard to the wastewater sector, Protection of our natural environment remains a key overall objective of the Wastewater Management Authority. The furtherance of the development of the wastewater sector is of national importance. The National Sewerage Programme of 1998 defines the projects to be implemented in the coming decades.

81. The objective of the NSP is to connect 50% of our population to the public sewerage system by year 2012/2013. To this effect, the WMA is stepping up its activities with regard to the implementation of major capital projects. In this respect, it must be noted that 18% of the capital budget is devoted to the wastewater sector.

82. I take this opportunity to thank Donor agencies for their support, in particular the European Union, the EIB and the ADB.

83. The philosophy underpinning the development of the wastewater sector is to ensure that the maximum number of households is connected to the public sewerage system regardless of the social class to which people belong. It is useful to note that house connections cost on average some Seventy to Eighty Thousand rupees.

84. This Government has recently taken the decision to provide house connections free of charge up to a staggering ceiling of Rs 175 000 in order to ensure maximum coverage.

85. This year a sum of Ninety Four million rupees has been budgeted for reaching out to all classes of citizens in areas which are already sewerred.

86. The refurbishment and maintenance of the existing old sewerage and pumping systems have also been catered for in this budget wherein an amount of Rs 105 million has been provided for this financial year.

87. The poor remain at the core of our concerns. Phase 3 of the Sewerage infrastructure project on CHA and low cost housing estates is nearing completion. Ten locations have benefited including Paul Toureau in Port Louis, Cite Cinquante in Highlands, Stanley, and Cite Boolaky in Riviere du Rempart amongst others.

88. For this financial year, about 65 million rupees are budgeted for Phase 3. Consistent with the approach of Government to enhance the protection of public health and reaching out to all strata of our society, we will also be implementing a sewerage project at Route Militaire in Port Louis to the tune of Rs 20 million rupees.

89. Another project which has been scheduled as per the National Sewerage Programme is the Pailles Guibies Sewerage Project. Tenders for the construction stage of this project are expected to be launched during the course of this financial year. Some 1600 households will benefit from this project in the Pailles Guibies area.

90. The Trunk Sewer component of the Plaines Wilhelm's Sewerage Mega Project, which consists in the construction of twenty five km of sewer line from Curepipe to St Martin Sewage Treatment Plant has been completed at 75%. As a matter of fact, part of it is already in operation and this has resulted in the WMA being able to resolve the recurring sanitation problems at Residence Kennedy and Cite Stanley in particular.

91. The house connection component of the Plaines Wilhelm's Sewerage Project is also well under way. Three contracts under this project are to be awarded this financial year. Some 29 000 households will be connected to the public sewerage system.

92. This will entail the construction of some two hundred and thirty five (235) kilometres of sewer networks over the period 2007-2012. Since the roads in the zones to be sewerred would have to be dug anyway, Government has availed itself of the opportunity to renew more than 110 kilometres of CWA water supply pipes. This will allow us to curb down the level of Non-revenue water of the CWA and hence improve the water supply in the service zones.

93. As one would guess, the level of investment required is very high. It is therefore imperative that the principles of good governance, accountability and transparency be adhered to as Every rupee spent has to be accounted for in a transparent manner. We must not only preach Good Governance but we should practice it wholeheartedly.

94. Besides, under the new operating structure binding the Donor Community with the Government and the WMA, Key Performance Indicators have been set.

95. Respecting such indicators automatically imposes on the WMA the need to adhere to good practices so that set targets are achieved within definite periods of time.

96. Consideration is also seriously being given to the putting into place of a system which would foster a smoother articulation between the Ministry of Finance and Economic Development, the Wastewater Management Authority and my Ministry through Protocols which have been devised under Technical Assistance from the European Union.

97. For too long, the reform in the Utility sector has been delayed. Reckoning with the important structural changes which are occurring both on the local and international fronts, Government is committed to ensure that all its sectoral strategic objectives converge towards effective implementation of the Economic Reforms as enunciated in the Budget.

98. My Ministry is therefore ensuring that the strategic imperatives of the wastewater sector blend with and reinforce the overall country strategy so that we not only come out of the present economic difficulties but we also succeed in keeping pace with developmental tendencies throughout the world, and this for our own survival.

99. To conclude on the wastewater sector, I would like to point out that considerable efforts are being made by all those concerned to ensure that works proceed smoothly and that the delays of the past are caught up.

Mr Speaker Sir,

100. I cannot retain myself from making a jump into the future and reflect on what will be our achievements at the end of our mandate. We will be proud to stand in front of the population and tell them that our achievements are not mere statistics, but a story of real transformation of the economy.

101. Today I stand confident that, at the end of our mandate, we will be able to tell the population that:

- a. We have built a caring society.
- b. We have reduced pain and extended joy.
- c. We have rewarded creativity and invested in capabilities.
- d. Compassion and industry have overcome greed and despair.
- e. Opportunities will be available to all and the prospects for our children will be brighter in our Republic.

Thank you.