

Budget Speech 2012 by Dr the Hon Prime Minister
at the sitting of the National Assembly
Monday 21 November 2011

Mr Speaker, Sir,

Let me first of all thank you and your deputy for presiding over the debates with usual tact and patience.

Mr Speaker, Sir,

When the Vice-Prime Minister and Minister of Finance presented the budget to the House it inevitably contained a whole series of measures.

But these measures are never decided in a haphazard way.

Budget presentation is the fruit of long discussions over many months with various stakeholders – both public and private – with the different Ministries, the Unions, the representatives of the private sector, the NGO's and so on.

The Minister of Finance also has to examine in detail all the economic figures, he has to take stock of the effects of the budgetary measures taken the previous year and take into account the economic and financial situation of the country.

He must also take into consideration the world economic situation and make an assessment of how it is likely to unfold.

He must do all this without losing sight of the overall vision and philosophy of the Government.

It is therefore a major, detailed and time-consuming exercise which will have a direct impact on the economy in the coming year and give the direction for the way forward.

Mr Speaker, Sir,

The Vice-Prime Minister, Hon Xavier Luc Duval, was only appointed Minister of Finance last August that is some three months ago.

In spite of the short time that he has been Minister of Finance – he has clearly mastered his brief and done a remarkable job in a particularly difficult international context and I think he needs to be applauded for his achievement.

Mr Speaker, Sir,

Let me at the very outset, respond to the remarks made by the Hon Leader of the Opposition and which was repeated ad nauseam by others.

They say that I as Prime Minister, has had full discussions with the Minister of Finance – I have had three Ministers of Finance since 2005 and that some measures introduced by the first Minister of Finance in 2005, were removed by the second Minister of Finance in 2010 and are being re-introduced this year by the new Minister of Finance and I approved all three of them !

Mr Speaker, Sir,

Any Prime Minister worth his salt, is naturally consulted by his Finance Minister on his budget proposals.

The Minister of Finance, after having done all the ground work, which I referred to earlier, reviews the economic situation with the Prime Minister and proposes measures to address the new situation.

The Prime Minister will not necessarily agree with everything.

We have long discussions but at the end of the day the Prime Minister gives his stamp of approval.

This is how I proceed and I assume that responsibility.

When we came to power in 2005, the economic situation of the country was alarming and deteriorating fast.

In fact when I was Leader of the Opposition – time and time again from 2001 to 2005 I rang the alarm bells – warning the Government that all the key macroeconomic indicators were in the red and were worsening but to no avail.

Let me briefly remind those who are talking of saving the country from bankruptcy of the economic legacy we inherited in 2005:

(1) A public debt of nearly 70% of GDP – The Leader of the Opposition himself acknowledged in his speech that once public debt reaches 60% of GDP we should be worried.

But during their mandate, public debt continued to rise yearly by no less than Rs 10 Billion per year – to reach nearly 70% of GDP when they lost the election.

(2) Growth had been reduced to 2.2 %.

We had left them an economy growing at 10.2% in 2000.

The tourism sector had a growth rate of only 2.3% under them.

When I was Leader of the Opposition I asked the then Minister of Tourism, Hon N Bodha the reasons for such low growth he tried to blame it on external factors. I reminded him that all other countries, including other islands were having a much higher growth rate – he

had no answer – because there was no possible justification for such a paltry growth rate in one of the pillars of our economy.

Mr Speaker, Sir,

They managed to have an unprecedented negative growth in the EPZ sector not for one year, not for two years but for four years running.

35,000 people lost their jobs.

(3) A constantly rising unemployment rate to 9.6%.

We created twice the number of jobs they created from 4,500 to 9,400.

(4) Foreign Direct Investment – the average FDI during their four years in office was Rs 1.6 Billion only.

When we took over in 2005 – in one year we had attracted more FDI than what they did in four years !

(5) There were serious imbalances in our external trade.

Our net international reserve was only Rs 54 Billion.

Last Monday it stood at Rs 111 Billion – more than double and we are speaking of Billions.

(6) The balance of payments was in the red for two years in a row.

(7) On top of that they left skeletons in the cupboard – away from the sight of our people – amounting to Rs 3 Billion which we had to clear.

And all of this, Mr Speaker, Sir,

In spite of increasing VAT by 50% in 12 months

and increasing income tax from 25% to 30%.

And let me remind them because some have short memories – there was neither a global economic or financial crisis in sight.

The price of oil was still stable – it had not yet started its vertiginous rise. In 2000 the price of crude oil was 28.2 US \$ per barrel. In 2005 it increased to 53.4 US \$ per barrel and it has continued to rise. On Friday last it stood at 107.79 US \$ per barrel.

Commodity prices were not rising worldwide. The sugar protocol was still there – there was no reduction of 36% in the price of sugar.

And the multi-fibre agreement was not yet dismantled.

No wonder that the Hon Leader of the Opposition who was then Prime Minister felt the need to say in their last year in Government.

«La situation est dramatique et sans précédent

Nous sommes en état d'urgence économique.»

And we know who was Minister of Finance then !

What an admission of how they had been reckless and irresponsible in the management of the economy !

And they talk of “sauver le pays” !

We took over in 2005 with this economic mess, but we did not shirk from our responsibility.

Le pays était au bord du précipice.

Et nous avons arrêté le déclin économique.

And this – in spite of the triple shocks we had to sustain:

(1) The rapid rise of oil and commodity prices;

- (2) The reduction of the price of sugar by 36%; and
- (3) The dismantling of the multi-fibre agreement.

Imagine – an economy in ruins, three external shocks to face and all this before the global and financial crisis which started to loom in 2007 and became a full blown economic crisis in 2008!

This reversal of our misfortune in the face of such new dire economic threats, did not happen by itself.

We took bold actions – we started the necessary reforms which were long overdue.

And we put our finances in order without raising VAT or income tax.

And we brought the country out of the infernal economic decline back to the path of growth and prosperity without ever losing sight of those who were at the bottom of the ladder.

We showed, Mr Speaker, Sir, that economic efficiency can be combined with social justice.

And it is those very people who have the audacity to say that the country is going bankrupt and they need to take over to save it!

Mr Speaker, Sir,

Coming back to the accusations of zigzag and undoing the measures of the former Minister of Finance – let me say this.

Unlike the previous orator and former Minister of Finance – I will not go down to his level and accuse him of all the sins of the world!

I assume my responsibility.

But let me say, first of all, in spite of my urgings to consult me early on – he took a long time.

I understood this – He was new, did not have a grasp of economics or figures and he needed more time.

When my Economic Adviser – Prof Andrew Scott came to consult – there was nothing to consult – I was told he was working closely with his two advisers – Mr Sherry Singh and Mr Dowarkasing!

No wonder he was at a loss!

Eventually when he did consult me –

There was no problem with the abolition of NRPT – it was in our manifesto and we had said when we introduced it, it would be abolished when the Cadastre was ready. It was nearly ready by then.

But I did tell him – his taxation measures were messy.

He was very keen to undo most of the measures of his predecessor.

But I did tell him that it was messy – we could not say anymore that we had a one tax band of 15% - Now we were changing all this which did not give a clear signal.

It was muddy even though it was probably being done in good faith.

But he explained that he was convinced it was necessary to introduce a tax on dividends to introduce Capital Gains Tax and so on.

As I said, I do not shirk from my responsibility.

I eventually agreed and said ok – we shall see if we get the desired results. Now one year later, we have to look at two essential parameters:

- (1) Analyse the effects of the budgetary measures of last year and see what impact they have had on the economy, and
- (2) Take into account the new world economic situation especially the economic meltdown in the Eurozone, our major markets in Europe as well as the economic downturn in the USA.

Analysis of last year's budgetary measures

Mr Speaker, Sir,

We must not bury our heads in the sand.

It is crystal clear that some of the measures introduced last year have had a negative impact.

- (1) It has spooked investors both foreign and local
- (2) FDI has plunged dramatically - by 69%
- (3) The construction industry has practically grinded to a halt.

Transactions in the housing market and land acquisitions and sales have dropped dramatically with the introduction of the CGT.

CGT has practically stopped RES projects in its track.

This has impacted negatively on the democratization process we had embarked upon.

To ensure meaningful and sustainable participation of small landowners in real estate projects and enable them to derive the same benefits that were accruing to only big landowners through the Integrated Resort Scheme, my Government launched the Real Estate Scheme in 2007, which was one of

a series of measures of the democratisation programme. The development of a number of real estate schemes with high class facilities is an undeniable opportunity to the small landowners to secure direct participation as investors, entrepreneurs and promoters in the real estate sector. The introduction of the capital gains tax last year has been discouraging small landowners to transfer their land into RES projects against equity as they were taxed even if they have not been financially remunerated.

In other words they had to pay CGT upfront which made it practically impossible for small landowners to take advantage of the RES scheme.

The capital gains tax has in a contorted manner, taxed the SMALL landowners who have not received any monetary income from the transfer of the land to develop a project under the Real Estate Scheme. The landowners had to pay the tax up front which was a major disincentive for investment. THIS HAS BEEN A MAJOR OBSTACLE FOR SMALL AND MEDIUM LANDOWNERS TO EMBARK ON SUCH PROJECTS. This was in total contradiction with the ethos of my Government that wants to broaden the circle of opportunities so that the small landowners as well get a fair chance to participate in and reap the reward from more productive use of their land capital and other benefits from mainstay property development.

The imposition of the tax on the gains from the transfer where there has been no cash involvement has excluded and deterred a substantial number of landowners who were keen on investing and taking development risks. They were quite simply deprived of such opportunities.

How can we tax the transfer of property to a company where the landowner is a shareholder which is a sequential ownership of land?

(4) And confidence has been adversely affected.

These economic facts speak for themselves.

Mr Speaker, Sir,

In view of the negative consequences of these measures on investment, economic growth and confidence, we could not stay put.

We deemed it necessary, in the economic interest of our country, to revisit them.

This is not about pride or vanity – this is about what is in the best interests of our country.

Mr Speaker, Sir,

John Maynard Keynes was once criticized about the changing his mind.

He was asked about it and this is how the great economist responded, he said

“when the facts change, I change my view. What do you do?”

And to make matters worse, the international economic and market facts have changed dramatically.

Mr Speaker, Sir,

In 2008, we had to face a worldwide financial and economic meltdown.

We managed to build resilience in the economy and acted ahead of the curve and managed to steer clear from the economic meltdown.

Since then, there were signs that the world economy was recovering.

We could see the green shoots of recovery.

However, as all those who live in the real world know, now there is a meltdown in the Eurozone and the economic might of the USA has grinded to a halt.

There is another recession looming.

Many experts believe that a double dip recession is more likely than not.

Mr Mervyn King, the Governor of the Bank of England stated in an interview recently that he expects this economic and financial crisis to be worst that the great depression of the 1930's.

The Chairperson of the Board of Governors of the Federal Reserve Bank of the USA, Mr Ben Bernanke has stated that there are severe downside risks to the global economy.

The IMF is pessimistic about Europe, there is huge volatility in the stock market and a heightened fear of a global recession.

The new Director General of the IMF, Mrs Christine Lagarde has said for the first time that Europe runs the risk of a lost decade with prolonged economic stagflation – similar to what has happened to Japan for almost two decades.

We know, being a small open economy, with our main markets being in the Eurozone and the USA – we are bound to suffer from the effects of this recession.

We are not and cannot be immune – This is the plain reality.

You must really be an “illetteré économique” not to even understand this.

The economic facts and the financial circumstances have changed dramatically and very fast.

And there is no visibility.

We are steering the ship of State in a deep fog.

No one can predict how the present economic upheaval will unfold – neither its duration nor the depth of this global economic tsunami.

These are extremely trying and testing times in economic and financial management as amply evidenced by what is happening across the world from Ireland to Greece, from Portugal to Spain, from Italy to France, from the USA to the UK as well as Japan.

Even the Chinese economy has started overheating.

The forecasts about the global economy, the E.U. economy and even about the emerging economic giants are being downgraded.

The World Bank, the IMF, the OECD and the E.U. are all downgrading their growth forecasts.

France had forecast a growth rate of 1% next year.

It has now downgraded it to 0.5%.

Germany, the strongest economy in Europe is now forecasting a growth rate of 0.8%.

Italy has downgraded its growth rate to 0.1%.

Japan to 0.2%.

From Ireland to Greece, from Portugal to Spain and the UK, Governments have had to introduce highly unpopular austerity budgets to calm markets, to allay the concerns of rating agencies and to ward off the risks of default. All of them are adopting severe and painful austerity measures including drastic cuts in spending, freezing and even reduction of salaries and slashing of jobs. All of them have paid a heavy political price. In Ireland and Portugal, the Governments have been voted out of power. In Greece, the Prime Minister has been shown the exit door and in Spain, Mr Zapatero has stepped down as Prime Minister and the new Government has just been elected yesterday. The economic and financial woes have spread to Italy (and Mr Berlusconi has had to resign as Prime Minister on Saturday 12 November) and to France where the Prime Minister, Mr Fillon has announced a second raft of austerity measures in two months. Even the USA was downgraded by the rating agencies.

Many Governments have been forced to either renege their electoral pledges and/or to change their economic and social policies within a very short time span. Mr Papandreou, a socialist elected to support the lower and middle income classes, has had to introduce some of most drastic spending cuts on welfare programmes in Greece, laid off large number of public sector workers, reduced the salaries of civil servants, raised VAT on essential goods and services and privatised many State-owned enterprise. Never heard of from a Socialist Government. Same in Spain from a Socialist Government. And Portugal also. The UK has brought in the worst austerity measures since World War II.

Mr Sarkozy had stated that he would not increase taxes on the rich. He has had to make an abrupt U-turn and imposed both higher income tax and higher corporate taxes to lower France's massive budget deficit. Even

these deep cuts and tax hikes are not enough according to the EU ! More will be required to calm the markets.

Last week Mr François Fillon, Prime Minister of France announced a series of tax rises and spending cuts that go against what the French Government has stated it would do. Worse two days after announcing a levy surcharge on stay at luxurious hotels, he has climbed down and announced the withdrawal of the surcharge. Some would accuse him of inconsistency while others would argue that he has been realistic as the proposed measure could have affected tourism in France.

In June 2011, French Parliament approved a plan to introduce a new tax on second homes in France. This would have led to hundreds of thousands of foreign property owners paying thousands of euros more per year. When the Government realised the economic implications of the measure, it decided not to pursue the proposed tax. Even though he approved it initially, President Sarkozy said: “he has been convinced the law was a bad idea and has taken a decision to scrap it”.

The same applies to President Obama. As a result of the high budget and external deficit and rising debt, he has had no choice but to adopt policies that seem to show some political and ideological inconsistencies: spending cuts on welfare programmes and extended tax relief for the rich !!. Unthinkable during normal times for a Democratic President.

The first policy U-turns by central banks in emerging markets have started happening. Surprising everybody in September, the Brazilian central bank cut the Selic rate, its overnight lending rate to banks, by half a percentage

point, citing the gloomy outlook for the global economy. Even if Brazil's consumer price inflation is 7.1%, with food inflation a rampant 15.4%.

German Chancellor Angela Merkel has been repeating for the last months that Greece will be supported and there is no question of Greece being allowed to leave the Euro. Yet last Monday, the economic experts in Berlin were working on a plan for an orderly exit of Greece from the Euro ! Simply because facts and circumstances have changed and the situation in Greece is worse than expected.

Mr Speaker, Sir,

It is clear that the world economic situation has changed dramatically. There are certain economic facts that we cannot escape.

We have no influence on them.

We are subject to them.

What we should do is be pragmatic, practical, nimble, responsive and agile in face of global uncertainty and adversity. Rather than remain inflexible and dogmatic to score political dividends. We have put the interest of the country ahead of political partisanship and we should not bury our heads in the sands, impervious to what is a fast changing and distressing economic outlook.

We have adjusted our policies, adapted our initiatives, revisited our strategies to meet the changing challenges of the day. We could not persist with policies that were not delivering results, even if they were introduced in good faith and with all the best intention in the world.

Unfortunately in the real world good intention and good faith are no guarantees of success. If policies do not pass the test of economic efficiency and are acting against our economic interests, we should rethink them. We are not the only country to have revisited some economic policies in the face of the global economic and financial turmoil. Many well intentioned policies have collided with the global crisis. The growth and employment equation is very cruel. No investment, no growth; no growth, no employment generation and it would be a lost decade for our youth.

Time of disbelief also, Mr Speaker. Who would have thought that an emerging country like China would be, by far, the single largest lender of last resort to the richest country in the world (USA) and now is being called upon to bail out both the Euro and the Eurozone economies.

The French Government is giving red carpet treatment to welcome Chinese investments.

Here, we were derided when we did so.

Mr Speaker, Sir,

We are a small country and have a very open economy. Our fortunes are inextricably linked to what happens in the global economy, especially a heavy dependence on European countries. We have adopted a pragmatic and responsive approach determined by facts and circumstances. As stated earlier on, some of the measures announced last year have adversely affected the level of confidence in the economy. This is evidenced by the drastic fall in FDI and also the relatively low level of private sector investment. Confidence was shaken and this also emerges in opinion surveys. We all know that we need investment to sustain economic

growth, to generate gainful employment, to broaden economic opportunities.

So we could not remain insensitive to the effects of policy measures on economic fundamentals. As a responsible and a responsive Government we will continue to monitor the economic situation and will adapt and adjust when it is necessary to do so to protect the interests of our country.

These are exceptional times and we need to show exceptional responsiveness to safeguard and protect the economic interests of our country. It is abundantly clear that some of the policy changes introduced last year have created an impression of discontinuity and 'rupture' in our economic strategy. We have restored our initial economic policy framework that has paid dividends between 2005 and 2010.

This Budget - Measures

Mr Speaker, Sir,

Let me now come to the new budgetary measures.

Let me refer to the lame explanation for the calamitous shrinkage of Foreign Direct Investment from 2010 to 2011 by the claim that the Prime Minister's Office was blocking some projects.

Let me inform the House that when it comes to taking decisions regarding prospective investors, I have given clear instructions that a proper due diligence exercise must be undertaken. We do not want investors with suspicious backgrounds to come to Mauritius and soil our reputation as a clean investment destination and jurisdiction.

Let me mention one such case of investors who benefitted from a Red Carpet Treatment by some important personalities; and chaperoned by these same personalities !!

This is a group which claimed that they had 8 billion dollars in cash which they wanted to invest in the country.

You have to be either excessively credulous or motivated by considerations that one can easily suspect to believe some good Samaritans will bring us salvation by investing Rs 240 Billion cash in our country.

I refused to meet them until the due diligence exercise was done.

On doing so, I was told without going into the details, that we should keep well away from them.

Yet, my decision not to meet these so-called investors was decried by many well placed individuals.

I also don't want to go into the "illico presto" actions to appoint some people in certain institutions who earned the nickname "rent collectors" !!

Mr Speaker, Sir,

My Government is committed to set the base for a high-investment, high-productivity, high-efficiency, high-technology and high-wage economy. These are not vain words, Mr Speaker, Sir. The measures announced in the budget go exactly in that direction. To name but a few:

- (i) We have made available unprecedented resources to our promotion agencies to put Mauritius on the global map to boost our investments & take our products where demand is;

- (ii) We will provide for better connectivity to the region and we are ensuring that our modern airport must become the new hub for the region, offering interconnection between Africa and the rest of the World;
- (iii) We will open more economic space divesting from some assets to redirect our efforts and improve facilities to the public;
- (iv) We have announced a series of institutional reforms as already listed by the Vice-Prime Minister in the budget speech;
- (v) Planters will save up to Rs 287 Million a year through the merger of cess-financed institutions by the Ministry of Agriculture;
- (vi) Planters will benefit from 70% discount on premiums due for 2011 to SIFB. This should reduce cost by around Rs 3,000 per arpent;
- (vii) The full VAT refund on agricultural machinery, equipment and tools that they purchase in 2012 will benefit some 23,000 sugar cane planters, some 6,000 horticultural producers and some 5,000 animal breeders;
- (viii) The investment and incentives including VAT refund in the fisheries sector will improve the standard of living of fishermen, enhance our quality of life, improve the environment, widen the choice of consumers and be of great value to the tourism industry;

- (ix) The budget for food security has been increased to Rs 150 Million – an increase of 50%;
- (x) The Office of Public Sector Governance set up under my office will assist public enterprises to improve governance, efficiency, services and cut out waste;
- (xi) A Civil Service College is being set up;
- (xii) We are further consolidating our financial services sector;
- (xiii) And we will uphold & consolidate our tourism industry to these basics by re-adopting a three-pronged strategy focused on Attractiveness, Visibility and Accessibility;
- (xiv) Emerging sectors such as, ICT, Knowledge centre, commercial marinas, film industry have been catered for; and
- (xv) We have gone a long way to up-skill our Human Capital and align it to the needs of the nation.

That is crucial – That is the key to success.

Small and Medium Enterprises (SMEs)

Mr Speaker, Sir,

I have always maintained that the long term sustainability of our country rests upon giving opportunities for the many and ensuring the participation of the largest number of our citizens in the economy. This is why the democratization of the economy means multiplying the number of

economic stakeholders. This is where this budget breaks new ground for SMEs.

SMEs face major constraints:

- (1) Lack of access to finance
- (2) Lack of skills
- (3) Poor logistics
- (4) Lack of access to markets

And this budget addresses all four constraints in a bold and innovative manner.

To encourage entrepreneurship and deepen the democratization process:

- (a) We have negotiated with the DBM for the borrowing rate for SMEs to be brought down to 8.5% as opposed to more than 14.5%.
I hope people realize what a difference this will make;
- (b) We are constructing additional 175 SME units in industrial estates in various points of the country;
- (c) We are opening the market for SMEs to ensure that they are included in the short list of restricted bidding for procurement of up to Rs 5 Million;
- (d) We are even granting Rs 20,000 a month to cover their living expenses when they start their business;

- (e) We have announced the complete abolition of the Municipal Tenant's Tax, effective 1st January 2012. This is an unfair tax as it is not paid by landlords but by tenants – the very people who, by definition, can least afford to pay. This will help business and protect jobs.

Let me remind the House that SMEs today contribute to 37% of our GDP, they employ 250,000 men and women. With these innovative measures, we will not only increase the number of participants in the SME sector but this is also give a boost to growth and therefore, the economy.

We will also improve our connectivity to the region as it is crucial for internationalizing our economy. At the same time, the Government wants to open up the economic space at home and continue with the reform of our institutions. We must not forget that we can only raise the standard of living of families if we have an economy that can compete in the modern age.

Mr Speaker, Sir,

As I have mentioned before, through the setting up of the National Resilience Fund, we are preparing ourselves to face the worst scenarios by strengthening the resilience of the economy.

No one could have failed to notice the staggering amount of work currently ongoing across the country to modernize our infrastructure be it at the airport, our road network or our technological infrastructure.

This budget provides Rs 21.2 Billion for key infrastructure projects which will not only provide employment but also give a major boost to the construction industry.

This is an increase from Rs 11.9 Billion in 2005.

Although we could borrow all of it to finance the projects – and we have the confidence of the big lenders – more that half of the financing for public infrastructure is being done without borrowing.

Mr Speaker, Sir,

I have always said – and this is my deep conviction – that economic growth means nothing if it does not involve and speak to the most vulnerable of our society. Economic growth can only be a positive development if at the same time you cater for the less well off – those who are poor. Growth needs to be inclusive to have any meaning.

Mr Speaker, Sir,

Some in the MSM, have been campaigning that this is a budget for one community alone.

They could not be more wrong

- we have catered for the middle class as well
- The poor do not just belong to one community
- and there are many reasons for poverty.

And you cannot turn a blind eye to those who are at the bottom of the ladder.

We have a moral obligation to help the poor.

Unequal societies carry moral and social consequences and affects the way economies function.

And rising inequality affects Social cohesion.

One of the unflinching guiding principles of the Labour Party has been to lift people from the margins to the mainstreams. This is precisely why in 2010 I decided to create the Ministry for Social Integration.

I am proud Mr Speaker, Sir, that this budget rightfully puts so much emphasis on the upliftment of those who are most in need. And we have gone even further. This budget provides:

- For children
- For the young
- For women
- For those in need of medical help
- For those in low cost housing, and
- For the elderly

Let me mention a few of the measures that this Budget contains:

(i) Children

- Companies will be allowed to charge the cost of operating a crèche for the benefit of their lower paid employees, and charge this to the CSR Fund. This will considerably ease the life of working mothers and assist others to join the workforce.

- 2,000 poor children will benefit from crèche facilities paid by the Empowerment Foundation, up to a maximum cost of Rs 1,500 per child, per month.
- The pre-primary grant will be extended to three year olds. This will cover an additional 16,000 children.

(ii) Young people

- Six sports scholarships will be provided to promising young athletes, for training and coaching overseas. Living and coaching fees will be paid by the Trust Fund for Excellence in Sports during one year.
- 50% of the salary of athletes can now be charged to the employer's CSR Fund.

(iii) Women

- Apart from the other initiatives the VPM and Minister of Finance has mentioned, we are also launching a Pilot Programme to empower vulnerable women through small-scale farming.

(iv) Medical Help

- The allowance given by government for treatment overseas has more than doubled to Rs 500,000 with immediate effect.

(v) Low cost housing

- Rs 200 per family per month will be paid for the operation of syndics in 41 NHDC estates inhabited by 6,150 families, to

improve the living environment and quality of life. This will cost Government Rs 15 Million per annum.

- Housing Development Trusts which will be not-for-profit trusts, will construct and operate housing estates for the low income groups. They will not be subject to VAT, Land Conversion Tax or Land Registration Duties.
- Furthermore, 2,000 families of the ex-CHA housing, who cannot benefit from the facility given to them for the purchase of state land, on which their houses stand, because they simply do not have the means. Therefore Government is granting them their land for free.

(vi) Elderly

- Beneficiaries of the Basic Retirement Pension (BRP) will also be compensated for the increase in cost of living, as from January 2012. The monthly BRP will go up to Rs 3,350 for pensioners aged 60 to 89 years, to Rs 9,975 for those aged 90 to 99 years and to Rs 11,320 per month for centenarians.

And lest we forget Mr Speaker, Sir, at a time when powerful countries are slashing jobs, reducing wages and cutting down on social benefits, we have granted an increase of between 6.6% and 11.5% to workers in the low wage bracket.

Maurice Ile Durable

Mr Speaker Sir,

The theme of this Budget is Growth for the Greater Good. We are aiming for inclusive growth that will also extend to our future generations. The vision of *Maurice Ile Durable* is precisely to make of Mauritius a model of sustainable development, especially in the context of SIDS. In July this year, the Government converted the Steering Committee on *Maurice Ile Durable* into a Commission which is now operating under the aegis of my Office, in collaboration with other Ministries and stakeholders.

The Commission is responsible for the finalization of the Action Plan on *Maurice Ile Durable* and ensuring its timely implementation. The Commission has produced, through a participative democracy mode and through a bottom up approach, recommendations that will form the basis of MID 5Es, that is, Energy, Environment, Employment, Education and more importantly Equity. In this exercise, we have had the contribution of around 300 people from the civil society, public and private sectors, NGOs and the academia.

Here I would like to pay tribute to all these people with special mention for the Chairpersons and Vice-chairpersons who altogether generously put in more than 200 hours of their time to produce their reports without even expecting any remuneration. This is indeed a first ever such exercise in Mauritius which demonstrates the solidarity, patriotism and concern for generations - current and future.

These recommendations are now being transformed into an MID policy strategy, and more importantly an Action Plan, by a Consulting consortium

that will be funded by the AFD. I take this opportunity to thank the AFD for their continuing support to MID. I would also like to thank the EU and UNDP for their support and gladly acknowledge the recent interest shown by the World Bank to extend their support to the MID quest.

Several of the measures enunciated by the Vice Prime Minister and Minister of Finance espouse the 5Es forming the pillars of MID, particularly Equity, which I personally added because I have always believed that MID should take on board those who have not had opportunities in life and who may have been left aside by changes that a swift development pace has brought.

Mr Speaker Sir,

In line with the concept of *Maurice Ile Durable*, the Government is also putting in place a framework that will allow us to add value to molasses by converting them into ethanol that will be blended with gasoline and used in vehicles.

A study conducted by the AFD has raised pertinent issues that must be resolved before we move to operational level.

AFD is further assisting us in evaluating the environmental benefits associated with the use of ethanol in our specific context.

Our intention is to ensure that cane planters and consumers benefit in the process in line with our philosophy of democratization of our economy.

Law & Order

Mr Speaker Sir,

Let me now come to the issue of Law and Order. I would like to state that since my first mandate, the protection of our citizens has been on the top of the agenda of my Government. We have always put the security of our law abiding citizens first.

Law abiding people have a right to expect that they are safe from those who may be tempted to prey on them, their families, and the wider community. My Government's vision is for a free, fair and responsible society.

Mr Speaker Sir,

The policing environment and challenges that we face are changing rapidly. The Police have to adapt and respond to meet new and emerging challenges of the 21st century. During my first term as Prime Minister – I was shocked to learn there was Automatic Fingerprint recognition computer system.

There was no proper Forensic Science Lab.

No central control for emergency calls – 999.

No Emergency Response Service.

Outdated equipment for the Police and no real basic and continuous training for the Police.

Police reforms are critical and inevitable. Status quo is not an option. That's why my Government has continued to embark on a major reform programme of the Police.

As I always say, you cannot take the 19th century solutions to solve 21st century problems. We therefore need to ensure that our police officers have the required skills, the powers and the tools they need to do their jobs effectively. This has been the main thrust of our reform programme of the Police Force.

In line with the ongoing Police reform programme, we launched the National Policing Strategic Framework in February 2010 which paves the way for a new management style in the Police Service, based on six pillars namely:

- Human Resource Management Capability;
- Intelligence-Led Policing;
- Community Policing;
- Achieving a Human Rights Complaint Organisation;
- Permanent Strategic Planning Capability; and
- Enhancing Reactive Capability.

We are in the process of implementing the National Policing Strategic Framework.

Mr Speaker Sir,

We are investing heavily in the Police Force. Despite the difficult times and prevailing circumstances, the Police has been well resourced in recent years to enable them to meet today's challenges.

The total actual expenditure of the Police Department was Rs 4.8 Billion for the fiscal year 2010 and the provisions of Rs 5.6 Billion for the fiscal year

2011. An amount of Rs 6.5 Billion has been provided for fiscal year 2012, representing an increase of around 16 percent over the last year's budget.

Mr Speaker Sir,

Allow me to list out some of the measures we have implemented as part of the reforms process.

The acquisition of the twin-engine Advanced Light Helicopter "DHRUV" in November 2009 to reinforce the fleet of the Police Helicopter Squadron in search and rescue operations, medical evacuation missions, anti-drug and anti-piracy operations, including armed heliborne assault.

The installation of the CCTV Surveillance System as a means to combat crime in the following regions:

- Flic en Flac in April 2009
- Part of Quatre Bornes in December 2009,
- Port Louis and Grand Baie in October 2011; and
- The CCTV Surveillance System is being extended to cover Beau Bassin, Rose Hill, Curepipe and other parts of Quatre Bornes.

The installation of a Coastal Surveillance Radar System in April 2011 which provides round the island surveillance on 24-hour basis off mainland Mauritius, Agalega and St Brandon against any illegal activities in our waters.

The installation of Digital Radio Communication System in August 2011 to replace the old analogue system.

The implementation of the Crime Occurrence Tracking System which involves the automation of all processes and the computerization of the functionalities of the Mauritius Police Force.

The implementation of e-Business Plan for Traffic Branch.

The expansion of the use of DNA testing and the constitution of a DNA Database in the detection of crimes.

Mr Speaker Sir,

We are in the process of acquiring a sophisticated Offshore Patrol Vessel (OPV) costing US\$ 58.5M equivalent to about Rs 1.7 Billion under the Indian line of credit. The vessel is expected to be delivered in September 2014.

The need for an OPV is greatly felt to ensure safety and security of our Maritime Zones. Currently, the National Coast Guard does not possess an operational OPV, which limits its capability to provide surveillance at the extremities of the Maritime Zones.

For the coming three years, an extra amount Rs 1.4 Billion has been provided for the purchase of further equipment for the Police Force.

- the acquisition of an additional Aircraft to meet operational demands – maritime surveillance, search and rescue, pollution control, anti-piracy operations and outer island support.
- the acquisition of 10 Fast Attack Interceptor Boats to further strengthen the Marine Commando/anti terrorism/anti narcotic operations.

- the acquisition of one Waterjet Fast Attack Boat to enhance the capabilities of the National Coast Guard in providing maritime safety and surveillance of our EEZ.
- the acquisition of vehicles for the Special Mobile Force and Special Support Unit for safety and security operations; and
- the replacement of the existing analogue 999 system by a new Digital Emergency Responses Management System for increased efficiency.

Provision has also been made for the construction of new police stations in different parts of Mauritius and Rodrigues.

Mr Speaker Sir,

My Government fully recognizes that there is need to professionalise the Police Service. Police Officers should have the expertise, skills and knowledge to work smarter and more efficiently to meet complex challenges of modern policing. We want the Police Force to provide an effective service. We are putting much emphasis on the training of police officers. Opportunities are being offered to Police Officers for training locally and overseas. Since 2008, a total of 9,385 Police Officers have followed training courses at different levels locally as well as overseas.

In September 1999, I introduced a higher professional education programme for our Police Officers by launching the police degree course, namely, the BSc (Hons) Police Studies in collaboration with the University of Portsmouth. This programme produced a total of 314 degree holders who have been posted to strategic positions in the Police.

In October this year, the Police Department entered into an agreement with the University of Mauritius for the training of Police Officers in different fields. Over 6,000 Police Officers will be concerned with the training programme. The total cost of project is around Rs 41.2 Million over a period of five years.

In order to ensure that the Police is adequately staffed, 2076 Trainee Police Constables have been recruited since 2007. An additional 800 Police Officers will be recruited next year.

Mr Speaker Sir,

It is worthy to note that the reforms programme is starting to yield positive results. The overall crime rate has declined from 5.4 percent in 2007 to 4.1 percent in 2010. However, although crime has fallen in recent years, we want to reduce it further. I always say one crime is one crime too many.

Despite the fact that crime statistics clearly indicate that there is a downward trend in criminality in general, there is a public perception that the crime level is going up in the country. This is in contradiction with the evidence.

In fact, statistics indicate that the reported offences (exclusive of contraventions) have declined during the period 2009 and 2010 from 50,250 to 46,750, representing a decrease of around 7 percent. From 2009 to 2010, major decreases have been noted in almost all offences: theft (16%); drug offences (5%); homicides (15%); fraud and dishonesty (8%); assaults (25%); embezzlement (7%) and automobile theft (15%). These figures speak for themselves. But we intend to further strengthen

the law by making the sanctions more severe, for certain abominable crimes.

In regard to the drug problem, our drug control strategy focuses on enforcement, prevention, treatment, and very importantly rehabilitation. We are determined to reduce drug supply further through a coordinated response across the law enforcement agencies. We are providing the law enforcement agencies with the necessary tools and resources to crack down drug traffickers.

The repressive measures taken by the law enforcement agencies are yielding positive results. The number of persons arrested in connection with drug-related offences has increased from 1,504 in 2000 to 1,899 in 2010 and 1,672 up to October this year. Large quantities of illicit drugs are being seized, for instance, this year about 3.5 kg of heroin, 56 kg of cannabis and 15,592 tablets of subutex were seized, having a street value of more than Rs 102 Million.

Mr Speaker, Sir,

In the fight against drug trafficking, it is universally recognized that one of the most effective tools is the seizure of the assets of those involved in drug trafficking.

In April this year, the Asset Recovery Act 2011 was passed by the National Assembly. This piece of legislation provides a comprehensive asset recovery framework and legal procedure for the recovery of assets in order to reinforce the fight against crime, including transnational crime and to recover the proceeds and instrumentalities of crime, that is, ill-gotten gains.

The asset recovery mechanism will reinforce not only our criminal justice system, but also our whole justice system generally in the sense that in addition to the creation and prosecution of offences, the procedure of asset recovery will attack criminality at its very root by discouraging people from committing crimes involving monetary gains given that whatever tainted property is acquired by them may be taken away from them, even if there has been no prosecution.

The Asset Recovery Act 2011 will be proclaimed in January next year. The Enforcement Authority established under the Act is under the Director of Public Prosecutions and will be operational as from January next year.

Once the Enforcement Authority becomes operational, the Drugs Asset Forfeiture Office will stop handling new cases of forfeiture as provided under section 65 of the Asset Recovery Act. Other cases pending before the Drug Commissioner would be handled by his Office until their completion.

Mr Speaker, Sir,

Nowadays, more and more emphasis is laid on scientific evidence to elucidate crimes. In order to provide high standard forensic services, the Forensic Science Laboratory has been reorganized and has been adequately staffed and equipped. A database has been constituted. A satellite laboratory has been set up in Rodrigues to analyse simple drug and liquor cases, resulting in an increase in the speed of forensic results for court. Training in scientific skills was provided to the Forensic Science Laboratory staff by UK experts.

In September this year, the Forensic Science Laboratory has been accredited ISO 17025 for DNA fingerprinting, alcohol level determination and identification of drugs such as heroin and cannabis.

Mr Speaker, Sir,

The legal framework is continuously being reviewed to combat criminality in general. We will be introducing the Police and Criminal Evidence Act, the Courts Act and the new Bail Act – which has already been read a first time. Budgetary provisions have already been made for the acquisition of some 1,800 electronic bracelets along with the accompanying ICT network.

Mr Speaker Sir,

Crime and drug abuse are matters which concern all citizens. My Government is stepping up its fight against crime and anti-social behaviour. However, what the law enforcement agencies can achieve depends not only on the professionalism and dedication of its officers but on the support they enjoy from the citizens who share the commitment to keep the country safe and secure.

Prisons Service

Mr Speaker Sir,

Coming to the Prisons Service, we will continue with the reforms already initiated to ensure safe, secure and humane custody of offenders and their eventual re-integration into the community as law abiding citizens on their release.

Physical infrastructure in the existing prisons is being upgraded. A special prison for women has been constructed at Barkly to cater for 12 female detainees in need of special care and treatment. A Day Care Centre has been set up for babies living with their mothers at the Women Prison. A Dental unit has been set up at Beau Bassin Central Prison.

The security in the prisons has been enhanced by procurement of new security equipment. CCTV surveillance system is operational at Beau Bassin Central Prison, Grand River North West Remand Prison, New Wing Beau Bassin, and Phoenix Prison. Provision has been made for the installation of the CCTV system at Petit Verger Prison, Women Prison Beau Bassin, Correctional Youth Centre, and Barkly Special Prison for Women. The communication system has been enhanced with the introduction of digital radios. A provision of Rs 5.7 Million has been made in the 2012 Budget for the acquisition of new security equipment.

To ease the pressure on existing prisons, a new High Security Prison is being constructed at Melrose to cater for 750 detainees, having a Project Value of Rs 1.731 Billion. Construction works have started on 20 September 2010 and are expected to be completed in April 2013.

Mr Speaker, Sir,

Emphasis is being placed on the rehabilitation of detainees with a view to enhancing the detainees' skills so that they can find employment on their return to the society.

As part of rehabilitation programmes, literacy and numeracy courses, and education and vocational training are being provided to detainees with the assistance of Government Departments and Non-Governmental

Organisations. Spiritual courses are offered by appropriate organizations in order to promote ethical and moral values which normally prevent offending behaviour.

Also preventive and rehabilitation programmes are being provided to address the problem of substance abuse and proliferation of HIV/AIDS in the prisons.

Since 2005, around 6,200 detainees have participated in the rehabilitation activities.

My Government will step up the rehabilitation programmes, literacy and numeracy courses to be provided to detainees with the assistance of Non-Governmental Organisations and other voluntary organisations.

In July this year, the University of Technology in collaboration with the Mauritius Prisons Service and the UNODC conducted a national workshop on the subject "Incarceration and Recidivism – Perspective and Challenges in Mauritius". The draft report of the workshop will be validated with the stakeholders on 23 November 2011. The current rehabilitation programmes will be reviewed in the light of the recommendations emerging from the workshop.

The Ministry of Social Integration and Economic Empowerment is also working on projects in collaboration with NGOs to provide support to former detainees upon their release. Additionally, the Ministry has commissioned the National Economic and Social Council to carry out a study on the social integration of stigmatized and vulnerable groups, including former detainees.

Further, at the request of my Office, the UNODC has agreed to provide assistance for the development of a strategic framework for the Prisons Department, including rehabilitation and treatment intervention programmes and re-integrative planning for detainees returning to the community.

National Aids Secretariat

Mr Speaker Sir,

It is the vision of my Government to have a Mauritius where no new HIV infections occur and where people living with HIV are assured the best treatment, care and support, with full respect of human rights.

Under the leadership of the National AIDS Secretariat, a multi-sectoral approach is being adopted to tackle the problems relating to HIV and AIDS.

One of the priorities of the HIV response is to mobilize resources to prevent new infections. In this regard, Government has constantly increased the budget for the fight against HIV and AIDS. An amount of Rs 68.5 million was provided for financial year 2011 on HIV/AIDS. In this Budget, Rs 85 Million has been provided.

In addition, in 2009, the Global Fund agreed to provide funding to the tune of Rs 326 Million to support the Government in the HIV and AIDS implementation of its National Strategic Framework for the period 2010-2014. A sum of Rs 124 Million has been disbursed by the Global Fund.

A national HIV and AIDS Policy has been developed for the country and has been validated. The overall goal of the National Policy on HIV/AIDS is

to provide for a framework for leadership and coordination of the National multi-sectoral response to the HIV/AIDS epidemic.

Integrated Behavioral and Biological Studies were carried out among various population groups. Results from these studies have enabled the National AIDS Secretariat to establish baselines and set targets for various interventions. These studies will be repeated every two years among the *Most At Risk Populations* to determine future strategies.

A Knowledge, Attitude, Behaviour and Practices study among the population in general in the Republic of Mauritius is in progress. Results are expected to be available by the end of December, and will guide us in our future strategies.

My Government places high priority on the fight against HIV and AIDS and improving the quality of life of people living with this disease. Much progress has been achieved in reaching the goals set out in the National Strategic Framework 2007-2011. We are determined to step up our fight against HIV and AIDS.

Airport

Mr Speaker Sir,

The construction of a New Terminal at SSR International Airport is currently in progress and is expected to be completed by September 2012.

A project for the construction of a parallel taxiway is also being implemented. The construction of this taxiway will be instrumental in minimizing the runway occupancy time, thus increasing its capacity. It will

facilitate landing of aircrafts and will be able to accommodate A380 aircrafts. In addition, in the event of major disturbances at the airport which may cause the runway to become out of service, and disruption in airline operations, this parallel taxiway would be used as an emergency runway.

Improvement works to the existing runway have also become a necessity at the airport in order to ensure safe aircraft operation.

The existing Cargo and Freeport facilities at SSR International Airport are showing some space constraints. This constitutes a barrier to development in the airport. In view of the fact that traffic forecasts predict an increase in air freight volume over the coming years, it has become essential to expand the existing facilities.

In this respect, an area in the south-eastern part of the airport has been identified for the development of a New Cargo and Freeport zone. The ultimate objective is to provide an appropriate platform to give a boost to air freight traffic at SSR International Airport. The detailed design for the project has been carried out by the German firm Lufthansa Consulting Ltd. A promoter will now be selected to carry out the development whilst infrastructural facilities will be carried out by Airports of Mauritius Ltd.

Port

Mr Speaker, Sir,

The trade and commercial prosperity of a country depends, to a large extent, on the air and sea transport sectors.

This is why Government will continue to invest massively in the development and modernization of the port and the airport.

Regarding the port sector, the Government is in the process of identifying a Strategic Partner for the Cargo Handling Corporation Limited. The objective is to transform Mauritius into a container transshipment hub.

On the other hand, the Mauritius Port Authority will embark on an ambitious project for the upgrading and extension of berths at the Mauritius Container Terminal at a cost of US \$ 124 million.

The Port will also invest heavily on the purchase of floating crafts which would contribute towards enhancing the quality of services being provided. The cost of the project is Rs 550 Million.

Special Road Safety Unit

Mr Speaker Sir,

Road safety remains one of the priority issues of Government. The Special Road Safety Management Unit operating under the aegis of my Office has adopted an integrated approach in its task of coordinating all road safety activities. The main objective is to have an effective road management team which can work on measures for the promotion of road safety.

The measures being implemented include public awareness and sensitization campaigns, improvement in physical infrastructure through the construction of new and better roads, installation of pavements, street lighting, traffic lights, underpasses, overpasses, installation of belisha

flashing lamps at pedestrian crossings along classified roads, and installation of additional speed cameras to discourage speeding.

The legal framework is also being revisited and amendments to the Road Traffic Act are being finalized for the introduction of the Penalty Point System under which road traffic offenders will be sanctioned not only by fines but also by penalty points which may lead to disqualification of the license of a driver.

We will be introducing it next year.

- Use of mobile phones while driving – > 5 times, more likely to have an accident.
- Driving on the Right.
- Traffic branch – 50 motorcycles – sanction those who break the law on our roads.

Emphasis is also being laid on the need to review the way people drive in Mauritius. It is in this context that the Special Road Safety Unit of my Office is working on the project of setting up of a Driver Education and Training Centre in Highlands to provide for formal and systematic training and education programmes designed to improve road user skills, and to promote responsible attitudes and behaviour amongst drivers. The ultimate objective is to ensure safe driving by drivers and riders.

The project will be implemented on a Public/Private Partnership basis. Some 20 arpents of land has already been earmarked. A pre-feasibility study and specifications for the appointment of a consultant for the project

are currently being finalized. It is expected that the project will be completed by mid 2013.

Consolidation of democracy

Mr Speaker Sir,

Mauritius is highly acclaimed as a model of democracy. On numerous occasions I have affirmed the commitment of my Government to move ahead with the proposed reform of our electoral system as enunciated in the Government Programme 2010 – 2015, to consolidate democracy.

44 years after independence, it is time for us to engage in a process of self examination so as to strengthen the democratic set up of our country and ensure that the system meets the exigencies of a modern and forward-looking nation.

I met Professor Carcassonne twice already during his visits to Mauritius. Following discussions with him, a team of three eminent international constitutional experts has been constituted to look at, and to make proposals for the reform of our electoral system.

The terms of reference of the team are to make proposals for a reform of our electoral system with the objectives of stability and need to secure effective government, fairness, diversity and gender balance.

I am expecting the team to submit its report before the end of this year.

Visa & Residence Permit Issues

Mr Speaker, Sir,

I now come to our visa and residence permit regime. In line with our vision to make of Mauritius an international hub for tertiary education, the criteria and procedures for application of student visa have been streamlined so as to attract greater number of international students. In September this year, new and comprehensive guidelines were issued to make provision to allow full-time as well as part-time foreign students to come and pursue higher studies in Mauritius in recognized tertiary educational institutions or in Technical and Vocational Educational Training institutions.

The processing time for determination of applications for student visa has been reduced. It has also been decided to allow foreign students to undertake part-time work. Thus, operators in the Tertiary education sector will be encouraged to bring in more foreign students in order to enhance our competitive edge in this sector.

With increasing competition as a result of globalization, Mauritius needs to adapt its visa policy to attract more international business, investment and tourists. We are therefore streamlining our visa regime by relaxing requirements for genuine business persons who will be granted multiple entry visa valid for a period of two years. This will avoid them the hassle to apply for visa each time they travel to Mauritius.

In addition, visa requirements for short stay for business or tourism purposes in respect of holders of passports of a number of countries, including those from the African continent, is being relaxed. They will not require prior visa before undertaking their travel to Mauritius as in certain

cases visa will be exempted, while in some cases visa will be granted on arrival. This measure is in line with our commitment to further enhance the ease of doing business in Mauritius and to attract more tourists from diverse countries.

In addition, in order to attract foreign investors and high net worth professionals, the Permanent Residence Permit scheme will be implemented. Relevant regulations have been finalized and will be amended to grant a permit valid for ten years to eligible investors, professionals, self-employed non-citizens or retired non-citizens who have completed three years of their Occupation Permit or Residence Permit. As an incentive, they will also be encouraged to purchase one flat or an apartment for personal residence in a building not less than three storeys.

Competition Commission of Mauritius

Mr Speaker, Sir,

The setting up of the Competition Commission was part of a wider set of measures taken by Government to modernise the economic infrastructure of the country. Together with measures to improve the business environment and to attract vital Foreign Direct Investments, the competition law ensures that our sc

The CCM has initiated more than 70 enquiries and 10 investigations into suspected cases of restrictive business practices during its short existence. The sectors concerned include: the retail supply of food and drink products; healthcare services; insurance; banking; television programming; books; telecommunications, and gambling products. The impacts from Competition

Commission interventions are substantial and estimated benefits from one of its interventions alone exceed Rs20m per year.

ICAC

Mr Speaker, Sir,

Let me now come to fraud and corruption. I would like, at the very outset, to reaffirm, most emphatically and unequivocally, the commitment and determination of this Government to continue our relentless fight against fraud and corruption. We will continue to provide the ICAC with all the necessary means to enhance its effectiveness in the discharge of its functions. I recently reminded the House that a considerable amount of energy and resources had been deployed by many Members of this House, including those in the Opposition, in putting in place the Prevention of Corruption Act and in making the ICAC operational. I reiterate my appeal to all Members to show the same commitment in the fight against fraud and corruption and allow the ICAC to discharge its functions in all serenity. We must bear in mind that the fight against corruption is not the fight of the Government alone, but of all the citizens in this country.

For the year 2012, the ICAC has set its priority objectives, as follows:

- Preventing corruption through systems enhancement and education.
- Reinforcing fight against corruption through a more effective use of media and mass communications.
- Implementation of Anti-Corruption Framework in Public Bodies
- Enhancing Systems Integrity and People Integrity in the public and private sectors, professional bodies and education sector.
- Strengthening community vigilance in the fight against corruption.

The funds provided in the 2012 Budget will enable the Commission to continue to spearhead its anti-corruption efforts through a holistic and integrated approach.

In terms of achievement, this year, the Commission provided assistance to 18 public bodies in establishing their own anti-corruption infrastructure and developing anti-corruption strategies. It conducted some 16 workshops/empowerment programmes for public bodies, and held some 52 sensitization programmes and 76 sessions on empowerment programmes with the different components of the society. An inter-integrity club artistic competition was also organised among 30 schools.

In all, some 133 recommendations have been made. These recommendations provide the concerned sectors or the client institutions with a range of measures, guidance and best practices to enhance their governance framework. A Corruption-Risk Management Guide has also been developed to assist Management of public bodies in conducting their own corruption-risk assessment.

As regards alleged acts of corruption and money laundering, the Commission received a total of 1399 complaints as compared to a figure of 1,350 for the year 2010. The number of cases reported is on the increase and it shows the growing public confidence in the ICAC, and the willingness of individuals and public institutions to report any suspected case of corrupt practices.

As at date, 479 new cases have been subject to preliminary investigations, well beyond the target of 400 set for the current year. A total of 79 cases have been completed and sent to the Director of Public Prosecutions, 51

cases have been lodged before court and 18 convictions have been secured. 133 cases are still pending before the Intermediate Court and they have targeted the conduct of 550 preliminary investigations and the completion of 150 cases already under investigation.

Mr Speaker Sir,

Government aims at heightening the vigilance of the public against the evil of corruption. We are seeking to change the mindset of people and instil a culture of integrity in the nation. Our stand and determination have triggered a general consensus in the public for increased mobilization for resistance and intolerance towards corruption.

Come what may, we will remain steadfast in our commitment to root out this scourge from our society. No one, whatever his status should consider himself above the law and think he can get away with ill-gotten gains. When it comes to fighting fraud, corruption and drug trafficking, we will pursue the objectives we set and never bend the rules, and never retreat.

Office of Public Sector Governance (OPSG)

Mr Speaker, Sir,

As part of our strategy to improve the performance of public sector organisations, Government has transformed the former Management Audit Bureau (MAB) into the Office of Public Sector Governance (OPSG).

The OPSG, which is now operating under the aegis of my Office, is focusing on the reforms of public enterprise, introduction of best practices

of corporate governance, assistance in cut waste initiatives and follow-up of implementation of Director of Audit Report.

Equal Opportunities (Amendment) Bill and Human Rights

Mr Speaker, Sir,

I now turn to equal opportunities and human rights. Action is being taken on several fronts to instill a human rights culture among all sections of the population. A three tier approach is being adopted covering legislation, policies and training. The legislative and institutional framework is being reinforced with the new full fledged Equal Opportunities Commission. This will provide for an appropriate legal protection to ensure a fair and just treatment to all Mauritians. I have on several occasions responded to criticisms addressed regarding delays in the proclamation of the legislation on equal opportunities. After careful consideration of all the relevant issues, we are coming soon with the best possible organization structure in order to maximize benefits for all Mauritians. I must say the Hon Leader of the Opposition was of that view. Furthermore, the National Human Rights Commission will be revamped to provide for an appropriate set-up to cater for human rights and police complaints issues and an appropriate preventive mechanism. Our deep respect for democratic institutions requires a constant benchmarking on the best legal, policy and training practices in human rights. We are constantly evolving within this dynamic set up.

In parallel, an Action Plan on Human Rights will seek to adjust the Government policies and programmes in order to create an appropriate

human rights climate conducive for economic, social and cultural development in the country.

We are collaborating with other partners in human rights. In a similar vein, we are partnering with the Commonwealth Secretariat in order to integrate human rights within the curriculum at secondary education level.

I wish to underline the fact that Mauritius is one of the few countries in the world which voluntarily submitted a Mid Term report in respect of the Universal Periodic Review (UPR) to the United Nations Human Rights Council in February 2011. The report was prepared in consultation with all stakeholders and appropriate monitoring is being done to ensure that rights are respected in accordance with conventions and treaties signed.

Disaster Management

Mr Speaker, Sir,

Disaster management in another area which has been receiving the attention that it deserves. Every year, floods, earthquakes, hurricanes and other natural occurrences over the world result in billions of dollars in economic losses, cause hundreds of thousands deaths and leave millions of people affected. Some countries are now experiencing the most expensive and deadliest natural disasters in their history – and climate change has a large part to play in this.

Natural disasters can strike at any time and in almost any place.

Countries, rich or poor, do not have any control on the occurrences of such disasters.

Natural disasters can affect everyone – poor or rich – in a collective manner. Governments all over the world are now increasingly focusing on preparedness and mitigation measures for effectively dealing with natural disasters. There is urgent need for preventive activities to reduce loss of life, damage to property, infrastructure and the environment, as well as the social and economic disruption caused by natural disasters.

Government is leaving no stone unturned to address the concern of disaster management. One major achievement has been the setting up and operationalization of a Natural Disaster and Operations Coordination Centre (NDOCC) at the Line Barracks. The Centre is under the operational command of the Commissioner of Police.

The NDOCC now constitutes a National Platform for coordinating efforts of various agencies dealing with mitigation and relief. The Centre is responsible for assisting agencies in initiating necessary actions to deal with national disasters (both natural and man-made) and to harmonise decisions of all stakeholders for a coordinated approach.

I need to point out that during my official visit to Réunion Island in January this year, I made it a point to visit the “*Centre Opérationnel de la Préfecture de la Réunion*” and solicited assistance from the French Authorities in matters of disaster management.

A Working Group has already been established between Mauritius and the Réunion Authorities to exchange views and to share experiences. The Réunion Authorities have made a series of recommendations in their report on “*Expertise de Sécurité Civile*”. Their recommendations relate, *inter-alia*,

to the establishment of a legal framework required for effective management of major disasters.

Mr Speaker, Sir,

Following my official visit to Réunion Island, the French Authorities have also agreed to provide the services of an Expert of Meteo France to advise Government on the technical specifications of a Weather Radar to be purchased for the Mauritius Meteorological Services. The Expert has already submitted his report, however, I am glad to inform the House that the Government of Japan has responded to our request and will provide us this equipment under its grant aid programme.

As the House may be aware, over the past years, seismic tremors have been recorded in the West Indian Ocean Region. Details obtained from the Mauritius Meteorological Services from seismometers in Mauritius indicate the occurrence of frequent seismic tremors along the Mid-Indian Ocean Ridge.

A few of the tremors were less than 300 kms off the island of Rodrigues and their magnitude ranged between 4.6 and 6.0 on the Richter scale.

Given the relatively frequent occurrences of these tremors, it is imperative to secure the services of an Expert, to carry out a risk assessment exercise and, in the light of the findings to make recommendations, as appropriate.

I am pleased to inform the House that, following my official visit to Réunion Island, the French Authorities have also agreed to provide the services of an Expert from the “*Département de Sismologie et de l’Institut de Physique du Globe, Paris*”, to carry out a risk assessment exercise on the occurrence

of frequent seismic tremors along the Mid-Indian Ocean Ridge, off the Island of Rodrigues.

Extended continental shelf

Mr Speaker, Sir,

The Exclusive Economic Zone (EEZ) of the Republic of Mauritius extends over an area of about 1.9 million square kilometres and provides Mauritius with a huge maritime zone to manage. This coastal and ocean territory holds an immense potential for development and will play a vital role in the economic development of Mauritius.

Mauritius occupies a strategic position in the Indian Ocean and has the potential to play an important role in marine scientific research in this region.

In March this year, the United Nations Commission on the Limits of the Continental Shelf conferred upon both Mauritius and Seychelles jurisdiction over an area of 396,000 sq kms of extended continental shelf in the Mascarene Plateau region, over which the two countries exercise sovereign rights jointly for the purpose of exploiting sea bed resources.

This is a significant achievement for both Mauritius and Seychelles as it is the first joint submission made to the United Nations Commission by two small island states anywhere in the world.

The Commonwealth Secretariat, which assisted Mauritius and Seychelles all throughout, is quoting to other countries of the world, the success of the claim as an example of what can be achieved through trust and mutual cooperation.

In view of the significance of the extended continental shelf for the economic development of both Mauritius and Seychelles, it has been decided that the Agreement will be signed in March next year in Mauritius by the Heads of Government of both countries in the presence of Commonwealth Secretariat.

Mauritius Oceanography Institute

Mr Speaker Sir,

With the potential resources that are mostly untapped, our ocean territory is seen as the next frontier for our economic development. In this regard, the Mauritius Oceanography Institute has initiated a prospection study to assess the potential of isolating bioactive compounds from marine organisms that have curative effect on cancer cells. In this context, a chemical laboratory facility has been put in place to undertake appropriate research. As at to-date, twenty five extracts have been identified that show positive results in cancer cell treatment. The process for their isolation is underway.

In addition to our vast ocean territory, the Islands of the Republic of Mauritius are known to be surrounded by a rich coral reef system. This coral reef is very important not only for the protection it provides to our coastal zone but also for our lagoon ecosystem. For this reason, the Mauritius Oceanography institute has embarked on a research project to look at the rehabilitation of our lagoons. Results obtained so far are encouraging.

Chagos & Tromelin

Mr Speaker, Sir,

Government continues to actively defend the right of Mauritius to effectively exercise its sovereignty over the Chagos Archipelago and Tromelin.

As Honourable Members know,

We have initiated proceedings against the United Kingdom under the United Nations Convention on the Law of the Sea to challenge the legality of the 'marine protected area' which the United Kingdom has purported to establish around the Chagos Archipelago.

The African Union and the Non-Aligned Movement have reiterated their unflinching support for the sovereignty of Mauritius over the Chagos Archipelago, including Diego Garcia. The African Union Summit and the Non-Aligned Movement Ministerial Conference held earlier this year have resolved to fully support other measures that may be taken by Government to protect the legitimate rights of Mauritius under international law with regard to its sovereignty over the Chagos Archipelago and its territorial integrity.

As regards Tromelin, Government looks forward to the entry into force in the near future of the agreement reached by Mauritius and France on the co-management of the island and its surrounding maritime areas. This agreement has been concluded without prejudice to the sovereignty of Mauritius over Tromelin. Mauritius also intends to pursue its efforts for the early settlement of the sovereignty issue.

Mr Speaker, Sir,

In shaping our budget we have as always pursued two aims. The first is to focus on the fundamentals that will guarantee the economic success of our nation in the future and to build on the foundations of our earlier economic reforms. The second is to set policy so as to support the population and the economy through the near term and what are clearly difficult times. In other words we seek to promote long term growth, short term support and reduce volatility. These are sound macroeconomic principles enshrined in this budget.

It is through pursuing these principles throughout my time as Prime Minister that we find ourselves in the situation we are. The world is beset with very grave economic worries. Being a small island we are inevitably affected by these developments. There is much to worry about in the world economy at the moment. Yet despite this we can be cautiously optimistic for Mauritius. We have already weathered the storm of the Great Global Recession relatively well. The policies we pursue and that are articulated in this budget lead me to expect that we can do the same again if the World economy does turn down once more.

Given the current anxieties that beset the world economy it is important to realise the challenges that Mauritius faces. These are testing and historic times. Economies need to be flexible but also provide insurance against potentially disastrous outcomes. Good fundamentals – skills, investment climate, a sensible allocation of capital – good institutions – a collaborative approach to growth and a focus on genuine productivity, jobs and social inclusion – and above all flexibility and insurance and support will be key to weathering any future storms we may travel through.

Our growth, like that in the World economy, was adversely affected by the Great Global Recession, although we suffered only a growth recession. It is also clear that growth expectations and the channels of growth are different going forward as a result of the crisis.

There are many reasons why to date Mauritius has weathered the financial crisis well. A key one has been our control of public finances. As we can see in the case of Greece and Italy insufficient attention to the level of government debt and the fiscal deficit have been at the root of recent economic problems. It is for this reason that we have successfully maintained our level of debt at 54.2% of GDP and a budget deficit of 3.8%. These are not problems that we can overcome through deficit backed spending and any suggestion that this is an appropriate way forward is simply irresponsible and misconceived. Letting public finances deteriorate only postpones and increases the scale of problems countries face. It is the politics of escapism to pursue that as an option.

What is essential is growth and jobs – that is the enduring way to achieve economic success and to navigate through the current crisis. That is why this budget has so many measures based around growth – growth for the common good. We have achieved a small increase in Government expenditure but more importantly we have altered the balance so that more of our expenditure is on investment and more of it occurs in the short run. With the world economy slowing we need to provide this support but support that is viable in the long run. Further we have taken tax measures to stimulate investment and encourage entrepreneurship through the elimination of taxes on dividends. We have also taken a number of measures that will directly affect business – the focus on the Board of Investment and further efficiencies and improvements in how we enable

business to do what it is good at. Our success both short run and long run depends on encouraging good business practices and letting business get on with business. Mauritius has achieved its economic success through a harmonious relationship with business and a supportive role in allocating resources and encouraging growth. It is striking how the Western world is now realising the importance of government and business working together and promoting genuine growth and jobs based on skills and long term commitment rather than through credit led growth emanating from the financial sector.

Rodrigues

Mr Speaker, Sir,

The modernisation and development of Rodrigues figure high on the agenda of Government. Projects like upgrading the airport, the port and the road infrastructure, are ongoing.

The laying of a submarine fibre cable to link Rodrigues to Mauritius is indeed a ground-breaking measure that would enhance considerably the ICT infrastructure and provide new job opportunities for the young at their doorstep.

We are also giving an additional boost to the tourism sector with the decision to subsidise airfares to Rodrigues till December 2012 from the National Resilience Fund.

The Ministry of Rodrigues and the Private Parliamentary Secretary are working very closely with the Regional Assembly for the sustainable development of the island and the well being of all the inhabitants.

Monsieur le Président,

Nous avons présenté un budget responsable répondant aux attentes de toutes les composantes de la population et en essayant de nous protéger de la crise mondiale qui nous guette.

Ce gouvernement est responsable et solidaire avec la nation.

En 2005 et en 2010, la population nous a fait confiance et nous avons le devoir de continuer à honorer cet engagement que nous avons pris pour un meilleur avenir pour une Ile Maurice pour tous.

Nous ne sommes pas de ceux qui ont mis leurs intérêts avant ceux de la nation, qui ont essayé de faire un chantage honteux pour essayer de pervertir nos institutions. A ceux qui ont la mémoire courte je rappelle ceci: Il ne faut jamais l'oublier : Nous avons en face de nous des personnes qui, quand ils étaient au pouvoir, ont fait dissoudre un organisme qui luttait contre la corruption en moins de 24 heures en amendant la Constitution. On n'a jamais vu ça dans aucun pays du monde.

En ce qui nous concerne, nous nous sommes résolument tournés vers l'avenir d'une Ile Maurice prospère pour tous. En 2015 quand nous reviendrons vers la population pour un nouveau mandat, et je ne doute pas qu'elle saura juger et faire le bon choix.

Mr Speaker Sir,

Budget 2012 is about "GROWTH FOR THE GREATER GOOD". It reflects our philosophy, ambition and the special consideration that we have for our less fortunate compatriots. It is a Budget that will prepare the country not only to face the looming threats from the global economic turmoil but also

for the opportunities of the future. It builds on the strength of our economy and its people.

It is a responsible Budget and well balanced in its approach, as it seeks to promote growth and spread prosperity. We have all along been guided by our core values of fairness and opportunities for all. Social development and solidarity have remained, and will always remain, at the heart of our development paradigm. These are the reasons why the Budget has been widely acclaimed by all credible observers and stakeholders, and the population at large. We have confidence in our country's strength, and in its future, and we have, through this Budget, made our choice to continue building this future.

It is my steadfast conviction that regardless of gender, creed, ethnic origin or class, each Mauritian citizen has the basic right to citizenship with dignity. My Government's economic and social model will mobilize all creative energies towards the establishment of a modern, innovative and entrepreneurial society, where unity, equity and solidarity prevail.

Let me conclude by these words of former US President Abraham Lincoln which I find particularly apposite for the occasion:

“The dogmas of the quiet past are inadequate to the stormy present.

The occasion is piled high with difficulty, and we must rise to the occasion.

As our case is new, so we must think anew and act anew.”

Mr Speaker, Sir,

No political leader can afford to let his country escape its future.

This Government is blazing the trail for many generations to come!!

Thank you, Mr Speaker, Sir.
