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| **SPEECH OF MINISTER MENTOR, MINISTER OF DEFENCE AND MINISTER FOR RODRIGUES**  **ON THE 2017-2018 BUDGET**  **NATIONAL ASSEMBLY – 12 JUNE 2017** |

Madam Speaker, first and foremost, I congratulate the Prime Minister and Minister of Finance for presenting once more a budget that carefully addresses the social and economic concerns of the country.

The Budget espouses the philosophy and targets I set out in my Economic Mission Statement – VISION 2030. It puts the People and the Country first.

It is a continuation of the 2016-2017 Budget which was meant to usher in a new cycle of growth and shape a new modern and sophisticated Mauritius where there will be opportunities for one and all.

The 2017-2018 Budget will accelerate sustainable economic development, bring more social justice and improve the quality of life of the population. It will boost the productive sectors and stir wealth creation.

With the measures announced in the Budget, I have no doubt that this Government is steadily moving ahead to transform Mauritius into what has been described in the Government Programme   
2015-2019, as a truly forward looking, environmentally sustainable, economically vibrant and innovative country with modern infrastructure,

global connectivity, high skills, technology and socially inclusive development.

The post-budget comments registered from different segments of the population and business quarters indicate that the Prime Minister and Minister of Finance has succeeded in creating a feel-good-factor and boosting confidence.

I care more about those reactions than the demagogical and ridiculous affirmations of the Opposition.

Madam Speaker, unlike the Opposition and their trumpet blowers who try to instil the ‘narien pas bon’ syndrome, the population is appreciative of the efforts put in by this Government to find solutions to national problems and take the country to new heights of socio-economic development.

The population has unmasked those who dare to criticize us today when they themselves inflicted damage on this country through their conspiracies and ill-doings. That is why our detractors are unable to make ground despite their repeated attempts.

Perhaps, it is worth repeating that we inherited a country that was in the doldrums.

When the new Government assumed office in December 2014, economic growth was sub-par, youth unemployment was high, especially among the well-educated, and economic inequality and relative poverty were worsening. The Labour-PMSD Government succeeded in delivering absolute poverty rather than the promised prosperity.

Many sectors, including health, education, water, power, transport, ICT and financial services were bedevilled by critical performance issues. There was a lack of cohesion in fiscal and monetary policies. Delayed completion of public projects and cost overruns were rife. Key institutions were faced with growing public mistrust. The country appeared to be adrift, and the coming generation was losing hope of a decent career and livelihood in their homeland.

Once again, as in 1982 and 2000 we were entrusted the mission to rebuild on ruins.

Through hard work and courageous measures, this Government has managed a turn-around on the social, administrative and economic fronts.

Members of the Opposition dare to say that this Government has only been making announcements and that nothing has materialised so far on the social and economic fronts.

But I will go to facts and figures to demonstrate that they are wrong and that indeed there has been a turn-around:

**FIRST:** The rate of economic growth reached 3.9 percent in 2016-2017 and is forecast to be around 4.1 percent in 2017-2018 despite a difficult international environment and the inevitable drawback of the BAI crash. The prospects for a higher GDP growth are promising with major infrastructural works and development projects that are being implemented.

These include the Metro Express Project which, in itself, will be a game changer for the country in terms of economic benefits and social enhancement.

Moreover, the initial success of the Africa-Mauritius-Singapore-Asia Air Corridor which we launched in March 2016 augurs well for our tourism sector and the economy. Already, Air Mauritius is planning to add a fourth weekly flight on the Mauritius-Singapore route.

The economy will be further boosted by the Smart Cities that are being constructed, the digitalization process, concrete developments as regards the Ocean Economy and obviously by the numerous budgetary measures to encourage new initiatives in the productive and service sectors.

**SECOND**: Unemployment rate has gone down to 7.3 percent from 8 percent in 2013. As many as 6,500 new recruits have joined the public sector in the last two years. And in the private sector, job creation amounted to 14,000 in 2015 and 15,000 in 2016. These figures nearly tally with the promise we made to create 20,000 jobs a year.

**THIRD**: Inflation is at its all-time lowest at ONE percent.

There has been a 15 percent increase in purchasing power since this Government assumed office whereas cumulative inflation over the past two years stood at only 2.3 percent.

We have given as much as 24 billion rupees of additional revenue to households with increases in Basic Pensions, salary compensations and the implementation of the PRB Report. This is unprecedented and people at the lowest rung of the social ladder have benefited the most.

**FOURTH**: Moving ahead on our resolve to fight absolute poverty, we have introduced since the last Budget a subsistence allowance. This is also unprecedented. Already some 100 million rupees have been disbursed to some 8,200 families. The Negative Income Tax system, announced for implementation as from January 2018, is yet another unprecedented measure that will bring additional 1.3 billion rupees revenue to 150,000 full time employees earning less than 10,000 rupees a month.

It further demonstrates that this Government is taking care of people who badly need a helping hand to improve their living conditions.

**FIFTH**: In this same endeavour, 52,000 families have been exempted from the payment for potable water.

**SIXTH**: 10,000 families are not paying any waste water charges.

**SEVENTH**: 70,000 families are benefiting from a reduced tariff for electricity.

**EIGHTH**: 40,000 families are exempted from the payment of MBC license fees.

**NINTH**: 3,700 families have been paid 225 million rupees under the ‘Casting of Slab Scheme’.

**TENTH**: The construction of 1,141 NHDC houses has been completed; another 1,000 are under construction and 3,000 more are earmarked for 2017-2018.

All these speak volumes of the achievements of this Government and the positive work being done for the benefit of the Nation.

In addition to what I have mentioned with regards to purchasing power, we have all the subsidies that bring accrued benefits to the population. These subsidies, including those that are provided for rice, flour, cooking gas, SC and HSC Fees and water tanks, exceed 2.5 billion rupees.

Madam Speaker, with regards to water supply, I often hear the criticisms of members of the Opposition and some regular interveners on the private radios. They tend to put the blame on this Government. But the population should know that we inherited a situation where rotten pipes had not been replaced for years and the Labour-PMSD Government did not consider it a priority. We have made it a priority for our mandate and I can proudly say that since January 2015, we have replaced 118 kilometres of pipes for an amount of 535 million Rupees. Another 147 kilometres of pipes will be replaced in 2017-2018 for an amount of Rs 2.1 billion.

Also, five service reservoirs will be constructed and with the operationalisation of the Bagatelle Dam,  
I can confidently state that in 2019 we would not be far from our objective of providing water supply all round the clock.

Madam Speaker, let us now see how the economy performed and how public finances were managed when the Leader of the Opposition was Minister of Finance.

* Not a single new economic sector was created. Yet he announced in his 2012 Budget Speech that he is setting up the framework for new high-value added industries.

He promised a growth rate of 4 percent but after failing to deliver on that figure, he stated in his 2014 Budget Speech that “*our economy is expected to expand by a good 3.2 percent in 2013*”. For him at that time 3.2 percent growth was a big achievement. Today he dares to point his finger at us when we are delivering nearly 4 percent growth for 2016 and even better in 2017.

* Let us now look at investments. Despite the concessions that were given to the private sector in Budgets 2012 to 2014 to boost investment, private investment had not responded; private investment growth plummeted to a negative growth of 8.4 % in 2014, one of the lowest over the past 15 years.
* Monetary management was in shambles due to a tug of war between the Bank of Mauritius and the Minister of Finance. Economic operators and the population paid the price for that mismanagement.
* Negative real interest rates brought down the savings rate (excluding GBCs) to 9 percent in 2014, one of the lowest figures recorded in our economic history.
* Excluding transactions of GBCs, the current account deficit was at 12.8% of GDP in 2014. This was much higher than the 9% allowed by SADC macroeconomic convergence targets.
* Consolidated Budget deficit (including the Special Funds) stood at 4.6 percent in 2013 and 4.2 percent in 2014.
* Capital spending averaged a mere 2.8% of GDP over the three budgets of Honourable Xavier Duval.
* Public Sector Debt according to International definition already reached 60.7 percent of GDP in 2014. The statutory 50% debt target under the Public Debt Management Act 2008, had already been missed in 2013.
* Income inequality measured by the Gini coefficient increased from 0.37 in 2001/02 to 0.44 in 2014. As Minister of Finance, Honourable Duval failed to make a meaningful dent on absolute poverty.

It was unanimously acknowledged among economic analysts that the lacklustre Budgets of Honourable Xavier Duval were devoid of a credible path for reform and the building blocks for realising a better future.

That was the bilan of the Leader of the Opposition when he was Minister of Finance. That was his ‘Résultat Lor Résultat’. In fact, it was in those three years that we had ‘menti menti’ budgets.

Madam Speaker, the former Leader of the Opposition, Honourable Bérenger commented that the 2017-2018 Budget has nothing to revive the economy. I think he is living in another country. The ‘relance économique’ is already happening.

Business confidence has increased by 6 percent as evidenced by the 23rd edition of the Business Confidence Indicator of the Mauritius Chamber of Commerce and Industry. The tax reform announced in the budget to encourage our domestic enterprises to expand their export capacity is again unprecedented. Nobody before even thought of reducing tax rate to 3 percent for those enterprises. The Prime Minister and Minister of Finance announced it and I have no doubt that this measure will impact positively on the economy.

Likewise, the introduction of an 8-year income tax holiday to create new growth poles will inevitably boost the economy and create new jobs.

Therefore, it pains me to see that Honourable Bérenger pursues on the path of utter demagogy when he knows pretty well that the Budget presented by the Prime Minister and Minister of Finance is a good and innovative one that opens up new prospects of wealth creation for the country.

Madam Speaker, I will now dwell on the criticisms that have been levelled against Government’s decision to implement the Metro Express Project.   
I explained last year in my intervention on the Budget that the project was revived after I received information and confirmation that cost optimisation can make it affordable.

Some, including the former Prime Minister, the ‘coffre fort’ man, allege that the Metro Express project will be a financial disaster.

But let me inform the House of what was going to happen in July 2014 when the Labour-PMSD Government was about to sign a contract with an Indian firm to implement the ‘métro-léger’ project for 830 millions US Dollars, which at today’s exchange rate stand at 31 billion Mauritian Rupees.

The then Government had decided to finance the project through loans from India and local financial institutions. 31 billion rupees would have been borrowed and interests payable on the loans for a period of 15 years, according to the Ministry of Finance, would have amounted to nearly 9 billion Rupees.

That means the previous Government would have put a debt burden of 40 billion Rupees on the population.

For me, that would have been financial disaster. And it is good to know that the Leader of the Opposition, then Minister of Finance, was condoning that disastrous decision. He was prepared to let public debt skyrocket and today he dares to criticize us. We will not accept that.

With us, the project will not unduly indebt the country. Thanks to the Government of India and to Prime Minister Shri Narendra Modi Ji, we have received a grant of 9.9 billion Mauritian Rupees for the project and whatever additional funds would be needed would be met through a line of credit negotiated on very special terms. We are not borrowing 40 billion rupees. Not even a quarter of that sum for the Metro Express Project!

I wish to reassure that we are a responsible Government. Our country badly needs a modern mass transit transport system. We would be having a Metro Express that would not put an unbearable financial burden on the country. I have looked into the financial model and I can say that the Metro Express will be viable right from the beginning of operations.

I want to say in this House that no pressure, no lobby, no resignation or conspiracy will prevent us from implementing the project that will transform the socio-economic landscape of Mauritius. Once the bidding exercise is completed, we would provide all the information needed on the Metro Express and people will realise to what extreme the Opposition has gone in its fallacies.

Madam Speaker, much is being said by the Opposition as regards the financial help being provided to Mauritius by India. First of all I wish to say that the Opposition is insulting India and they will pay a heavy political price for that.

What is wrong if India is providing grants and very concessionary loans to Mauritius?

What is wrong if India wants to help us in modernising our country and developing our economy ?

Some have tried to make people believe we are ceding Agalega to India in exchange of the financial support we are getting. What nonsense! Only insane persons can utter such an accusation. I firmly condemn such smear campaign against India.

And I seize this opportunity to heartily thank the Government of India for accompanying the Republic of Mauritius towards its next objective of joining the league of high income economies. As a Nation we have to express our gratitude to Mother India and I would have expected it to be unanimous. I believe it is not too late for those who have insulted India to tender their apologies.

Madam Speaker,

Allow me now to comment on the BAI crash and the accusations levelled by the Opposition on us on this issue. I maintain that had we not taken decisively surgical and timely decisions in the face of a mega Ponzi Scheme through which billion of rupees of people’s money were siphoned to the benefit of BAI’s ultimate beneficial owner,   
his family and friends, our economy would have collapsed like had been the case in Trinidad and Tobago where a similar Ponzi was operated.

We saved our country from havoc and we managed the post BAI crash in such a way so as to minimise its impact in our economy. We saved jobs. We also had a compassionate approach towards all those people who had been lured to invest in the Ponzi Scheme. This Government committed itself to reimburse them and indeed more than 10.5 billion rupees have already been reimbursed to date.

The Leader of the Opposition must look at himself in the mirror and if he is sincere with himself he cannot shirk his responsibility with regards to the BAI scam.

In reply to a PNQ by the then Leader of the Opposition, Honourable Bérenger on 21 November 2013, Honourable Xavier Duval, then Minister of Finance, took umbrage at the mention of the possibility of Ponzi schemes in the insurance sector . He even went to the extent of assuring this House that “BAI is a company that is regulatedand that its financial statement for 31 December 2012 showed Rs 6 billion of excess assets over liabilities”. Did he tell the truth or did he mislead the House? I ask him the question Madam Speaker?

Let me inform the House that the then Minister of Finance was fully aware of the situation with regards to the BAI.

In its Report in 2012, the IMF drew attention to the investment vehicles being operated by the BAI and stressed on the fact that there are *“potentially serious issues for the policyholders, depositors and investors and that the weaknesses that allowed the problem to remain unresolved, could also result in more serious failure of a systemically more important institution”.* Honourable Duval cannot pretend he was not aware. He has been condoning the acts of the cronies of the former Prime Minister. He cannot come and blame us now for the crime that had been committed against this country.

Similarly, Madam Speaker, the former Leader of the Opposition, Honourable Bérenger, cannot blame us for the BAI scandal. He himself referred to the BAI Ponzi in his PNQ of 21 November 2013.

He showed concern for what was being condoned by the Labour-PMSD Government. He has to be consistent with himself.

Madam Speaker, let me now come to the Betamax case. The Opposition is more interested in knowing how Government will pay damages to the promoters. They do not want to know how the country was being looted by the cronies of the Labour Party. They are not interested to know in what obscure circumstances the Betamax Deal was struck. In this case also, I want to tell the Nation that we have acted in the best interest of the country, on the basis of facts and figures that were before us when the matter was discussed at the level of Government.

I wish Honourable Bhadain will confirm when he addresses the House that he presented the case to us and convinced Government to terminate the contract. Honourable Bhadain cannot now put the responsibility on the Attorney General and the Prime Minister.

We took a collective decision and Honourable Duval never disapproved it either in Cabinet or outside. This is the truth.

As a responsible Government, we did what we thought was right. Since the termination of the contract, the STC has saved 600 million rupees over two years in terms of transportation costs for our petroleum products.

I read in the papers the comments of the former Prime Minister, the ‘soonook man’ where he is reported to have said that this Government is putting a burden on the taxpayers with damages to be paid to the promoters of Betamax. The population knows pretty well who had overburdened the country and the taxpayers. People have certainly not forgotten that only with irresponsible hedging transactions at the STC and Air Mauritius, these institutions lost a massive 11 billion rupees. The population has had to bear the brunt.

Madam Speaker, I wish to join the Prime Minister and Minister of Finance in saying to the Nation that we would be ruthless against drug traffickers and offenders of Law and Order.

Unlike the previous Government, we are taking the bull by the horns. Recent drug seizures and arrests of suspected drug traffickers are testimony to our resolve to combat the drug problem and protect our youth.

Not only we will be recruiting 583 additional Police Constables but we will invest massively in the acquisition of modern equipment and technological tools that will enable the Police to track traffickers, criminals and other law offenders. We wish to learn from the Singapore model of law and order enforcement and in this context I have been invited by the Singaporean Government to visit its law and order institutions with a view to develop meaningful cooperation between the two countries in this area.

The installation of some 4,000 CCTV surveillance cameras all throughout the island under the Safe City Project will undoubtedly contribute to deter criminals and help the Police to intervene promptly. It will come along with an integrated Digital Radio Communication System and Emergency Response Management System.

Moreover, my Ministry is working closely with the Ministry of Tourism, the Tourism Authority and hoteliers to come up with an action plan to prevent tourists from being robbed or assaulted.

Concerning our Prison Service, provision is being made for the recruitment of 35 additional Prison Officers. A Residential Drug Rehabilitation Centre will be set up at the Eastern High Security Prison, Melrose

With regards to our EEZ and Territorial Waters, the surveillance capacity will be strengthened with the arrival in Mauritius of the CGS Valiant.

The Department for Continental Shelf, Maritime Zones Administration and Exploration is actively engaged in the effective and judicious exploitation of marine non-living resources in our maritime zones while safeguarding our sovereign rights and territorial integrity.

The Department will pursue with the implementation of its strategic plan and focus its action on the following three main areas:-

* + The Delimitation of the Maritime Boundary and Continental Shelf;
  + The Administration of the Maritime Zones; and
  + The Exploration of the Seabed for non-living resources.

Madam Speaker, our resolve and commitment to develop Rodrigues is once more demonstrated in the 2017-2018 Budget. I am pleased that the grant provided to the Rodrigues Regional assembly has been increased by 525 million rupees to reach 3.4 billion rupees. Three major projects that are being given prime importance are the extension of the airport terminal, the development of the Port Mathurin Harbour and the laying of the submarine optic fibre cable.

Madam Speaker, the 2017-2018 Budget is guided by our resolve to generate meaningful economic growth that translates into a marked improvement in the quality of life of our citizens.

It sends a strong signal to rise to the challenge of our ambitions. It aims at eradicating poverty, reducing income inequality, ensuring gender equality and create better opportunities for our people.

The budget is also based on solid economic foundations, reconciling social objectives with macro-fiscal fundamentals, demonstrating that good management of public finances can indeed lead to significant benefits to society.

We also understand that infrastructure is of utmost importance both to improve the lives of citizens and to provide a conducive platform for businesses. We are investing massively in upgrading our road network, improving our utilities network, enhancing our health and education facilities and modernizing strategic infrastructures such as our port and airport.

Through these, we will not only achieve our target of becoming a high-income economy by 2023, but also leave a legacy of a better Mauritius for future generations.

I am convinced Mauritius is on the right track and that we are advancing towards realizing our dream of a second economic miracle.

Madam Speaker, we are making history and another historic event awaits me on the 22nd of June at the United Nations Headquarters. I will be presenting to the UN our resolution with regards to the illegal excision of the Chagos Archipelago from the territory of Mauritius prior to our independence for the matter to be referred to the International Court of Justice for an advisory opinion.

Mauritius will have to prove that MIGHT cannot be always RIGHT and that the rule of law and respect for human rights that are advocated by the democratic nations have to be adhered to in all circumstances.

Madam Speaker, I am putting all my energy and passion in this sacred mission that I am undertaking for my motherland and for the Mauritians of Chagossian origin who were forcibly evicted from their homeland.

Our territory and our exclusive economic zone represent our common wealth. We should be able to enjoy fully the benefit they can offer our country and our people.

When it comes to sovereignty and territorial integrity, there cannot be any compromise. We want the world to understand our plea and support us in our endeavour to complete the decolonisation process of Mauritius and allow us to exercise our sovereignty over the Chagos Archipelago.

In this historic moment, I wish that patriotism and national interests prevail over party politics. I want the People of Mauritius to stand united behind me.

In the battle I am leading to complete the decolonisation of Mauritius and as we move ahead on our socio-economic agenda, let us draw our inspiration from Ralph Bunche, the 1950 Noble Peace Prize Winner who said, I quote:

*“To make our way, we must have firm resolve, persistence, tenacity. We must gear ourselves to work hard all the way. We can never let up.”*

On this note, I thank you Madam Speaker.