BUDGET 2017/18: RISING TO THE CHALLENGE OF OUR AMBITIONS

“Our aim is for Mauritius to be a high income country by 2023, with an income per capita of around USD 13 600 against the current level of USD 9 740”

The focus of Budget 2017/18, presented by the Prime Minister, and Minister of Finance and Economic Development, Mr Pravind Jugnauth on 8 June 2017, is on five central challenges, namely fostering higher growth for more and better jobs; investing massively in the infrastructure of the future; further improving the quality of life of our people; ushering in a New Social Paradigm; and consolidating macro-economic fundamentals.

The Budget sets the stage for Mauritius to rise to the challenge of its ambition to shape a new destiny for the country and the population.

With a view to strengthening the institutional capacity to support our growth objectives, the Budget makes provision for an Economic Development Board to ensure greater coherence and effectiveness in implementing policies and actions. Mauritius will consolidate its diplomatic footprint in the export sector and cross-border investments in Africa. Moreover, embassies and consulates will channel more of their resources to export and investment-driven diplomacy in strategic markets.

The key role of research and development as the bedrock for innovation to attain greater global competitiveness, higher value added production and the creation of better jobs is highlighted in the Budget.
To encourage SMEs to expand their export capacity and seek new markets, profits from exports of goods will be taxed at 3 per cent, instead of 15 per cent. An 8-year income tax holiday will also be provided to new companies engaged in new poles of growth such as manufacturing of pharmaceutical products, medical devices and high tech products.

The Budget outlines the strategy for ensuring the long-term viability of the sugar cane industry, boosting activities of the ocean economy with great potential for export and job opportunities. To consolidate the global business sector to gear up to emerging challenges and ensure respect to international norms, standards and compliance, a blueprint focused over the next 10 years will be elaborated.

With regard to IT sector, the 15% decrease in prices of International Private Leased Circuits and Global Multiprotocol Label Switching service as from 1st July 2017 will enable the development of the right environment, nurture the growth of digital entrepreneurs, and build capacity in new technologies like robotics, Big Data and Internet of Things.

In addition to the Metro Express project which is underway, Rs 4.9 billion will be invested over the next three years in various infrastructure projects, including an Urban and Rural Regeneration Master Plan. Other major works comprise the increase in capacity of the Mauritius Container Terminal and a new Passenger Terminal Building at Les Salines.

As a measure to improve the daily life of the population, a People Facilitation Bill will be introduced. This will spare the population the hassles of office-hopping to get public services, reduce costs and enable them to use fully their rights. On that score Rs 1 billion and 85 million for 2017/18 will be allocated to the National Development Unit and an exceptional capital grant of Rs 500 million to local authorities to address long outstanding minor infrastructural works.

With regard to the new social paradigm to combat absolute poverty and reduce inequality, over 8 000 families are now benefitting from subsistence allowance under the Marshall Plan Against Poverty. A negative income tax system will provide financial support to some 150 000 employees in full time employment with a monthly income of less than Rs 10 000. This policy will take effect as from 1st January 2018 and will cost about Rs 1.3 billion.

**Budget outturn 2017-2018**

According to the Budget outlook for 2017/18, total expenditure will amount to Rs 127.7 billion, of which Rs 108.9 billion for recurrent expenditure. Capital expenditure will amount to Rs 18.8 billion, including Rs 3.1 billion from the Build Mauritius Fund. Total revenue will increase to Rs 112.2 billion, of which Rs 92.3 billion from tax receipts, Rs 6.9 billion from external grants and Rs 5.7 billion from the closure of the two Special Funds. The overall budget deficit will fall to Rs 15.5 billion.

“The budget 2017/18 takes us another stride forward - building on our strengths as a nation - on a past that makes us proud so as to shape a more prosperous and just society for the future’, said the Prime Minister in his concluding remarks.

**Social benefits for the protection of the most vulnerable**

Budget 2017-2018 underlines Government's aim of ushering in a new social paradigm and its firm advocacy of social justice. Hence, the Budget makes provision for a series of measures geared towards combatting poverty, reducing inequality and supporting the vulnerable.

**Measures to improve the life of the vulnerable comprise:**

- Allocation of Rs 1.8 billion for the construction of social and low income housing units since the issue of poverty is rooted in inadequate and poor housing conditions;

- Provision of Rs 50 million to set up two homes that will accommodate low income elderly residents who are living alone.

- Allocation of Basic Pension to beneficiaries of industrial injury and survivor’s pension;

- Income tax exemption for financial assistance (basic invalidity pension, carer’s allowance, contributory invalidity pension) offered under the National Pensions Act to disabled persons.

- Simplifying Corporate Social Responsibility, and giving NGOs greater access to funding.
Consolidating the business sector

Several measures were announced in Budget 2017-2018 to consolidate the business sector. They take into account Small and Medium Enterprises (SMEs) and Cooperatives, among others.

Varying from the setting up of a SME e-platform to Free Trade Agreements, the measures include:

- Provision of equity financing by the SME Venture Capital Fund, established last year and now operational, in projects by local SMEs;
- Provision of Rs 100 million over the next three years for the implementation of the 10-Year Master Plan for the SME Sector;
- Expansion of the economic space for SMEs and co-operatives by facilitating access to local market, export markets and identified niche markets;
- SMEs and cooperative societies will be given dedicated space in four new market fairs that will be built at Goodlands, Bel Air, Chemin Grenier and Mahebourg to market their products;
- Establishment of a Business and Investment Platform for Africa by the Mauritius-Africa Fund to facilitate the implementation of joint projects by Mauritian enterprises in Africa;
- Negotiations on Free Trade Agreements will be pursued with China and the European Free Trade Association; and
- Joint commissions to be held with countries such as Cote D’Ivoire, Ethiopia, Ghana, Kenya, Madagascar and Zambia, aiming at further enhancing bilateral cooperation in various sectors, including trade, investment and capacity building.

Improve the fiscal system to shape a just society

Government aims at shaping a more prosperous and just society and improving transparency in the fiscal strategy. To achieve this, Budget 2017-2018 sets out a series of measures anchored in the philosophy that “fiscal policy is formulated on the conviction that a government should not promise more than it can deliver nor should it spend more than what the country can afford”.

New Income Exemption Threshold

The Budget outlines some changes regarding Income Exemption Threshold, that with the aim of alleviating tax payers from the tax burden: Firstly, the Income Exemption Threshold has been increased by Rs 5 000 for each category and a new category of income exemption threshold has been introduced for persons having 4 or more dependents, with an increase of Rs 45 000 in their income exemption threshold.

Negative Income Tax regime

Furthermore, a new Negative Income Tax regime providing financial support of up to Rs 1 000 monthly to some 150 000 low-income employees in full time employment and earning emoluments less than Rs 10 000 per month will be introduced.

Other fiscal measures enunciated in the Budget include:

- Introduction of a new deduction for household employees for taxpayers employing household workers up to a maximum deduction of Rs 30 000;
- Introduction of a solidarity levy on high income earners;
- Exemption of income tax for financial assistance provided under the National Pensions Act to disabled persons such as the basic invalidity pension, carer’s allowance and contributory invalidity pension;
- Tax-holiday of eight years for new companies involved in innovation-driven activities on the income derived from the totality of Intellectual Property Assets;
- No Registration Duty and Land Transfer Tax on any transfer of immovable property for the setting up of a business for high-tech manufacturing;
- An increase in the rates of excise duty for alcohol by 5 per cent and 10 per cent for tobacco products.
Key projects aim at upgrading and modernising public infrastructure

Budget 2017-2018 caters for the building of infrastructure that best fits the future and sets to improve the quality of life of the population.

The major project in the pipeline which is the Metro Express, is set to be a major turn in the development of infrastructure in Mauritius. This will amongst others, help to drastically reduce the commuting time for citizens, raise productivity and eliminate the inconvenience of traffic congestion.

The budget further outlines measures to redefine, modernise and upgrade the physical landscape of the country. Some of the measures enunciated are:

- Côte D' or City project comprising the construction of two administrative towers for government offices to the tune of some Rs 3.6 billion. Some 250 arpents of land will be made available for commercial, business and residential spaces, as well as leisure facilities.
- Upgrading of Ébène Cybercity.
- Smart City projects for which around Rs 2.6 billion will be disbursed
- The expansion of hospital infrastructure and health care facilities including Mediclinics and Community Health Centres.

Some Rs 4.9 billion have been earmarked for the expansion of the transport network. Projects in the pipeline include:

- Construction of both the Jumbo-Phoenix round-about and the A1M1 Bridge
- A new road to connect La Vige and La Brasserie and a direct link between the south and west through Beaux Songes
- A second fly-over to connect directly the M1 to the Terre Rouge Verdun motorway.

With regards to reinforcing port facilities and air connectivity, a provision of Rs 4.6 billion is made to transform Mauritius into a regional maritime hub. Some of the projects are:

- An extended Mauritius Container Terminal berth
- The Construction of a second breakwater
- The New Passenger Terminal Building at Les Salines
- Renovation of the Old Passenger Terminal

Measures to promote a safer environment in Mauritius

Through Budget 2017-2018, Government intends to further reinforce law and order in view of guaranteeing security of Mauritian citizens and a safer environment. Several measures were announced by the Prime Minister, Mr Pravind Jugnauth to this end.

Some Rs 8.4 billion have been earmarked for the Mauritius Police Force for recruitment of 583 additional Police constables and procurement of equipment, and technological support to combat crimes and juvenile delinquency.

Furthermore, a Police Training Academy will be set up at Côte d’Or City.

Other key measures comprise:

- Scaling up the pilot Safe City project into a fully-fledged project at the cost of Rs 440 million with the installation of Intelligence and Traffic Surveillance cameras in major public areas;
- Stepping up of patrols and operations on both land and sea to combat drug trafficking and comprehensive nation-wide campaign on crime prevention, road safety awareness and community policing will be pursued to sensitise the community; and
- Reinforcement of Brigade des Mineurs, which will be active in regions where related cases involving juveniles have been detected.

Also, a sum of Rs 2.9 billion has been allocated for the Integrated Development Project of the National Coast Guard (NCG), the Trident project. It will comprise the construction of a modern headquarters at Fort William with repair facilities for NCG vessels and a slipway.

Consequently, the Budget makes provision for a series of measures geared towards combatting poverty, reducing inequality and supporting the vulnerable.

Measures to improve the life of the vulnerable comprise:

- Allocation of Rs 1.8 billion for the construction of social and low income housing units since the issue of poverty is rooted in inadequate and poor housing conditions;
- Provision of Rs 50 million to set up two homes that will accommodate low income elderly residents who are living alone.
- Allocation of Basic Pension to beneficiaries of industrial injury and survivor’s pension;
- Income tax exemption for financial assistance (basic invalidity pension, carer’s allowance, contributory invalidity pension) offered under the National Pensions Act to disabled persons.
- Simplifying CSR (Corporate Social Responsibility), and giving NGOs greater access to funding.
- Introduction of a new category of income exemption threshold for persons having four or more dependents;
- Solidarity levy on high income earners to further reduce inequality;
- Introduction, to the tune of Rs 1.3 billion, of a negative income tax system.
Budget 2017-2018 lays emphasis on increasing productivity of agricultural land, locally producing healthy foods by environmentally sustainable practices, and enhancing ecotourism through preservation of the country’s unique biodiversity.

It thus aims at raising productivity of decreasing land resources; increasing agricultural exports and production of locally cultivable food crops and livestock products through farm modernisation and adoption of more sustainable practices; preserving forests and biodiversity resources for their ecotourism potential; and improving the national food security level, by maintaining self-sufficiency in locally produced foodstuffs with less agro-chemicals.

The key measures announced include:

• Exemption of a Building & Land Use Permit for greenhouses on agricultural land;
• Promotion of modern eco-friendly farming practices and technologies with Hybrid crop varieties and Hydroponics;
• Reforestation programmes for preservation of 47,000 hectares of forests and natural parks;
• Waiving of registration duty on leases of agricultural lands of up to 10 hectares;
• 24x7 Veterinary Services and recruitments of additional vets to respond to demands of breeders, especially at night;
• Financing of all costs associated with registration, certification and audit for holders of a Bio-farming Development Certificate, wishing to acquire the international organic label for their farm produce; and
• Setting up of a Bio-Technology Institute.
The Resolution seeking International Court's Advisory Opinion on Pre-independence separation of Chagos Archipelago from Mauritius by the United Kingdom (UK) was adopted at the United Nations General Assembly (UNGA) on 22 June 2017 in New York.

The Assembly adopted the text by a recorded vote of 94 in favour to 15 against, with 65 abstentions, recalling its 1965 resolution in which it asked the UK not to dismember the territory of Mauritius ahead of its independence. It asked the Court whether the decolonisation of Mauritius had been carried out in a lawful manner, given the Archipelago's subsequent separation.

Also by the text, the Assembly asked the Court to advise on the consequences arising from the UK's continuing administration of the Chagos Archipelago under international law, including the Declaration on the Granting of Independence to Colonial Countries and Peoples. It pointed, in particular, to Mauritius' inability to resettle its nationals, including those of Chagossian origin, on the islands.

In his address on the draft resolution tabled under item 87 of UNGA agenda, the Minister Mentor, Minister of Defence, and Minister for Rodrigues, Sir Anerood Jugnauth stated that a vote for the draft resolution is a vote in support of completing the process of decolonization, respect for international law and the rule of law. Explaining his personal knowledge of the situation as the only surviving participant in the 1965 Mauritius Constitutional Conference of 1965, he recalled that he had been accompanied by Mauritian of Chagossian origin, forcibly evicted from the Archipelago and pinning their hopes of return on the UN.

The Archipelago had been part of Mauritius' territory since at least the eighteenth century, when France governed it, he said, adding that the entire territory had been ceded to the UK in 1810 and kept intact until the Archipelago's unlawful excision on 8 November 1965.

Sir Anerood recalled that the dismemberment of the territory of Mauritius without the freely given consent of Mauritius - in circumstances of patent and obvious duress - and the removal of the inhabitants of the Chagos Archipelago, with no possibility of return, were acts constituting breaches of peremptory norms of international law, namely the violation of the principle of self-determination and the breach of fundamental principles of human rights.

“No amount of monetary compensation and no agreement to that effect can override these general principles of peremptory international law, not the least the right of self-determination”, he said.

With regards to the security concerns evoked by the UK, the Minister Mentor stressed that Mauritius is very much concerned about security in the world. Mauritius does not have any problem with the military base, but that instead the decolonisation process should be completed, he said.

“We want to assure the UK and the United States of America that the exercise of effective control by Mauritius over the Chagos Archipelago would not, in any way, pose any threat to the military base. Mauritius is committed to the continued operation of the base in Diego Garcia under a long-term framework, which Mauritius stands ready to enter into with the concerned parties”, he added.
25 public and private organisations sign the Charter for Road Safety

A Charter for road safety aimed at reducing the number of road accidents was signed by 25 public and private organisations. The Charter establishes the different actions and activities to be undertaken by public and private organisations in collaboration with the Ministry of Public Infrastructure and Land Transport in order to ensure road safety.

This initiative was taken following the first congress on road safety Les Premières Assises de la Sécurité Routière. The event brought together representatives of public and private sectors as well as parastatal bodies, members of the civil society and non-governmental organisations to discuss and validate the National Road Safety Strategy.

The Charter is also in line with the Decade for Action for Road Safety 2011-2020 which calls for the inclusion of private sector in the development and implementation of national activities to reduce road traffic deaths and injuries.

The signature of the Charter will help develop efficient responses and good practices to road safety issues by public and private bodies who commit themselves to road safety at work. It defines the principles aimed at preventing road risks to which employees are exposed, sensitising employee on rules to be respected while using vehicles during both professional and commutation time and providing pedestrian safety instructions.

Signatories include, among others, the Mauritius Police Force; public entities operating under the aegis of the Ministry of Public Infrastructure and Land Transport; the Ministry of Health and Quality of Life; the Central Electricity Board; the Fire and Rescue Services; members of the Insurer’s Association of Mauritius; the Motor Vehicles Dealers’ Association; car dealers; petrol products companies; bus companies; and enterprises operating in the security and construction sectors.
Les Premières Assises de la Sécurité Routière, the first congress on road safety was held on 8th June 2017 at Hennessy Park Hotel in Ebène in presence of the President of the Republic, Dr Ameenah Gurib-Fakim.

This initiative of the Ministry of Public Infrastructure and Land Transport under the patronage of the United Nations (UN) was taken in light of the UN recommendations at the mid-term of the Decade for Action for Road Safety 2011-2020 encouraging a country to adopt and implement measurable targets.

The congress brought together various stakeholders and aimed to validate the National Road Safety Strategy that defines the ten strategic fields of action with an overriding objective of achieving a 50% reduction in the number of ‘killed and serious injury” crashes by the year 2025, and to identify and measure any discrepancies in the Plan of Action on road safety.

According to the President Gurib-Fakim, road safety is a constant individual and collective challenge where each and every one must comply with safety rules and instructions at all time. She called for strict applications of the law and effective awareness strategies as regards risky attitudes and behaviours of some drivers such as speeding and driving under the influence of alcohol or drugs.

Various measures have been implemented to ensure road safety namely the provision of road safety education to children and young people; the re-education of drivers to improve driving habits and the implementation of different projects to make the road and public transport more secure.

Projects include the setting up of the National Road Safety Commission to define national objectives and goal; the launching of the National Road Safety Council; reinforcement of road traffic legislation; better highway and road networks engineering; elimination of dark spots that are accident prone locations; sensitisation campaigns targeting road users; and training of personnel on in depth analysis of the causes of crashes and fatalities, among others.

Other preventive measures consist of building road safety management capacity; improving the safety of road infrastructure and broader transport networks; further developing the safety of vehicles; enhancing the behaviour of road users; and improving post-crash response.
Launching of first solar photovoltaic system under Green Energy Scheme for cooperatives

Government is committed towards the implementation of a Green Energy Scheme (GES) for Cooperatives as announced in Budget 2016-2017. In this context, the first solar photovoltaic system under the Green Energy Scheme for cooperatives was launched on 6 June 2017 at Long Mountain Cooperative Credit Union Ltd (LMCCU). The objective is to allow Cooperative societies to produce electricity from solar photovoltaic systems.

The LMCCU is the first Cooperative society to adopt solar photovoltaic. The GES will help cooperative societies to reduce their monthly payment for electricity and use the savings for the investment made in the acquisition of the renewable energy system.

The GES will thus, enable Cooperatives to interconnect their renewable energy installations into the grid at zero cost for backup service and energy storage.

Furthermore, Cooperative federations and societies would be entitled to install solar photovoltaic not exceeding 5 kilowatt peak, and benefit from a one-off grant of Rs 10,000 per kilowatt up to a maximum of Rs 50,000.

A three-day workshop to develop a National Drug Control Master Plan was held from 31 May to 02 June 2017 at Le Voilà Hotel, Bagatelle.

A joint initiative of the Ministry of Defence and Rodrigues, the Prime Minister’s Office in collaboration with the United Nations office of Drugs and Crime, the workshop brought together private stakeholders and representatives of various organisations and Ministries to elaborate a Master Plan for Mauritius to address the drug problem.

The formulation of the Master Plan is in line with Government’s objective to urgently and effectively address this scourge and to foster a new environment safe and free from drugs. Different strategies and actions such as the setting up of a Commission of Enquiry, the implementation of the Dangerous Drug Act, and the setting up of the Anti-Drug and Smuggling Unit have been put in place to combat illegal drugs in all forms in Mauritius.