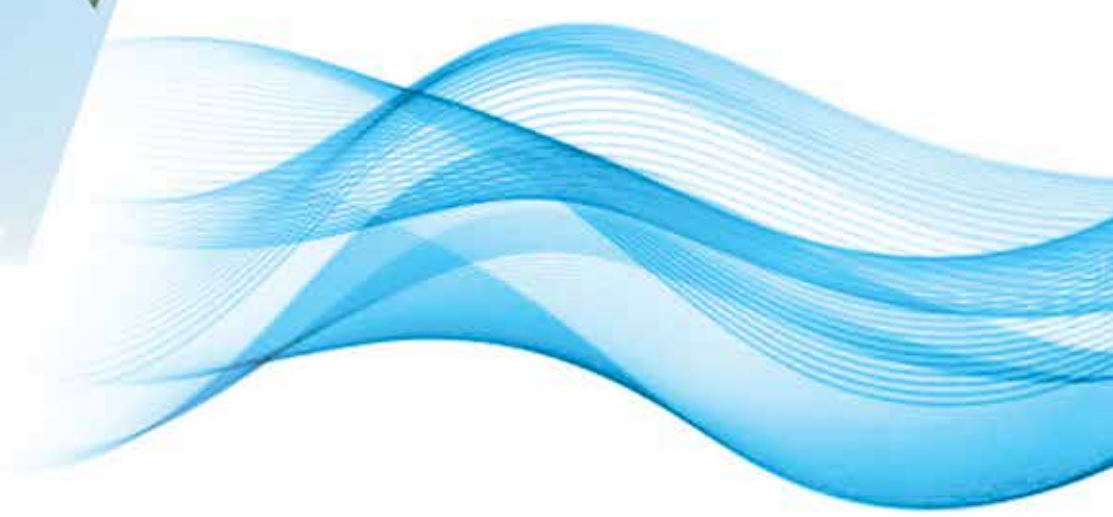




A NEW ERA OF DEVELOPMENT



REPUBLIC OF MAURITIUS

BUDGET SPEECH 2016/2017

Hon. Pravind Jugnauth
Minister of Finance and Economic Development

BUDGET SPEECH 2016/17

A NEW ERA OF DEVELOPMENT

Madam Speaker,

I move that the Appropriation 2016/17 Bill be read a second time.

INTRODUCTION

2. I would like to begin by thanking the Prime Minister for entrusting me the task of managing the finances of the nation and steering the economic development of our country. This Budget, which I am presenting today, will bear out my determination in living up to the trust that has been put in me.

3. Madam Speaker, many organizations and professional groups have participated in pre-budget consultations. Men and women from all walks of life have made numerous proposals and shared their insights. Their contributions have been very helpful in the preparation of this Budget and I wish to express my deep appreciation to all of them.

4. We have analysed the current domestic and global context in which we had to prepare the budget.

5. The background is indeed fraught with uncertainty, adversity and tough challenges, while the expectations are many and the aspirations are high.

6. If we stay the course, the confluence of adversities and challenges will most certainly pull us back.

7. If we decide on a new course, we can change things for the better and come on top.

8. The choice is clear.

9. Today we choose to come on top - to move forward and up.

10. Today we choose to break with the past that has stifled development for the last decade and see the future in a new light.
11. The challenges of tomorrow cannot be met with our mind-set, policies and actions locked in the paradigm of yesterday.
12. The current development model can no more deliver on our aspirations as a nation. This Government started its mandate with troubling economic and social indicators. It will take more than just traditional policies and approaches to turn them around.
13. In the past year, our economy has shown good resilience. But we need to do much better.
14. The GDP growth rate for the year 2015/16, would be 3.4 percent.
15. The unemployment rate went down to 7.6 percent in the first quarter of 2016 from 8.7 percent a year earlier.
16. The inflation rate is significantly down to 0.9 percent for 2015/16 and is forecast to be 2 percent for 2016/17.
17. The overall Balance of Payments was in surplus of Rs 20 billion, with the current account deficit, as a ratio of GDP, reduced to 4.6 percent for 2015/16.
18. The official reserves increased from 6.2 months of imports in December 2014 to reach 8.5 months at end June 2016.
19. And the Budget Deficit for the financial year 2015/16 is estimated at 3.5 percent, with total revenue and grants amounting to Rs 88.2 billion against a total expenditure of Rs 103.1 billion.
20. Madam Speaker, I would like to announce here that I am circulating a SUPPLEMENT to the Budget Speech that includes a comprehensive review of the economy and social indicators.

21. I would also like to announce that I am including an Annex as an integral part of the Budget Speech. It provides greater details on some of the measures, schemes and legislative amendments in this Budget.

22. Madam Speaker, it is clear that our economic performance has been an honourable one, considering the unfavourable international economic setting. Global GDP has in fact grown by 3.1 percent in 2015. For 2016, the IMF is now predicting that global growth will stay at 3.1 percent, down from its initial forecast of 3.7 percent. This reflects mostly lower than expected growth in the USA, Europe and OECD countries.

23. There are many reasons to think that the pressures of global trends on our economy will become more acute. The Brexit event is another staunch reminder of this reality.

24. We must therefore lift up the growth path before the 3 to 3.5 percent growth trend of recent years becomes the 'new normal'.

25. Without stronger economic performances, the challenges on the social and environmental fronts will also become even more daunting.

26. However, moving to a higher growth path will require major changes in the way we do things as well as in the things we do.

27. Where we have to be bold we must be bold.

28. Madam Speaker, I have decided that Budget 2016/17 must indeed be about ushering in **A NEW ERA OF DEVELOPMENT**.

29. This new era of development will be centred on ten key strategies:

First, fostering a wave of modern entrepreneurs;

Second, creating more job opportunities for all;

Third, entering a new economic cycle focusing on innovation, boosting exports and private investments;

Fourth, moving towards a fully-fledged digital society;

Fifth, fundamentally reforming business facilitation and expanding our economic horizons;

Sixth, building the infrastructure that fits into the future;

Seventh, lifting the quality of life for one and all;

Eighth, addressing the root causes of poverty;

Ninth, launching a major public sector reform programme;

And tenth, ensuring macroeconomic stability and sound public finances.

II. STRATEGY ONE: FOSTERING A WAVE OF MODERN ENTREPRENEURS

30. I now turn to our first strategy which is about fostering a wave of modern entrepreneurs.

31. Madam Speaker, an economy that is ripe for change and entering a new cycle requires a class of entrepreneurs that is equal to the challenge, and who can succeed in the most sophisticated of markets.

32. To that end, I am suspending the payment of trade fees for licences of Rs 5,000 and below, for a period of three years for all SMEs, except those engaged in activities such as gambling, and sales of liquor and cigarettes. This measure will benefit new businesses and some 75,000 existing businesses.

33. Second, we are broadening the fiscal incentive given to SMEs as follows:

- a) The 8-year tax holiday in respect of business income is being extended to new enterprises set up by individuals or co-operative societies qualifying under the scheme and registered with SMEDA;
- b) Existing enterprises registered with SMEDA with a turnover of less than Rs 10 million and engaged in qualifying activities under the same scheme will be given a 4-year tax holiday in respect of their business income. The tax holiday will start as from the year of assessment 2016/17.

34. Third, a National SME Incubator Scheme will be created under which a matching grant of Rs 50 million will be offered with the aim of supporting and mentoring young entrepreneurs.

35. Fourth, to promote modern production techniques, we are setting up new industrial parks as follows:

- a pilot Agri-Business Park will be set up at Highlands over an area of 100 acres;
- two new SME Industrial Parks will be constructed at Plaine Magnien and Vuillemin; and
- the DBM Industrial Zone at Coromandel will be converted into a modern integrated SME industrial park.

36. Fifth, to improve access to finance the SME Financing Scheme will be continued for another three years and extended to individual entrepreneurs as well. I am pleased to announce here that the interest rate under that scheme will be brought down from 7.4 to 6 percent.

37. Sixth, the Leasing Equipment Modernisation Scheme (LEMS) will be reintroduced to provide greater access to leasing finance.

38. Seventh, the DBM will set up a dedicated fast track desk for micro enterprises.

39. Eighth, the NRF Equity Fund and the SME Partnership Fund will be merged into a single SME Venture Capital Fund. I am providing Rs 150 million to bring its capital to Rs 500 million.

40. And ninth, Government will set up a line of credit of Rs 100 million to be used towards providing factoring services to small businesses.

III. STRATEGY TWO: CREATING MORE JOB OPPORTUNITIES FOR ALL

41. Madam Speaker, I now turn to the second strategy of the Budget which is about better matching of skills and creating more job opportunities for our youth, women and men.

42. Government will enlist 4,000 persons under the National Skills Development Programme for training in technical skills that are in high demand. This will include training for 1,000 young people in each of the following sectors: ICT, tourism and hospitality; nursing and paramedics and construction and other industries. These trainees will be paid a monthly stipend of Rs 5,000.

43. Second, we are providing for the training of 1,200 seafarers for cruise jobs and in shipping companies.

44. Seafarers will be exempted from the payment of income tax.

45. Third, we are allowing for the training levy to be used for meeting consultancy costs in the training of staff in new technologies.

46. Fourth, we have received requests from many young engineers who cannot pre-register as professional engineers because they are not getting an opportunity to gain the experience required. Madam Speaker, we cannot let their efforts and talents go to waste. I am therefore launching a special scheme for the placement of 200 trainee engineers in public sector bodies.

47. Fifth, we are providing for employment of 2,000 unemployed under the YEP.

48. Sixth, Government will fill 7,200 vacancies and new posts in the civil service.

49. Moreover, we expect that the new policies to boost up economic growth and employment in this Budget would generate some 7,000 new jobs in the short term.

50. Madam Speaker, with these measures, some 21,400 youths, men and women will be taken out of unemployment.

51. To ensure the successful implementation of this endeavour, Government is setting up an umbrella National Employment Agency with wide-ranging responsibilities and powers.

52. Moreover, the legal framework for the Technical and Vocational Education and Training (TVET) will be reinforced, and a Skills Development Authority will be set up as an independent regulator.

53. We are making these special efforts because we are convinced that job seekers must be able to find employment that meet their aspiration.

54. At the same time we are addressing forcefully the problem of skills mismatch which is a key cause of unemployment.

IV. STRATEGY THREE: ENTERING A NEW ECONOMIC CYCLE FOCUSING ON INNOVATION, BOOSTING EXPORTS AND PRIVATE INVESTMENTS

55. I now come to our third strategy.

56. To enter a new economic cycle focussing on innovation, and boosting private investment, exports and productivity, it is imperative that our productive sectors make a significant leap forward in embracing new activities and modern ways of doing business.

Advancing the manufacturing sector to new frontiers

57. The manufacturing sector which is the largest contributor to GDP must take the lead in this new cycle.

58. I would like therefore to announce the launching of three new niches.

Diversifying the manufacturing base

59. Firstly, an international private consortium is setting up a modular near shore mobile oil refinery and onshore storage facilities at Albion. Besides its impact on employment and growth, the project can make of Mauritius the first source of low sulphur bunker fuel (LS380) in the Indian Ocean region.

60. Secondly, we are opening our country to gold business that will encompass a wide spectrum of high value-added activities, ranging from refinery of gold, producing gold bars, setting up top-end jewellery processing units, vault facilities and to trading of gold and bullions on our new commodity exchange. The exchange will also facilitate trade in diamond and other precious metals.

61. Moreover, an Indian Delegation presently in Mauritius has expressed an interest in setting up several manufacturing projects in Mauritius, one of which is the production of bicycles and motorcycles. This project aims mainly at exports to the African market and has the potential for creating a significant number of jobs.

62. To further diversify our manufacturing sector, a Pharmaceutical Village will be set up at Rose Belle to cater for local as well as African markets.

63. We must also embrace the new era of 3D printing that will transform manufacturing and other industries in the future. To this end, Government will introduce the application of 3D printing technology, by equipping the two technopoles at Rivière du Rempart and Rose Belle with 3D printers.

64. I am also removing VAT on 3D printers and providing customs duty exemptions on materials used in the manufacture of medical devices.

Modernising the manufacturing sector

65. As the manufacturing sector diversifies, it must also modernise.

66. The investment tax credit whereby a specified manufacturing company is able to offset against its tax liability 5 percent of the investment in new plants and machinery over 3 years, is being overhauled. The minimum eligibility requirement of Rs 100 million investment in a year is being removed to allow more businesses to benefit. And the tax credit can be recouped over a longer time period.

67. For manufacturers of textiles, wearing apparels, ships and boats, computers, pharmaceuticals and for film production the tax credit will be increased from 5 to 15 percent. This represents 45 percent of capital expenditure incurred on new plants and machinery over three years.

68. Madam Speaker, as we face the challenges of Brexit, we need to reposition our textile and apparel sector, improve its competitiveness and bring Mauritius nearer to the European markets. I am therefore announcing a major Air Freight Rebate Scheme which will entail a 40 percent reduction by our national carrier of the air freight cost to Europe. This significant reduction in cost will be a major game changer to give a new impetus to that industry. The scheme will be underwritten by Government over a two-year period.

69. To support the 'Made in Moris' initiative of the manufacturing industry, the Bid Price-Preference of 10 percent is being increased to 20 percent for locally manufactured goods in respect of the procurement exercise by public sector bodies. This will apply to such goods as shoes, uniforms, school books, printing materials and furniture which will be listed in a Schedule.

70. And I am also taking new measures to boost activities in the Freeport. These measures are described in the Annex.

Agri-business: Branching out

71. I now come to our plan to transition the agri-business sector from the traditional mould to the new economic cycle.

72. First, we must put agricultural land to modern and more productive use. In that context, the Mauritius Cane Industry Authority will set up an Agricultural Land Management System to bring unutilised abandoned cane lands of small planters under productive use.

73. Second, the grant facility for sheltered farming is being increased from Rs 250,000 to Rs 400,000 to encourage planters to undertake crop production under protected structures.

74. In the same vein, I am providing Rs 20 million for the setting up of an exclusive Bio-Farming/Organic zone with comprehensive modern infrastructural facilities at Britannia.

75. And a feasibility study will be undertaken on the setting up of a Bio-Technology Institute.

76. With regard to the tea industry, we are establishing a new tea nursery at La Brasserie, providing seedlings free to growers and giving a subsidy on fertilizers.

77. Moreover, the ex-Dubreuil tea factory which was closed in the late 1990s will be reopened to promote tea and other agro-processing activities.

78. To boost dairy production, Rs 10 million are being earmarked for the setting up of a heifer farm at Melrose by the Ministry of Agro-industry, and for a cash incentive of Rs 5,000 to farmers for every new female calf (heifer) reared up to lactating phase.

79. I am making an additional provision of Rs 10 million to enable industrial milk processors to provide small cow keepers with essential support such as artificial insemination and other veterinary services, milk collection and animal husbandry.

80. I am providing Rs 7 million to support bee-keepers through the creation of bee-keeping zones in different regions.

81. To encourage exports, the subsidy on freight costs for horticultural products is being extended to flowers and exotic vegetables.

82. Let me announce our actions to support the men and women who are taking risks, making efforts and yet have to struggle to run their farms and agri-businesses.

83. Government is renewing all the schemes that are meant to support some 11,000 sugarcane planters. Thus, for the sugar crop year 2016:

- Planters producing up to 60 tonnes of sugar will benefit from an additional revenue of Rs 1,820 per tonne of sugar; and
- The 80 per cent advance provided to sugar cane planters will be maintained through arrangements with the Mauritius Sugar Syndicate.

84. We are providing Rs 25 million for acquisition of sophisticated equipment for the testing of fruits and vegetables by the Food-Tech Lab of the Ministry of Agro Industry and Food Security.

85. I am also pleased to announce that fifty per cent of the outstanding balances on loans, together with interest due, which were contracted by pig breeders, under the Pig Sector Re-structuring Programme, will be waived, if they pay back the remaining balance before 30th June 2017.

86. In the same vein, all outstanding interests will be waived on start-up loans taken by planters, breeders and fishermen prior to 1st July 2012, under certain schemes, if they pay back all capital balance before 30th June 2017.

87. Rs 30 million are being earmarked for setting up a new unit for mass rearing and sterilization of fruit flies; and Rs 16 million to litchi and banana growers for the purchase of protective nets and bags.

88. Concerning the cooperatives sector, I am providing for the upgrading of the building of the National Institute of Cooperative Entrepreneurship at Bois Marchand.

89. I am also exempting cooperative societies from the payment of corporate tax on all non-sugar agricultural activities.

90. And I am providing Rs 10 million to set up a contributory insurance scheme for non-sugar crops.

91. Madam Speaker, agricultural produce must be safe and clean for consumption.

92. To curb the excessive use of specific pesticides, herbicides and fruit ripeners, a 15 percent levy is being introduced on those products.

93. Moreover, the Ministry of Agro-Industry and Food Security will implement a system of quantitative restrictions coupled with a more rigorous and intensive testing of fresh produce.

Financial services: reaching out to new markets

94. Madam Speaker, the financial services industry also needs to branch out and reach out to new markets with a wider spectrum of products.

95. I am therefore announcing a new thrust to the development of our financial services sector.

96. First, GBC2 companies will now be allowed to invest in listed securities.

97. Second, companies holding a 'Global Headquarters Administration Licence' issued by the FSC will be granted an 8-year tax holiday.

98. Third, companies with the following licences issued by the FSC will be provided with a 5-year tax holiday:

- (a) a 'Treasury Management Centre License';
- (b) an Asset and Fund Managers license and managing a minimum asset base of USD 100 million;
- (c) international law firms with a Global Legal Advisory Services License. To that effect, a 'Limited Liability Partnership Bill' will be introduced;
- (d) an 'Investment Banking and Corporate Advisory License';
- (e) an Overseas Family Corporation' license.

99. Foreign Ultra High Net Worth Individuals investing a minimum of USD 25 million in Mauritius will be provided with a 5-year tax holiday.

100. These tax holidays will be subject to meeting conditions of employment creation and substance.

101. Furthermore, the 'Rose Belle Business Park' will host the new 'Mauritius International Derivatives & Commodities Exchange' (MINDEX). I am allocating Rs 50 million as seed capital for its initial setup.

102. In pursuit of that diversification thrust, we will also develop Mauritius as a full-fledged International Arbitration Centre with the capacity and expertise to resolve disputes.

103. As regards the banking sector, the Bank of Mauritius Act and Banking Act will be reviewed in the light of recent events and to adapt to change.

Tourism: blazing new trails

104. Madam Speaker, the tourism sector must ride on the crest of the wave of regained dynamism and seize the opportunity to blaze new trails and sustain its long term development. This entails the development of out-of-hotels activities, attraction-based tourism, the duty-free island, and a more open air-access policy.

105. At the same time, Government wants to achieve a greater integration of tourism development with the growing aspirations of our own population for more leisure activities and wider shopping opportunities.

106. To this end, the Ministry of Tourism, the Ministry of Arts and Culture, together with relevant private sector organisations will work out an annual calendar of national events to be known as the Mauritius Calendar.

107. To give an impetus to the duty free island while diversifying our tourism sources, we will intensify the marketing of Mauritius in Africa, in particular targeting the new rich. And we will also build up our marketing efforts in the Gulf regions, Scandinavian countries and Eastern Europe.

108. The newly launched Africa-Mauritius-Singapore-Asia Air Corridor positioning Mauritius as an aviation hub in the region will greatly contribute to improving accessibility for visitors from new markets in Asia and Africa. I am providing an additional Rs 40 million for marketing the Air Corridor initiative.

109. Government will also facilitate the setting up of a world class aquarium, a national museum and other new leisure attractions.

110. With a view to promoting access to leisure and leisure facilities, I am removing admission charges leviable by local authorities. The Local Government Act will be amended accordingly.

The Film Industry: Setting the Stage

111. Madam Speaker, the film-making industry is showing good potential for growth and for creating exciting new opportunities for our young people and artists generally.

112. To harness that potential we are increasing the refund on qualifying production expenditure under the Film Rebate Scheme up to a maximum of 40 percent and clarifying that production of films for export will be zero-rated for VAT purposes.

113. I am providing an amount of Rs 10 million to the Mauritius Film Development Corporation for the purchase of equipment which it will lease to film-makers.

114. I am also exempting the importation of lighting equipment for use in film-making from customs duty.

115. As part of the development of the Omnicane smart city project, Mauritius will be endowed with its first film city which will be located in the south of the island. The project also includes the setting up of a Film Training facility.

Realising the blue economy

116. Concerning the blue economy, the following initiatives will be undertaken:

117. First, the 31 sites which have been identified for aquaculture development will be fully surveyed by the Mauritius Oceanography Institute.

118. Second, Government will provide incentives for the setting up of common facilities on land for aquaculture and fish processing.

119. Third, two studies are being concluded with regards to the production of electricity through ocean waves and offshore wind.

120. Fourth, Government is signing an MOU with the National Institute of Oceanography Goa towards the setting up of a World Class Research Institute of Oceanography in Mauritius.

121. Fifth, to encourage outer-reef and bank fishing:

- I am providing Rs 20 million for the purchase of a multi-purpose vessel for research, surveys and training of fishermen and skippers.
- And a grant of 50 percent, up to a cap of Rs 4 million will be given to cooperative societies to enable them to acquire semi-industrial vessels.

122. Sixth, a new incentive scheme with a tax holiday of 8 years will be introduced to attract industrial fishing companies to operate from Mauritius and contribute to the development of our seafood hub.

123. Seventh, to promote small-scale aquaculture, a provision of Rs 12.5 million has been made in the Budget for the purchase of 10 floating cage structures to allocate to Fishermen Cooperatives.

124. Eighth, the Mauritius Ports Authority will construct breakwaters at Fort William to provide shelter for approximately 120 fishing vessels.

125. And ninth, to address the human resources constraint, the Mauritius Maritime Training Academy will increase its intake by 50 percent to 1,200 trainees annually.

Green economy: maximising investment opportunities

126. Madam Speaker, Government's policy emphasis on developing local sources of renewable energy offers a unique potential for launching a green economy, with new high value-added jobs, while at the same time addressing environmental issues and reducing future oil import bills.

127. To this end, the CEB will create a renewable energy company, which will ultimately become a special vehicle for the production of electricity from solar photo voltaic systems of up to 15 MW. It will subsequently open its shareholding to SMEs, cooperative societies and small investors.

128. Second, a feasibility study will be carried out on the production of electricity through solar panels placed on roof tops of houses. The aim is to involve some 10,000 households, over the next five years, who are benefitting from the social electricity tariff. The cost will be fully met by the public sector. These households will get the first 50 kwh monthly free of charge. All surplus production will go to the CEB.

129. Third, to accommodate the production of more electricity from intermittent renewable sources, it is necessary to increase the capacity of the grid for absorption of such power generation. To this end, the CEB will invest Rs 400 million to increase the grid absorption capacity of intermittent energy from 148 to 160 MW by 2018.

130. Fourth, furthermore, the CEB proposes to procure battery storage systems so as to become resilient to the intermittent nature of renewable energy.

131. Fifth, I am removing VAT on Photovoltaic Inverters and batteries.

132. Sixth, as regards hydro power, the CEB will invest Rs 200 million for the upgrading of the Sans Souci plant capacity and it has identified twelve sites on private land with potential hydro power generation.

133. Seventh, a major waste-to-energy project is expected to add up to 30 MW of electricity on the grid by 2019.

134. Eighth, Government will facilitate production of energy from bio-mass, including cane tops and trash and at the same time ensure that small planters will get their fair share of the revenue.

135. The Electricity Act and the CEB Act will be amended to accelerate the permit approval process of renewable energy investment projects.

V. STRATEGY FOUR: MOVING TOWARDS A FULLY-FLEDGED DIGITAL SOCIETY

136. I will now articulate our plan to move Mauritius towards a fully-fledged digital economy and society.

137. Madam Speaker, in the year 2000, we launched the concept of Cyber Island with the strong conviction that the future of Mauritius would be tightly entwined with the evolution of digital technologies. We crossed significant milestones in the history of our development when we built the first Cyber Tower and connected the country to the Internet with the SAFE fibre optic cable.

138. Today, we take this endeavour to the next lap.

139. To this end, I am announcing the following measures:

140. First, the Ministry of Technology, Communication and Innovation is making operational the Information Highway for sharing of information among public sector agencies, in a first instance. On the other hand, 50 new e-services will be launched to facilitate citizens interaction with public sector agencies. And each ministry will appoint a Dedicated Chief Information Officer to oversee its e-government projects.

141. Second, the Bank of Mauritius will come up with a National Payment Switch. This will reduce transaction costs and give a boost to e-commerce. A National Payment Bill will be introduced to better regulate e-payment transactions.

142. Third, Government will join hands with MEXA to develop a national e-commerce platform to connect consumers from the rest of the world directly to our exporters.

143. Fourth, we will encourage the development of mobile applications by start-ups to provide information on Government services such as transportation, traffic and weather forecast, amongst others.

144. Fifth, to reduce the digital divide and promote connected communities, 250 additional free Wifi Hotspots will be set up around the island, in major public areas such as traffic centres, hospitals, municipalities and district councils. This will bring the total to 600.

145. Sixth, to further build human capital and develop digital literacy, we are investing in our students:

- a) At the primary level, digital tablets and relevant education software will be given to students in Grades 1 and 2.
- b) At secondary level, modules on communication skills and creativity & innovation will be included in the curriculum for grades 7 to 9.
- c) At the tertiary level, a dedicated Faculty of Digital Technology & ICT Engineering will be set up by the University of Mauritius.

146. Seventh, major investments will be made on connectivity that will significantly improve the deployment of broadband infrastructure and its quality. These include:

- i. investment in a 'Third Undersea Cable' project by a consortium led by Mauritius Telecom.
- ii. investment in a fibre-optic undersea cable by a consortium of regional telecom operators. This will link Mauritius, Reunion, Madagascar with an international backbone through South Africa.
- iii. the acceleration of the Fibre To The Home (FTTH) programme by Mauritius Telecom to cover every town and village by December 2017; and

- iv. an investment of Rs 200 million by the CEB to provide high speed broadband to Internet Service Providers through its island-wide fiber optic cable network.

VI. STRATEGY FIVE: FUNDAMENTALLY REFORMING BUSINESS FACILITATION AND EXPANDING OUR ECONOMIC HORIZONS

147. Madam Speaker, I now come to strategy number five: fundamentally reforming business facilitation and expanding our economic horizons.

148. For too long our economy has operated in an environment where obtaining approvals and permits to start and grow a business is complex, lengthy and onerous.

149. We have to free our economy from the stifling bureaucracy and get it out of the constraining mould of laws, regulations and administrative procedures that have not been able to adapt to the new exigencies.

150. Our first measure therefore is to cut drastically the time it takes to deliver Building and Land Use Permits (BLPs) and clearances for all construction related projects. To this end,

- i. the requirement for approval by the Executive Committee of the Local Authority concerned when determining a BLP is being abolished;
- ii. the Local Authority will have only 8 working days to seek any additional information from an applicant; and
- iii. we are requiring that all applications for constructions with a floor area exceeding 150 square meters be made on-line.

151. Second, the Property Development Scheme will be reviewed and the PDS regulations will be amended to:

- (a) remove the maximum size limit of 50 arpents;
- (b) remove the requirement to sell at least 25 percent of residential units to Mauritian buyers; and
- (c) review the current maximum permissible land size for a villa, from half an arpent to 1.25 arpent.

152. Third, we will take onerous paper work out of the system. An e-licensing platform will be set up to provide a single point of entry for applications for permits and licences. This will bring down submission of documents in some cases from around 48 copies to just one copy.

153. Fourth, the Investment Promotion Act will be amended to authorise the BOI to issue the necessary clearances and approvals for a business to start operation in cases where the statutory deadlines for processing applications have lapsed. This is in line with the Silent Agreement Principle. It should unlock a significant number of projects which are in the pipeline, accelerate job creation, turn around the declining trend in private investment, increase FDI and boost up economic growth.

154. Fifth, some countries like the UK, Singapore and Australia have applied the concept of a Regulatory Sandbox Licence (RSL) which allows companies to invest in innovative projects within an agreed set of terms and conditions, even in the absence of a formal licencing framework. This can be an effective mechanism to speed up strategic investments. We are therefore introducing the Regulatory Sandbox Licence in Mauritius. The Board of Investment (BOI) may issue approvals, permits and licences to start an innovative project after consulting relevant ministries.

155. Sixth, to further open the economy we are allowing non-citizens, registered with the BOI, subject to security clearances, to acquire apartments and business spaces in buildings. The Non-citizens (Property Restriction) Act will be amended accordingly.

156. In the new era of development, where openness will be a core feature of our economic strategy, economic diplomacy will have a crucial role to address cutting-edge issues in foreign policy, in particular in the areas of trade, finance and investment, so as to open new opportunities for Mauritian businesses.

157. Now that the issue of DTA with India has been resolved, Government will revive and finalise the negotiations with New Delhi on the Comprehensive Economic Cooperation and Partnership Agreement (CECPA) including a Preferential Trade Agreement.

158. And we will continue to build on our Africa strategy where we have made concrete progress in the past year, with the signing of agreements with Senegal, Madagascar and Ghana for the establishment and management of Special Economic Zones.

159. Regarding the Special Economic Zone project in Senegal, I am pleased to announce that 40 hectares of land have already been allocated by the Government of Senegal. The project will be executed by a joint SPV where Mauritius Africa Fund holds 51 percent of the shares.

160. In 2014, the Honourable Prime Minister took the commitment that once elected, high priority will be given to the establishment of an Embassy in Saudi Arabia. I am pleased to announce that we are now going beyond this promise by setting up, not only an Embassy in Riyadh, but also a Consulate in Jeddah. This will significantly raise the visibility of the Republic of Mauritius in Saudi Arabia. These two diplomatic representations will further improve communication and contribute in providing greater security, comfort and opportunities to our citizens travelling to Saudi Arabia.

161. We are also proceeding with the opening of a consulate in Reunion Island to further facilitate trade and business relationships.

162. To support economic diplomacy, seven Counsellors (Economic Matters) will be recruited in addition to those already serving in Paris, New Delhi and Johannesburg.

Industrial Property Framework

163. With a view to modernising our Industrial Property Framework and consolidating the institutional arrangement to administer Industrial Property, a consolidated Bill will be introduced. It will encapsulate all aspects of industrial property as well as provide for the protection of patents, plant breeders' right, industrial designs and marks including geographical indications and trade names.

164. In the same vein, Mauritius will adhere to a number of the World Intellectual Property Organisation (WIPO) Administered Treaties, namely, Patent Corporation Treaty (PCT), the Hague Convention and the Madrid Protocol to facilitate the registration of Patents, Trademarks and Industrial Designs.

165. Both the enactment of new legislation and the adherence to the Treaties will be completed by December 2016. Government will then come up with an attractive fiscal package to encourage innovation.

VII. STRATEGY SIX: BUILDING THE INFRASTRUCTURE THAT FITS INTO THE FUTURE

166. Madam Speaker, I now come to our sixth strategy which is about engineering the infrastructure that fits the future. We must look beyond the short term and make investments that would strengthen growth and raise productivity.

167. These investments must come from both the public and private sectors.

168. Government will, therefore, significantly raise its capital expenditure to Rs 19 billion in this Budget.

169. In all, the public sector will invest some Rs 34.5 billion in 2016/17 and Rs 97.6 billion over the next three years.

Our plan for urban and rural regeneration

170. The existing towns and villages are suffering from a sustained period of poor land use planning.

171. We cannot let the situation continue.

172. For years, the transport strategy of Mauritius has been disconnected from its urban and rural planning strategy. In fact, the current transportation system is a major source of pressure on our towns and villages. The building of new roads is not in itself a solution to the traffic jam.

173. It has become manifestly clear that a holistic and coherent urban planning and development strategy is imperative.

174. What Mauritius needs is an affordable new mass transit system along with a network of modern integrated urban terminals comprising parking facilities, food courts, commercial spaces, dedicated hawker areas and green spaces.

175. Such a project will be a game changer, as it will totally redesign our towns, create new growth poles around the terminals, drastically reduce the commuting time for our citizens, raise productivity, eliminate the inconvenience of traffic congestion, save on our petroleum import bills and significantly cut down pollution.

176. We certainly cannot deny our citizens and future generations the benefits of such a project. We have therefore decided that the country deserves a new mass transit system with its network of Urban Terminals to be known as the Metro Express.

177. We will be kick-starting this project with the construction of the Victoria Terminal under the BOT model. A space will be reserved for 1,000 hawkers.

178. Concurrently, Port Louis will undergo a major transformation with the implementation of several development projects to rejuvenate its skyline.

179. This will include world class arts, recreation and culture zones for the residents of Port-Louis and for other Mauritians as well as tourists.

180. Concerning the smart cities, three will start construction this year.

181. The HERITAGE CITY will create a new urban space for present and future generations. Phase one of the project includes the construction of the new Parliament, offices and other infrastructure.

A New National Transport Network

182. Under the Road Decongestion Programme, the Phoenix-Jumbo-Dowlut roundabouts and the A1M1 Bridge linking Coromandel to Sorèze will be constructed with the assistance of the Korean Expressway Corporation.

183. Our next strategy in infrastructure development is focused on sea and air connectivity.

184. As regards the airport, around Rs 770 million will be invested in a new Integrated Government Clearance Centre in the Cargo Village and a modern Control Tower.

185. Another Rs 425 million will be invested by the CEB in a sub-station in the airport vicinity to cater for Cargo and Freeport power requirements.

186. Government is working with the Chinese Government on the setting up of a Regional Aviation Training Academy that will serve the African and Indian Ocean Rim region.

Boosting Sea Links with the Outside World

187. As regards the sea port, Rs 6 billion will be invested over the next 5 years to enhance port infrastructure.

188. The Cargo Handling Corporation Ltd will acquire two additional Ship-to-Shore cranes and other equipment to service container vessels more efficiently.

189. There will also be strategic investments to boost the development of the petroleum hub which holds the potential of becoming a major economic pillar.

190. Hence, some 35 hectares of reclaimed land are being earmarked for petroleum storage, logistics and fishing activities.

191. And a new petroleum port will be developed at Albion.

VIII. STRATEGY SEVEN: LIFTING THE QUALITY OF LIFE FOR ONE AND ALL

192. Madam Speaker, I now turn to strategy seven which is about lifting the quality of life for one and all. This strategy is about dealing with an assortment of factors that weave together to make up the quality of life.

Investing In Round the Clock Water Supply

193. Madam Speaker, a round the clock supply of water is one of these factors. The problems of water supply should not be left to linger – the more so that it affects mostly families in the lower income bracket.

194. Government is investing Rs 3.4 billion in this financial year towards solving the water problem. These investments will be made to:

- (i) Replace some 180 kilometres of old and defective pipes across the island, in Beau-Bassin, Rose Belle, Rivière du Rempart, Lallmatie, Roche Bois, Plaine Verte and Surinam.
- (ii) Upgrade and increase Treatment Plants capacities.
- (iii) Increase storage by constructing Strategic Service Reservoirs and new dams.

195. The CWA will also be investing in trenchless technology to reduce costs as well as inconvenience to the citizens.

196. In the meantime, we will subsidise the purchase of water tanks. This will benefit some 7,000 families and Rs 35 million have been provided for that purpose.

Law and Order

197. Law and Order is another vital determinant of the quality of life.

The Judiciary

198. For a long time now, the court infrastructure has been needing major upgrading and repairs. These cannot wait anymore.

199. I am, therefore, providing funds for the following projects:

First, a new Supreme Court Tower will be constructed in Port-Louis with a project value of Rs 1.1 billion.

Second, the Pamplemousses and Souillac District Courts will be relocated at the SIFB buildings in the same regions.

Third, the New Court House in Port Louis is being renovated.

Fourth, the District Courts of Moka, Mahebourg, Rose-Hill and Flacq will undergo repairs and upgrading.

The Mauritius Police Force

200. I now come to the Police Force, an amount of Rs 8.7 billion is being allocated in this Budget to that Department.

Investing in and Expanding the Human Resources

201. Provision has been made for recruiting 900 additional Police Constables and 30 additional cadet officers.

202. A new training strategy will also be elaborated and provision has been made for a modern Police Academy at the Réduit- Ebene area.

Investing in modern vehicles and equipment

203. I am allocating Rs 292 million for modernising the fleet of vehicles.

204. Over the next two years, we will allocate Rs 115 million to equip all police officers and vehicles with modern equipment.

205. A new integrated emergency Response Management System, linked with SAMU, Fire Services and other agencies will be implemented with a project value of Rs 50 million.

Safe City Project

206. Government is coming up with a Safe City Project on a pilot basis. In that context, smart cameras would be installed with special focus on major public areas, along main roads and motorways, pedestrian walkways and principal traffic centres. These cameras would be a powerful and effective tool to combat crimes and drugs proliferation, assist in more effective traffic and road safety management.

Intensifying combat against drugs

207. To further intensify the combat against drugs, we are providing for:

- Two drone cameras with night vision capabilities; and
- Equipping MRA Customs with interceptor boats, mobile low bed scanners and other x-ray scanners.

208. At the same time, Government will ensure there is seamless collaboration between the National Coast Guard, ADSU, MRA Customs and the Fisheries Protection Service for joint intervention.

Strengthening the infrastructure

209. Government is also investing to strengthen the law and order infrastructure. These will include:

- i. six new police stations;
- ii. a New Divisional Headquarters;
- iii. two more Detention Centres; and
- iv. a new laboratory for the Forensic Science Department at a cost of Rs 235 million.

210. Let me also add that we are removing VAT on CCTV camera systems, burglar alarm systems and other home security and surveillance equipment.

211. The Budget also provides for the recruitment of 100 fire and rescue officers.

Road Safety

212. Madam Speaker, we have given deep thoughts to the problem of road safety and decided to come up with a comprehensive National Road Safety Strategy.

213. First, a Central Traffic Watch and Management System will be set up to better guide, coordinate and manage traffic flows especially in congested areas.

214. Second, there will be tougher penalties for road offenders; more stringent procedures for issuing driving licences; tighter conditions regarding the issue of motor cycle riding licence; and each police vehicle will be equipped with an alcometer.

215. The law will be amended to provide for the introduction of 'Moto Ecoles.'

216. Moreover, modern methods of testing the road worthiness of vehicles will be introduced to minimise testing time.

217. It has been announced in the past that the fees for a fitness test would undergo an increase of 50 percent, from Rs 400 to Rs 600. I am pleased to announce that this projected increase has been frozen until finalisation of the restructuring process.

218. Third, we are providing:

- Rs 100 million for the construction of pavements across the island
- Rs 80 million for rehabilitation works for hard shoulder
- Rs 56 million for the setting up of handrails
- Rs 50 million to restore all road markings and signage
- And, Rs 30 million for repairing lighting along motorways

A cleaner environment and greater resilience to climatic change

219. Madam Speaker, I will now announce some of the measures to address the challenges of climate change which are getting more complex every year, even resulting in natural disasters.

220. Our main aim is to effectively deal with them and build greater resilience while honouring our country's commitment to COP21. This Budget provides:

- Rs 110 million for rehabilitation works to address the issue of beach erosion and coastal land degradation; and
- Rs 22 million for modern equipment to improve command and coordination on ground during National Emergency Operations.

221. A dedicated Land Drainage Authority will be set up. It will work in close collaboration with the National Disaster Risk Reduction and Management Centre to identify priorities for drainage work.

222. And Community Disaster Response Training Teams will be set up to improve preparedness of families living in 6 disaster prone areas.

Waste Management

223. As regards hazardous waste, let me announce four actions.

224. A new system will be introduced for the collection, disposal and recycling of some 8,000 tonnes of electronic and electrical wastes. In this respect, the appropriate legislation will be made for the introduction of an Advance Recycling Fee at the importation of electronic goods to be listed in a Schedule.

225. A centralized Hazardous Waste Facility will be created at La Chaumière.

226. An Expression of Interest will be floated to invite potential operators to set up a system for recycling of waste tyres.

227. Compost Bins and Mixing Tools will be provided to 7,000 households and 3,000 small planters to encourage them to produce their own compost.

Health Care

228. Madam Speaker, I now come to the health sector. Health is vital to happiness, prosperity and productivity. In this Budget, we are earmarking a sum of Rs 10.9 billion for the Ministry of Health and Quality of Life, that is, an increase of 12 percent over last year's allocation. Let me announce some of the actions to secure an efficient and effective health care system.

229. First, Government will invest in the expansion of the Cardiac Centre at the Victoria Hospital to reduce the waiting list for heart surgery.

230. Second, a new ENT hospital will be constructed at Vacoas.

231. Third, we are providing Rs 121 million for major renovation and upgrading works at the SSR National Hospital.

232. Fourth, technical studies will be carried out on the construction of a new modern eye hospital at Moka and of a regional hospital at Flacq.

233. Fifth, Government is providing new services to improve palliative care for cancer patients and introducing a new vaccination programme as a preventive measure against cervical cancer.

234. Sixth, we are earmarking funds for consultancy work on the setting up of a state-of-the-art National Health Laboratory Services.

235. Seventh, we are providing Rs 250 million for new high tech medical equipment and Rs 25 million for setting up three new dialysis units at Long Mountain Community Hospital, SSR National Hospital and Dr A.G.Jeetoo regional hospital.

236. And eighth, we are providing for the recruitment of 310 additional doctors, 255 paramedical staff and an additional 570 supporting personnel.

237. I should here stress that we are also promoting private health care, in particular medical tourism, for they have a significant spill over on overall health care in our country.

238. In the same vein, we will encourage the setting up of residential care homes for foreign retirees.

Education

239. Madam Speaker, I now come to Education which has been and will continue to be the foundation of our success as a nation.

240. We are providing Rs 16.1 billion in this Budget for the Ministry of Education and Human Resources, Tertiary Education and Scientific Research, representing an increase of 11 percent over last year's allocation.

241. This Government had announced the Nine Year Continuous Basic Education – a fundamental reform that lays emphasis on the early years of schooling, new modes of assessment for a seamless progression of learners across the levels, a revamped technical and vocational education sector and a vibrant Polytechnic Education.

242. This ambitious reform will cost around Rs 2 billion over the next 5 years.

243. In this Budget, provision is being made for:

- (i) Recruitment of 340 Trainees Educator for holistic development and 75 Support Teachers for remedial education for the primary education sector;
- (ii) A vast training programme for quality teaching;
- (iii) Infrastructure development that will support pedagogical innovations;
- (iv) Major upgrading of technical and vocational training centres; and
- (v) Launching 3 new Polytechnics.

244. In addition, 600 educators will be recruited for both primary and secondary schools.

Youth and Sports

245. I now come to youth and sports.

246. Madam Speaker, as demonstrated in the last Indian Ocean Games, our athletes are performing better and better. They are often our best ambassadors and their effort and enthusiasm should be further supported. We need to provide them with more opportunities to participate in international competition.

247. To this end, we have made provision for

- (i) participation in the next games of the *Commission de la Jeunesse et des Sports de l'Océan Indien*, which start tomorrow in Madagascar, and
- (ii) for the upgrading and construction of necessary sports infrastructure to host the next 'Jeux des Iles' in Mauritius in 2019. In this context, a new multi sports complex including a swimming pool of international norm will be constructed at St Pierre. The Anjalay Stadium, George V Stadium, Germain Commarmond Stadium and Quartier Militaire Stadium will be upgraded.

248. Furthermore, we are providing for the technical design of a new swimming pool at Rivière des Anguilles.

249. I am also pleased to announce the setting up of a scheme to support the professional development of our best athletes. We will provide them with a contract of employment as coach to young sportsmen and sports women. The centre for excellence in sport, funded by a newly established Lotto Fund, will run the scheme.

250. Our local football is showing a steady improvement which needs to be encouraged. An amount of Rs 26 million is being earmarked from the new Lotto Fund to further support the professionalization of football.

251. Furthermore, I am providing Rs 17 million for upgrading the Pointe Jérôme Residential Youth Centre in Mahebourg and the Anse La Raie Residential Youth Centre and Rs 5 million for the development of sports programmes to be made accessible to the public, specially the youth.

252. We are also providing for the upgrading of sports infrastructure in existing schools and colleges and making them accessible to the general public after school hours.

Arts, Culture and Leisure

253. Our efforts to usher in a new era of development will also play out in the fields of arts, culture and entertainment.

254. To revamp that sector, we need first an appropriate legal framework. To this end, a new legislation – The Status of Artist Bill will be introduced in the National Assembly.

255. We are earmarking Rs 50 million to rehabilitate our historical and cultural heritage sites and structures listed under the National Heritage Fund Act.

256. We are also providing for a study to be carried out prior to the setting up of a Slavery Museum at the ex-Labourdonnais Military Hospital, in Port Louis.

257. I am also providing for the creation of a Mauritius National Troupe and the launching of a Bachelor Degree course in Music at the University of Mauritius.

258. Government is providing an additional amount to the Rights Management Society to meet its contribution to WIPO and other international intellectual property protection agencies, so that artists can benefit from a higher distribution of the royalties.

259. The new Lotto Fund will also provide for financing of projects submitted by artists within a number of new schemes to be worked out.

260. Madam Speaker, next year Mauritius will be celebrating the 25th anniversary of the Republic. An additional amount will be earmarked to prepare for this momentous event.

Reforming the Gambling Sector

261. Madam Speaker, I now come with measures to reform the gambling sector. Our strategy is to provide the framework for responsible gambling.

262. To this end, we are setting up a Responsible Gambling and Capacity Building Fund. This Fund will be used for the purpose of:

- (i) Developing and implementing a responsible gambling programme targeting the public at large;
- (ii) addressing and curbing the ills associated with the Gambling Industry; and
- (iii) capacity building especially as regards expertise and logistics, to address the issue of illegal betting, and ensuring integrity and best practices in the industry, including the horse racing industry.

263. To finance the Responsible Gambling and Capacity Building Fund, a 2 percent levy will be charged on the net stakes of all gambling operators. Any CSR amount paid will be deductible from that levy.

264. I am also increasing betting duty for bookmakers operating outside the racecourse from Rs 16,000 to Rs 30,000 in respect of each race meeting.

265. The Gambling Regulatory Authority will be further restructured to enable it to effectively play its role as a fully-fledged licensing and regulatory Authority.

266. Moreover, a Horse-Racing Division and an Integrity and Intelligence Unit are being set up within the Gambling Regulatory Authority.

267. The 'Police des Jeux' will also be reinforced with appropriately trained human resources and equipped with the latest technology to enable effective tracking of illegal betting and conduct enquiries diligently.

268. Government will limit its role to regulating the Gambling sector, and will, therefore, gradually divest itself of its businesses in the gambling sector. To this end, both the ownership and management of casinos in Mauritius will be reviewed.

269. In line with the new tourism policy focusing on maximising earnings per tourist and promoting new tourist attractions, hotels will be allowed to organise regulated betting games. This measure will be restricted to non-residents and foreigners only.

270. On-line betting will henceforth be allowed but restricted to non-residents and foreigners. The Gambling Regulatory Authority will set up the necessary framework with the assistance of consultants.

Consumer Protection

271. Madam Speaker, I now come to an important commitment of this Government which is about continually enhancing consumer protection and their purchasing power.

272. I am pleased to announce that, in line with our ambition to transform Mauritius into a duty-free island, I am abolishing customs duty on some 368 tariff lines, bringing the percentage of duty-free tariff lines from 89 to 95 percent. As from tomorrow, the following products will be duty free:

- Clothing items such as suits, jackets, trousers, dresses, shirts and t-shirts;
- Baby diapers and wipes;
- Table, kitchen and household articles of aluminium and porcelain;
- Drinking glasses;
- Motor vehicle engines and parts thereof;
- Primary cells and batteries; and
- Electric heating apparatus

273. Second, I am also pleased to announce that I am removing VAT on breakfast cereals as from 1st September 2016.

274. Third, the retail price of cooking gas will be reduced from Rs 330 to Rs 270 for a 12-kilo cylinder as from tomorrow.

275. Fourth, concerning hire purchase, the law will be amended to make it clear that charges include interest and therefore interest cannot be claimed on any amount that has been prepaid.

276. Fifth, the recommendations of the Commission of Enquiry on Sale by Levy are presently being examined by stakeholders along with the proposal to set up an Asset Management Company by the Bank of Mauritius. In the mean time I am increasing the threshold for cases to be referred to the Commissioner for Protection of Borrowers from Rs 2 million to Rs 3 million.

Rodrigues, Agalega, St Brandon, Chagos Archipelago and Tromelin

277. Madam Speaker, I now come to our policies and measures for Rodrigues and Outer Islands.

278. Allow me to spell out some of the measures concerning Rodrigues Island.

279. Earlier this month, the Honourable Prime Minister and myself proceeded on separate official missions to Rodrigues where we had lengthy discussions on matters related to the development of the island.

280. The people of Rodrigues may rest assured of the firm commitment of this Government to consolidate the development of Rodrigues.

281. Indeed, I am increasing the Budget for Rodrigues Regional Assembly (RRA) to Rs 3.3 billion and allocating a further amount of Rs 1.1 billion under the votes of the different Ministries and Departments, bringing the total amount to Rs 4.4 billion.

282. Furthermore, the project value for the extension of the runway is estimated at Rs 2 billion. The design is currently being prepared and construction should start by next year. In the meantime, I am providing Rs 40 million in 2016/17 for the extension of the Rodrigues Airport Terminal.

283. As regards the Port Mathurin harbour, the consultant will be finalising the Port Master Plan by the end of this year.

284. Provision is also made for the construction of a new Warm Up Track at the Camp du Roi stadium.

285. Concerning internet connectivity, we are finalising the guaranteed purchase by the RRA over a period of ten years of bandwidth through undersea cable.

286. Meanwhile, we are increasing the purchase of the satellite bandwidth from 200 to 500 megabytes per second until the end of 2018.

287. As regards law and order, we are providing for two Police stations at Petit Gabriel and Grande Montagne.

288. In view of the Marshall Plan implementation in the Republic of Mauritius, we will ensure that Rodrigues is not left behind.

289. I am providing Rs 50 million for the construction of social housing units. The plan is to construct 1,000 units in the next three years.

290. For Agalega, we are providing Rs 4 million for the acquisition of two new generators to secure continuous electricity supply for the population.

291. We have also earmarked Rs 6.5 million for a cold room to store food items and their fish catch for exports to Mauritius.

292. Madam Speaker, I would now like to speak on an issue which is very close to the heart of Mauritians. It is about our territorial sovereignty over the Chagos Archipelago. The Prime Minister has clearly voiced his stance on the issue and it will take intense negotiations and legal action to achieve our goal of getting effective control over the archipelago. Funds are being provided for that purpose.

IX. STRATEGY EIGHT: DEALING WITH THE ROOT CAUSES OF POVERTY

293. I now turn to strategy eight which is about dealing with the root causes of poverty. I have chosen this strategy because this Government has pledged to fight poverty and empower families at the lower rung to move up the ladder. This commitment underpins the core philosophy of this Government.

294. I am therefore pleased to announce that this Budget is concretely launching the Marshall Plan Against Poverty. It includes a variety of programmes and actions that interlock to assist and empower poor families.

295. Madam Speaker, it is an aberration that in an upper-middle income economy like ours, aspiring to become a high-income country, there are some 6,400 families still living below the absolute poverty threshold of USD 3.10 per day per individual, calculated on the basis of purchasing power parity set out in the latest World Bank Report.

296. Absolute poverty is a condition of life where families suffer from malnutrition, low level of education, even illiteracy, and poor shelter quality, that perpetuate a sense of permanent letting up and create a vicious circle.

297. Today, as we enter a new era of development, we must as a nation stand firm on our feet to say no more – no more children, men and women living in conditions of absolute poverty in our country.

298. Today, I am taking an unprecedented decision to eradicate absolute poverty in Mauritius by acting urgently and directly.

299. Indeed, Madam Speaker, I am introducing a new scheme under which every adult on the Social Register will be entitled to a monthly subsistence allowance based on a minimum threshold of Rs 2,720 with a maximum threshold of Rs 9,520 for a family of two adults and three children. This is higher than our current threshold of Rs 6,200 and 40 percent higher than that of the World Bank

300. There will thus be no person living in conditions of absolute poverty in our country.

301. To implement this historic measure will require Rs 500 million over the transition period of two years. This measure will be effective as from December 1st 2016.

302. At the same time, we are introducing a major programme to empower these families to break away from the poverty cycle and stand on their own feet.

303. First, on improving educational achievements.

304. To encourage students from poor families to achieve higher levels of education, Government will give them a cash award as follows:

- Rs 15,000 for successfully completing the grade 9 level under the nine year schooling.
- Rs 25,000 for successfully completing the school certificate level or equivalent vocational certificate.
- And Rs 35,000 for those successfully completing the Higher School Certificate or equivalent technical qualification.

305. We are giving a second chance to students from poor families for exam resit at the School Certificate and Higher School Certificate levels. Their examination fees will be borne by Government.

306. The monthly grant under the crèche voucher scheme for poor families is being increased from Rs 1,500 to Rs 2,000 per child. This will allow these children to get a good start in life.

307. It is now widely recognised that community schools where academic teaching and community engagement are integrated can lead to improved student learning. We will apply this new concept in 5 ZEP schools as a pilot project.

308. I am increasing the meal allowance for students attending ZEP schools by 50 percent, from Rs 40 to Rs 60 per day.

Decent Housing

309. Madam Speaker, I now come to the housing policy of Government.

310. Underpinning our approach is a deep conviction that a decent shelter is the next most important lever to lift families out of poverty.

311. In the context of the Marshall Plan, we are launching a programme of decent shelters for the absolute poor that will comprise the construction of at least 800 housing units over the next three years.

312. For low income families we are providing in this Budget:

- Rs 1 billion for the construction and completion of 1,900 units of up to 50 square meters each, on 16 sites across the island; and
- Rs 155 million for the rehabilitation programme of NHDC housing estates.

313. Furthermore, I am raising the monthly income limit for eligibility under the NHDC social housing scheme from Rs 10,000 to Rs 20,000.

314. A great number of families own a house on municipal land. They were given the opportunity to purchase the land but have not been able to do so. I am pleased to announce that these families will be given the opportunity to buy the land at a nominal cost of Rs 2,000. The relevant legislation will be amended accordingly.

315. I am also pleased to announce that all arrears of interest on loans contracted by individuals from NHDC and MHC Ltd, and whose monthly household income does not exceed Rs 15,000 are being waived, provided the capital amount outstanding is duly repaid. This should protect these families from facing the tough and traumatising Sale by Levy experience.

316. My next measures reflect our commitment to support families in their efforts to invest in constructing and acquiring their residences.

317. A Mauritian citizen acquiring a new house or a new apartment during the period 1st September 2016 to 30th June 2020 for an amount not exceeding Rs 6 million will be eligible to full exemption from registration duty. There will be no age restriction.

318. A first time buyer will now be allowed to buy bare residential land free of registration duty, on the first Rs 2 million, provided the acreage does not exceed 20 perches.

319. There will be no age restriction and a person who did not own a residential property as at 29 July 2016 will also qualify for the above initiative.

320. We are also revamping the VAT refund scheme regarding the construction of a new dwelling or acquisition of a newly built apartment. Henceforth, the MRA will refund VAT on submission of relevant receipts, up to a cap of Rs 500,000 instead of the current Rs 300,000.

321. I am also removing the maximum floor area eligibility criteria under that scheme; increasing more than three-fold the household income eligibility to Rs 2 million per annum; extending the eligibility to construction on top of an existing building; and extending the scheme to 2020.

322. In addition, the upper limit of Rs 2.5 million in relation to the construction value is being raised to Rs 4 million.

323. As regards promoters, they will be allowed to build and sell residential units of up to Rs 6 million, free of land transfer tax, instead of Rs 4 million currently. The scheme is being extended to 2020.

324. Furthermore, no registration duty will be payable on a secured housing loan not exceeding Rs 2 million, instead of the current threshold of Rs 1 million.

325. A first-time home-owner is allowed to deduct from his taxable income, the interests paid on a secured housing loan that was contracted on or after 1st July 2006. As from the income year 2016/17, this date restriction is removed.

326. My next measures concern the vulnerable persons and families.

327. First, Madam Speaker only persons above 15 years who suffer from disabilities are currently entitled to the Basic Invalidity Pension. I am pleased to announce that this age discrimination is being removed. Henceforth, children below 15 years of age and with disabilities will also be entitled to this pension. I am providing an additional sum of Rs 100 million for around 3,130 cases.

328. Second, Government is launching a special scholarship scheme for 5 students with disabilities for pursuing tertiary studies locally. The scholarship will cover the fees as well as a monthly stipend of Rs 5,000.

329. Third, concerning Special Education Needs, I am increasing the grant-in-aid to NGOs in that sector by more than 50 percent to Rs 90 million.

330. Moreover, the Ministry of Education and Human Resources, Tertiary Education and Scientific Research will come up with a strategic paper to review the Special Education Needs sector in the wake of the 9-year schooling.

331. Fourth, to relieve victims of accidental fire, I am providing for a monthly rental allowance of up to Rs 5, 000 for a period of up to 6 months so that they may rapidly secure a shelter.

332. Fifth, the funeral grant under social aid will be increased from Rs 4,950 to Rs 10,000.

333. Sixth, we are providing for nine additional staff for the Child Protection, Welfare and Development Unit to give psycho-social support to children in distress.

334. In line with the recommendations of the Marshall Plan against Poverty, the National Empowerment Foundation will be restructured for effective service delivery to the poor and vulnerable groups. There will be a shift of focus to proactive case management and sustainable empowerment programmes.

Corporate Social Responsibility Framework

335. Madam Speaker, I now come to the issue of CSR. There have been many representations on the way the CSR money are being used following the removal of guidelines. I found the concerns that have been voiced justifiable. We have therefore decided to revisit the use of the CSR funds to ensure greater transparency and better outcomes.

336. Accordingly, a National CSR Foundation will be set up and managed jointly by the public and private sectors.

337. Businesses will be required to contribute at least 50 percent of their CSR money to that National Foundation. This will go up to at least 75 percent the following year.

338. The remaining balance may be used to implement their CSR programmes in accordance with their existing framework. The NGOs will therefore continue to benefit from contributions from the private sector.

339. Any unspent balance from the 50 percent will be channelled to the National CSR Foundation.

340. We have also decided that the money endowed to the Foundation will be allocated to support civil society actions in six priority areas:

- Poverty alleviation
- Educational support
- Social housing
- Supporting persons with severe disabilities
- Dealing with health problems resulting from substance abuse and poor sanitation;
- And family protection.

341. As regards poverty alleviation, educational support and social housing, the CSR support will be for families in the SRM.

342. Madam Speaker, I would like to pay a special tribute to all the men and women who are dedicating their time and efforts with deep commitment to helping and supporting others, especially those who are suffering and who need a helping hand. I can assure these NGOs that this Government will always stand by their side as they carry out their mission.

343. Madam Speaker, Mauritius is one of the few countries that are fortunate to have a mosaic of cultures and religious beliefs where all citizens have deep mutual respect. We have to acknowledge the formidable work and dedication of socio-cultural and religious organisations in preserving and promoting our cultural, linguistic and religious values. I am pleased to announce that I am increasing the subsidies for religious bodies by ten percent.

344. I now come to gender equality.

345. Madam Speaker, I am pleased to announce here that as a first step we will require that public companies listed on the Stock Exchange have at least one woman on their Board of Directors.

346. I am providing the necessary funds to set up a Parliamentary Women Caucus regrouping women MNAs from all political parties to discuss on issues and policies relating to women in our society.

347. Five main Ministries will be allocated Rs 200,000 each to conduct gender analysis of services offered and formulate policy responses.

348. Government will also introduce a Gender Development Index for Mauritius to measure progress in gender equality.

X. STRATEGY NINE: A MAJOR PUBLIC SECTOR REFORM PROGRAMME

349. Madam Speaker, I will now articulate the main thrusts of our ninth strategy which is to bring about a major public sector reform programme.

350. The success of the new era of development hinges on effective and expeditious implementation of numerous reforms, new policies, vital national projects and modern ways of doing things. To make them happen requires a public sector that is more efficient and that is nimble enough to adapt fast to change.

351. To this end, we will start with fundamental reforms of public sector institutions, in particular those on which Government, the population and businesses depend the most for services.

352. First, the supporting institutions in the SME sector, namely, SMEDA, Enterprise Mauritius and National Women Entrepreneur Council will be merged into one organisation for greater coherence, more efficiency and effectiveness.

353. Second, all organisations managing the public sector real estate assets, namely, the SPDC, BPML, SLDC, the Belle Mare Tourist Village Ltd, Le Val Development Ltd and Les Pailles Conference Centre Ltd will be merged into one single institution.

354. Third, in the ICT sector, the role and functions of the National Computer Board will be reviewed and adapted to the evolving needs of the sector.

355. Fourth, the Central Informatics Bureau, the Central Information Systems Division and the IT Security Unit are being merged into a single unit.

356. Fifth, the regulatory bodies, namely, the Information Communication Technology Authority (ICTA) and the Independent Broadcasting Authority (IBA) will be merged to adapt to the convergence of technology.

357. Sixth, the Registrar General Department will be incorporated into the MRA to have one single revenue collection agency and for better enforcement.

358. Seventh, the MRA will act as a collecting agent for contributions to the National Pension Fund, the National Savings Fund, the HRDC training levy and the Workfare Programme Fund.

359. Eighth, the SIC Group is being restructured and will focus on disposing its matured investments and channelling the proceeds in new projects, in particular in export industries, for job creation and development.

360. Ninth, the DBM is being reorganised to focus on creating and running SME parks and managing government financing schemes for micro enterprises and small establishments.

361. Tenth, the MHC and the NHDC will be merged to provide a platform for better planning, financing and effective service delivery to meet demand for social housing.

362. Eleventh, the National Art Gallery and the Mauritius Museum Council will be merged to benefit from synergies under common management.

363. Twelfth, the National Development Unit along with the thirty-five Citizens Advice Bureaus around the island will be reorganised.

364. Thirteenth, all public sector bodies that have been making losses and accumulating debt will be required to submit their plan to turn around their financial situation to the Ministry of Finance and Economic Development by the end of October this year. This includes the MBC, the Mauritius Post, the National Transport Corporation, Rose Belle Sugar Estate and the Mauritius Meat Authority, amongst others.

365. Fourteenth, the Department of Civil Aviation will be transformed into a Civil Aviation Authority to enhance our regulatory and air navigational services.

366. Fifteenth, all Welfare Funds will be grouped under one roof to provide a common set of facilities for all.

367. Sixteenth, the Town and Country Planning Board will be revamped into a modern National Planning Commission with wider functions.

368. Seventeenth, the National Transport Authority, the Road Development Authority and the Traffic Management Road Safety Unit will be restructured.

369. Eighteenth, to speed up implementation of capital projects in the Government, the Technical Division of the Ministry of Public Infrastructure will be restructured to focus on implementation of large and complex projects. Line Ministries will henceforth be able to procure directly the services of consultants and contractors to undertake projects up to Rs 25 million.

370. Nineteenth, we are also amending the Public Procurement Act to allow for direct negotiations between public sector bodies, while ensuring value for money. Accordingly, the Finance and Audit Act and the Capital Project Process Manual will be amended and the Project Plan Committee restructured.

371. And twentieth, the Public Sector Efficiency Bureau will be reengineered and located in the Ministry of Finance and Economic Development.

372. Let me also announce that for greater transparency and accountability in the allocation of state lands and renewal of lease agreements, the list of allocation and renewal is being regularly posted on the website of the Ministry of Housing and Lands.

XI. STRATEGY TEN: ENSURING MACROECONOMIC STABILITY AND SOUND PUBLIC FINANCES

373. Madam Speaker, I now turn to the tenth strategy which is centered on macro-economic stability, sound public finances and sustainable public debt.

374. Madam Speaker, the macroeconomic and fiscal policy choices we make today - or fail to make - will be crucial to determining the performance of all other policies.

375. We will, therefore, move on responsibly and prudently.

376. The Government Budget for 2016/17 will amount to Rs 117.4 billion of which Rs 103.3 billion for recurrent expenditure, and Rs 14.1 billion for capital expenditure.

377. Total revenue will be Rs 102.4 billion, of which tax receipts will be Rs 84.7 billion and external grants Rs 6.4 billion.

378. This will leave us with a budget deficit before net acquisition of financial assets of Rs 15 billion, representing 3.3 percent of GDP against 3.5 percent for 2015/16. I should add here that we are expecting a real GDP growth rate of 4.1 percent in 2016/17, while the nominal GDP would amount to Rs 451.4 billion.

379. Madam Speaker, let me express our deep gratitude and recognition to the Government of India for the exceptional financial support of USD 353 million, that is some Rs 12.7 billion, which we shall be receiving over a four-year period, starting in this Budget.

380. Madam Speaker, we can use the money to finance our recurrent expenditure – but this amounts to financing consumption.

381. Or we can use the money to invest in development priorities where there will be the highest return in terms of economic and social benefits.

382. For us the choice is obvious. We have decided that the money should be invested so that our children and their children as well can benefit.

383. Thus, the grant of Rs 12.7 billion has been earmarked for development priorities as follows:

- Rs 7.2 billion to part finance the Metro Express Project;
- Rs 500 million to provide our primary school children in grades 1 and 2 with a digital tablet each, along with the necessary software and educational content;
- Rs 1.1 billion to construct a new Supreme Court Tower in Port Louis;
- Rs 2.7 billion to part finance the construction of the new Parliament House and Government offices at the Heritage City;
- Rs 500 million for the construction of the new ENT hospital at Vacoas; and
- Rs 700 million for social housing in the context of the Marshall Plan.

384. Madam Speaker, I now turn to public sector debt.

385. Public sector debt, for the purpose of the statutory debt ceiling, will be 55.6 percent of GDP and, if measured by IMF standards, it will be 62.8 percent for 2016/17 down from 65 percent in 2015/16.

386. With a view to reducing our exposure to foreign currency risk, we are making early repayments of some USD 120 million of external debt, that is, around Rs 4.3 billion.

387. It will take further efforts to achieve the statutory debt target of 50 percent by end of 2018.

388. Let me now announce our tax administration reforms.
389. An Alternative Dispute Resolution mechanism will be set up at the level of MRA so as to expedite tax appeal cases exceeding Rs 10 million.
390. An Alternative Dispute Resolution Panel of 3 members will be set up, including a representative of the Attorney General's Office.
391. Provision will be made to enable the MRA to request high net worth individuals to submit a statement of their assets and liabilities.
392. The Mauritius Revenue Authority Act will be amended so that the definition of 'fraud' for the purpose of administering revenue laws includes non-submission of tax returns.
393. Non-remittance of VAT, PAYE and other tax deduction at source collected by economic operators on behalf of the State will constitute a criminal offence. At the same time, the penalty provision will be strengthened.
394. I now come to our tax policy.
395. The taxation of motor cars is being reviewed to reflect market realities and remove distortions in the car market. The following changes are being made and will be effective as from tomorrow.
396. First, the CO2 levy/rebate scheme introduced in 2011 is being suspended due to major operational and litigation issues that have hindered its proper functioning.
397. Second, the rates of excise duty on motor cars between 1,001 to 1,600 cc are being lowered from 55 per cent to 50 percent.
398. Third, I am also lowering duty on hybrid motor cars by 30 percentage points for all cylinder capacity. Consequently, the rate on a hybrid car below 1,600 cc will decrease from 55 to 25 percent.

399. Fourth, I am abolishing duty on electric cars of up to 180 KW.

400. Fifth, the adjustment factor used at customs in the determination of the import value of a second hand car is being lowered to 5 percent.

401. Madam Speaker, consumption of alcohol and cigarettes is still strikingly high. In order to fight these social evils, I am increasing the rates of excise duty as follows:-

- by 5 percent for beer and 10 percent for all other alcoholic products; and
- by 25 percent for all tobacco products.

402. In the same vein, the customs duty on spirituous products such as rum and whisky is being raised from 15 to 30 percent.

403. Another alarming health issue is the very high rate of Non-Communicable Diseases affecting our population. I am extending the coverage of the tax on the sugar content of soft drinks to other sugar sweetened drinks, such as juices and milk-based drinks, as from 1st October 2016.

404. A 15 percent customs duty is being introduced on sugar.

405. In order to further encourage consumers to move towards more energy efficient products, I am extending the coverage of the 25 percent levy on inefficient products to include washing machines and lamps of mercury vapour and metal halide.

406. In addition, to ensure that the appliances on the market are more efficient, the threshold for the application of the levy will be revised upwards.

407. I will now announce our income tax measures.

408. I am increasing the income exemption thresholds for all categories of taxpayers by Rs 10,000 for the income year 2016/17.

409. The minimum amount of tuition fee eligibility criteria to benefit from the additional deduction in respect of a dependent pursuing tertiary education is being reduced from Rs 44,500 to Rs 34,800.

410. The Rs 2 million income eligibility criteria for a taxpayer to benefit from the interest relief on secured housing loan and the additional deduction for tertiary education of a dependent is being increased to Rs 4 million.

Pension Reform

411. Madam Speaker, I will now speak about the issue of pension.

412. Ageing population is putting significant pressure on the pension system.

413. Today, there are 6 employees to support a pensioner and by 2030, there will be only 3. This is a challenge that we cannot ignore.

414. I am therefore setting up a high level Committee to look into the issue, hold wide consultations and come up with recommendations.

415. Moreover, the high level Committee will also look into ways and means to improve the contributory retirement pension benefits of private sector employees.

416. Before concluding, let me express my deepest gratitude to the Prime Minister for his precious advice during the preparation of the Budget.

417. I am also indebted to my colleague ministers and parliamentarians for their valuable support and cooperation all along.

418. I should also thank all the staff of my Ministry who have shown great dedication in preparing this Budget.

XII. CONCLUSION

419. Madam Speaker, let me now conclude.

420. The Budget I have presented today states very clearly that this Government does not live in the past.

421. This is a Budget that boldly plans the future while at the same time addresses the present day to day concern of the population.

422. It is a budget that proposes powerful actions to deal with complex issues.

423. Budget 2016/17 will indeed set our country on a course to full employment by taking some 20,000 youths, men and women from unemployment and soon.

424. It reignites economic growth and alleviates poverty in an unprecedented way.

425. It makes the necessary investment to reconstruct the water system, ensures more fluidity and safety on our roads, and builds greater resilience to climatic change.

426. This Budget gives a high priority to spending on a modern education system that is more responsive to the aspirations of our young people and to the future needs of the economy.

427. It creates a more secure, cleaner and better country to live in.

428. Looking to the future, Budget 2016/17 sets the stage for a new era of development and prosperity for the whole nation. It puts our country firmly on the path to vision 2030 and paves the way to a high income and inclusive nation.

429. Government is spending courageously and judiciously in modern infrastructure, in a digital society, and in the skills and talents of our youth, men and women for the future.

430. It is a Budget that creates far wider economic space and further opens Mauritius to the rest of the world.

431. This Budget does all these while at the same time maintaining strict fiscal discipline, and eliminating wastage and inefficiencies in the use of taxpayers' money.

432. Madam Speaker, Budget 2016/17 states very clearly that prosperity will get back in its stride.

433. Madam Speaker, at times in our nation's history we must dare to push the boundaries. This time has come for us. Let us all join hands and come together as a nation to take our country to this new era of development.

434. I now commend the Bill to the House.

ANNEX

TO

THE BUDGET SPEECH

2016 – 2017

BUDGET MEASURES

EXPLANATORY NOTES

MAIN PROVISIONS TO BE INCLUDED IN -

THE FINANCE (MISCELLANEOUS PROVISIONS) BILL 2016

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PART A - TAXATION AND PUBLIC FINANCE

A.1. Income Tax

(a) Income Exemption Thresholds

Increase in the income exemption thresholds by Rs 10,000 effective as from income year starting on 1st July 2016.

	FROM	TO
Individual with no dependent	Rs 285,000	Rs 295,000
Individual with one dependent	Rs 395,000	Rs 405,000
Individual with two dependents	Rs 455,000	Rs 465,000
Individual with three or more dependents	Rs 495,000	Rs 505,000
Retired/disabled person with no dependent	Rs 335,000	Rs 345,000
Retired/disabled person with dependents	Rs 445,000	Rs 455,000

(b) Other Exemptions and Reliefs

(i) Additional Exemption - Child Pursuing Tertiary Education

Currently, a taxpayer can claim an additional exemption of up to Rs 135,000 in respect of a dependent child who is pursuing tertiary education if the amount of tuition fees payable to the education institution exceeds Rs 44,500. This criteria is lowered to Rs 34,800.

(ii) Interest relief on secured housing loan

A first-time home-owner is allowed to deduct from his taxable income the interests he paid on a secured housing loan that was contracted on or after 1st July 2006. As from the income year 2016/17, this date restriction is removed.

(iii) The Income Eligibility Criteria

The income eligibility criteria for a taxpayer to benefit from the above 2 deductions namely the additional exemption in respect of a child pursuing tertiary education and interest relief on secured housing loan is raised from Rs 2 million to Rs 4 million.

(iv) Exempt Income

Emoluments derived by a seafarer employed on a vessel registered in Mauritius or on a foreign vessel will be exempted from income tax.

A co-operative society will be exempted from payment of income tax in respect of income derived from non-sugar agricultural activities.

(c) Income Tax holiday

(i) SMEs

An 8-year income tax holiday is presently granted to a newly incorporated small company registered with the Small and Medium Enterprises Development Authority (SMEDA) and qualifying under a scheme approved by Government under section 5A of the Small and Medium Enterprises Development Authority Act.

Currently, qualifying activities approved by Government are as follows:

- ICT and other export services
- manufacturing
- bio-farming and other value added agri-business activities
- aqua-culture and other value added ocean economy related activities
- renewable and green energy
- handicrafts
- other productive sectors that will create employment

The 8-year tax holiday in respect of business income is being extended to new enterprises set up by individuals or co-operative societies qualifying under the scheme and registered with SMEDA.

Existing enterprises registered with SMEDA with a turnover of less than Rs 10 million and engaged in qualifying activities under the same scheme will be given a 4-year tax holiday in respect of their business income. The tax holiday will start as from the year of assessment 2016/17.

(ii) Global Business Companies

- Corporate tax holiday of 8 years to a Global Headquarters Administration company licensed by the Financial Services Commission (FSC) and meeting conditions of minimum employment and substance.
- Corporate tax holiday of 5 years to a company providing Treasury Management Centre services licensed by FSC and meeting conditions of minimum employment and substance.
- Personal income tax holiday of 5 years to an Asset and Fund Manager licensed by the FSC and managing a minimum asset base of USD 100 million.
- Personal and corporate tax holiday of 5 years to Foreign Ultra High Net Worth Individuals' investing a minimum of USD 25 million in Mauritius.
- Corporate tax holiday of 5 years to law firms which set up their regional offices in Mauritius to provide legal advisory and international arbitration services to global business clients.
- Corporate tax holiday of 5 years for investment banks issued with an 'Investment Banking and Corporate Advisory Licence' and regulated by the FSC.
- Corporate tax holiday of 5 years to Overseas Family Corporations licensed by the FSC.

(iii) Industrial Fishing Companies

An 8 - year tax holiday will be introduced under a new incentive scheme to attract industrial fishing companies.

(d) Investment Tax Credit

An investment tax credit of 5 percent over 3 years (i.e. 15% in total) is granted in respect of expenditure in new plant and machinery (excluding motor cars) to companies engaged in the manufacturing of textiles; wearing apparels; computers, electronic or optical products; electrical equipment; furniture; jewellery and bijouterie; medical and dental instruments, devices and supplies; pharmaceuticals or medicinal chemicals; ships and boats; or in the production of films.

With effect from financial year 2016/17, the investment tax credit is being amended as follows:

- (i) the minimum amount of investment of Rs 100 million in a year to qualify for the credit is being removed;
- (ii) the number of years any unrelieved investment tax credit may be carried forward is being extended;
- (iii) the investment window is being extended up to the financial year 2019/20; and
- (iv) a company engaged in the manufacturing of textiles; wearing apparels; ships and boats; computers; pharmaceuticals; or in the production of film will benefit from an enhanced rate of investment tax credit of 15 percent over 3 years, that is the company will be allowed to offset against its tax liability 45 percent of the amount of capital expenditure incurred on new plant and machinery.

Furthermore, the enhanced investment tax credit of 15 percent per annum over 3 years will also apply in respect of the investment made by a company in the share capital of a subsidiary company engaged primarily in the setting up and management of an accredited business incubator capped at Rs 20 million investment.

(e) Carry Forward of Unrelieved Income Tax Losses

The transfer of accumulated losses from an acquiree company to an acquiring company is currently allowed on the takeover or a merger of a **manufacturing company** provided that conditions relating to safeguard of employment are complied with.

This facility will be extended to cover:

- (i) cases where the acquiree company is not dissolved but remains in operation as a going concern; and
- (ii) the takeover of a company or transfer of undertaking which has been deemed to be in the public interest under the Land (Duties and Taxes) Act

A.2. Property Taxes

(a) Exemption from Registration Duty on Acquisition of a Newly-Built Dwelling

A Mauritian who acquires a newly built dwelling during the period from 1st September 2016 to 30th June 2020 for an amount not exceeding Rs 6 million will be eligible to full exemption from registration duty.

The exemption will also be granted if the dwelling is purchased on the basis of a plan or during construction (i.e. under vente à terme or vente en l'état futur d'achèvement).

This exemption will not apply to a property on Pas Géométriques or within the Integrated Resort Scheme, Real Estate Scheme, Property Development Scheme or Invest Hotel Scheme.

(b) Exemption from Land Transfer Tax to a promoter undertaking construction of housing projects for Mauritians.

The upper limit of Rs 4 million of the value of a residence in a project registered with the Mauritius Revenue Authority (MRA) under the Construction of Housing Estate Scheme is being raised to Rs 6 million.

This amendment will allow promoters to build and sell residential units of up to Rs 6 million free of land transfer tax provided the sale is made to a Mauritian before 30th June 2020. No registration duty and land transfer tax is payable on acquisition of land for such a project.

Moreover, it is clarified that, this Scheme will not apply to a property on Pas Géométriques or within the Integrated Resort Scheme, Real Estate Scheme, Property Development Scheme or Invest Hotel Scheme.

(c) Exemption from Registration Duty to first time buyers acquiring land for building his house

The first time buyer exemption in relation to acquisition of bare residential land is being amended as follows:

- (i) the registration duty exemption will apply in respect of the **first** Rs 2 million of land value provided the acreage does not exceed 20 perches instead of the current limit of Rs 1.5 million on value of land;
- (ii) a Mauritian who in the past may have purchased a residential property but did not own any as at 29th July 2016 will qualify as a first time buyer; and
- (iii) no age restriction will apply.

(d) VAT Refund to a Mauritian constructing his house or buying a new residence from a Property Developer.

The VAT refund scheme applicable on the construction of a new dwelling or acquisition of a newly built apartment is being amended as follows:

- (i) on production of relevant VAT receipts, the MRA will refund VAT incurred by a person on the construction of his house subject to a cap based on floor area;
- (ii) a person will be allowed to purchase a house from a property developer instead of being currently restricted to an apartment;

- (iii) the upper limit in relation to the cost of construction of a residence or the purchase price of a residence is being raised from Rs 2.5 million to Rs 4 million and size restriction is removed;
- (iv) the aggregate limit on the amount of refund will be raised from Rs 300,000 to Rs 500,000;
- (v) the household income eligibility threshold for the refund will be raised from Rs 650,000 per annum to Rs 2 million per annum;
- (vi) construction on top of an existing building will be allowed; and
- (vii) construction of a residential building or residential apartment must be completed by 30th June 2020.

No refund will be made in relation to a property on Pas Géométriques or within the Integrated Resort Scheme, Real Estate Scheme, Property Development Scheme, Invest Hotel Scheme or Smart City Scheme.

(e) Exemption from Registration Duty on Registration of a Secured Housing Loan

No registration duty will be payable on the registration of a secured housing loan contracted by a Mauritian if the loan amount is below Rs 2 million instead of the current threshold of Rs 1 million.

(f) Exemption of Land Transfer Tax on the Provision of Social Housing to Employees

An employer who provides free social housing to his employee on land not exceeding 7 perches, will be eligible to exemption from land transfer tax.

A.3. Customs Duty

(a) Customs Tariff Rates

The following changes are being made in customs tariffs with effect as from 30th July 2016:

	From	To
Men's or boys' suits	Rs 165/unit	0%
Suit type jackets and blazers	Rs 130/unit	0%
Women's or girls' suits	Rs 65/unit	0%
Track suits	Rs 30/unit	0%
Trousers, breeches and shorts	Rs 30/unit	0%
Shirts, skirts, blouses, tops and dresses	Rs 30/unit	0%
T-shirts and singlets	Rs 15/unit	0%
Baby diapers	15%	0%
Baby wipes	30%	0%
Dolls and toys representing animals	15%	0%
Lighting sets	15%	0%
Table, kitchen and other household articles of aluminium, porcelain and china	15%	0%
Glass mirrors	15%	0%
Drinking glasses	15%	0%
Building materials of glass (glass cubes, paving blocks etc.)	15%	0%

	From	To
Coated wires and electrodes	15%	0%
Motor vehicle engines and parts thereof	15%	0%
Pumps for dispensing fuel or lubricants for filling stations or garages	15%	0%
Primary cells and batteries	15%	0%
Lead acid electric accumulators	15%	0%
Electric heating apparatus	15%	0%
Trailers and semi-trailers	15%	0%
Horses	Rs 30,000/unit	0%
Statuettes	10%	0%
Sugar	0%	15%
Spirituous products	15%	30%

(b) Exemptions

The following will be exempted from customs duty:

- (i) materials used in the manufacture of medical devices; and
- (ii) lighting equipment used in film making.

A.4. Excise Duty

(a) Alcoholic products

Effective as from 30th July 2016, the following rates of excise duty on alcoholic products will be applicable:

	Current	New
Beer (per litre)	Rs 35.90	Rs 37.70
Spirit cooler (per litre)	Rs 44.70	Rs 49.20
Fruit wine (per litre)	Rs 27.80	Rs 30.60
Made wine (per litre)	Rs 59.50	Rs 65.50
Wine of grapes (per litre)		
In bulk for bottling purposes	Rs 95.70	Rs 105.30
In bottle	Rs 168.00	Rs 184.80
Champagne (per litre)	Rs 800.00	Rs 880.00
Rum (per litre of absolute alcohol)	Rs 471.00	Rs 518.10
Cane spirits (per litre of absolute alcohol)	Rs 471.00	Rs 518.10
Whisky (per litre of absolute alcohol)		
In bulk for bottling purposes	Rs 910.00	Rs 1,001.00
In bottle	Rs 1,455.00	Rs 1,600.50
Liqueur (per litre of absolute alcohol)	Rs 320.00	Rs 352.00

(b) Tobacco products

Effective as from 30th July 2016, the following rates of excise duty on tobacco products will be applicable:

	Current	New
Cigars (per kg)	Rs 12,845	Rs 16,056
Cigarillos (per thousand)	Rs 7,500	Rs 9,375
Cigarettes (per thousand)	Rs 3,717	Rs 4,646

(c) Sugar sweetened beverages

Presently, an excise duty of 3 cents per gram on sugar content is applicable on aerated beverages, syrups and fruit drinks. With effect from 1st October 2016, the duty is being extended to cover milk-based products such as “Perette”, “Yop” and “Dahi”, juices and other sweetened beverages.

(d) Energy inefficient appliances

The 25 percent levy on inefficient products is being extended to cover washing machines, mercury vapour lamps, sodium high pressure lamps and metal halide lamps.

In addition, to ensure that the appliances on the market are more efficient, the threshold for the application of the levy is being revised upwards. The measure will be effective as from 1st February 2017.

(e) Pesticides

A 15 percent levy is being introduced with effect from 30th July 2016, on insecticides, herbicides and fruit ripeners to curb their excessive use.

A.5. Motor Vehicles

(a) Suspension of the CO₂ levy/rebate scheme

A number of operational and litigation issues have hindered the proper functioning of the CO₂ levy/rebate scheme on motor cars, including different standards for the measurement of CO₂ emission and unreliable CO₂ values for the computation of the amount of levy or rebate. The CO₂ levy/rebate scheme is accordingly being suspended.

(b) Rates of excise duty

As a consequence of the suspension of the above scheme, the excise duty structure for motor cars will be adjusted as follows:

Type of motor car and cylinder capacity (c.c.)	Current	New
Conventional motor cars:		
Up to 550 c.c.	15%	0%
551 - 1,000 c.c.	55%	45%
1,001 - 1,600 c.c.	55%	50%
1,601 - 2,000 c.c.	75%	75% (no change)
Above 2,000 c.c.	100%	100% (no change)
Hybrid motor cars:		
Up to 1,600 c.c.	55%	25%
1,600 - 2,000 c.c.	75%	45%
Above 2,000 c.c.	100%	70%
Electric cars:		
Up to 180 Kw	25%	0%
Above 180 Kw	25%	25% (no change)

(c) Determination of the import value of imported second hand motor cars

The import value of a second hand motor car for excise duty purposes is based either (a) on the import value of a new motor car of the same make and model or (b) on the reference market price obtaining in the source country. In case of the latter, that market price is adjusted by a percentage factor (known as 'adjustment factor') to obtain the 'import value'. The new adjustment factor will be 5 percent instead of 25 percent (except for Thailand where it is 40 percent).

(d) Depreciation for imported second-hand cars

The maximum depreciation allowable in the determination of the import value of second-hand cars is being lowered from 56 percent to 50 percent.

(e) Effective date

The above measures will be effective as from 30th July 2016. However, for previous changes in motor vehicle taxation, a transitional provision is being made. The current regimes for CO₂ levy/rebate scheme, excise duty and adjustment factor will continue to apply to a motor car already in a bonded warehouse or which has already been shipped or in respect of which an application for import permit has already been made on or before 29th July 2016. However, the motor car will have to be cleared from Customs within 3 months.

(f) Registration duty on electric vehicles

The registration duty payable on an electric car is being lowered as follows:

Electric engine power (kW)	Existing	New
Not exceeding 27.5 kW	Rs 8,100	Rs 8,100
From 27.6 kW to 40.0 kW	Rs 16,300	
From 40.1 kW to 52.5 kW	Rs 26,000	
From 52.6 kW to 57.5 kW	Rs 32,500	
From 57.6 kW to 65.0 kW	Rs 39,000	
From 65.1 kW to 70.0 kW	Rs 58,500	
From 70.1 kW to 77.5 kW	Rs 58,500	Rs 16,300
From 77.6 kW to 95.0 kW	Rs 78,000	
From 95.1 kW to 102.5 kW	Rs 78,000	Rs 26,000
From 102.6 kW to 125.0 kW	Rs 97,500	
From 125.1 kW to 150.0 kW	Rs 97,500	Rs 32,500
From 150.1 kW to 180.0 kW	Rs 97,500	Rs 39,000
Exceeding 180.0 kW	Rs 97,500	Rs 97,500 (no change)

A.6. Value Added Tax

(a) VAT is being removed on the following products:

- Breakfast cereals
- Photovoltaic inverters/batteries
- CCTV camera systems, including CCTV digital video recorders
- Burglar alarm systems and sensors
- 3D printer
- locally manufactured bus bodies built on semi low-floor chassis
- Hospital beds with mechanical or electrical fittings
- Commode chairs with toilet bowls
- Briefs for incontinent persons
- Urinary and fecal incontinence bags
- Motor vehicles examination fee (fitness) for a period of one year
- Plant, machinery and equipment to be used in the exploration and mining of seabed minerals

(b) Entrance fee

Entrance fee to an aquarium of international standard will be made zero-rated for VAT purposes for a defined period and subject to investment conditions.

(c) VAT Refund Scheme

The list of equipment under the VAT Refund Scheme for small planters is being extended to include the following items:

- (i) Fencing and poles;
- (ii) Insect/bird proof nets;
- (iii) Protective masks;
- (iv) PH meters and EC meters; and
- (v) Bush cutters

A.7. Gambling

The Gambling Regulatory Authority Act will be amended to:-

- (a) introduce a 2 percent levy on the net stakes of all licensees, except the Mauritius National Lottery Operator, to finance projects to be undertaken under the Responsible Gambling and Capacity Building Fund;
- (b) make provision for a number of Central Electronic Monitoring Systems to have multiple softwares for the purpose of recording, monitoring and control of lottery games, VLTs, gaming machines, limited payout machines, gambling activities and betting and gaming transactions;
- (c) set up the necessary legal and operational framework for the introduction of on-line betting games for non-resident and foreign punters. A tax of 30 percent will be imposed on winnings;
- (d) allow for new games to be organised in hotels for non-residents and foreigners;
- (e) increase the betting duty for bookmakers operating outside the racecourse from Rs 16,000 to Rs 30,000 in respect of each race meeting; and
- (f) set up a Lotto Fund to finance schemes or projects relating to promotion of sports, arts and culture and protection of national heritage.

A.8. Tax Administration

(a) Tax Administration: General

(i) Collection of Social Security Contributions by MRA

Employers currently at the end of each month remit, PAYE withheld on emoluments of employees, to the MRA and pay their pension contributions to the National Pensions Fund and National Savings Fund as well as the Training Levy through the Ministry of Social Security, National Solidarity and Reform Institutions. In order to reduce the hassles to employers, this collection function is being centralised at the level of MRA. The MRA will collect at no cost to the

Ministry, the social security contributions of employers. This will allow employers to benefit from the wide ranging e-services and e-payment facilities developed by the MRA.

At the same time, Government will benefit from the single and harmonised collection system in terms of reduced cost, enhanced compliance, MRA audits and recovery of arrears by both the MRA and the Ministry of Social Security.

A joint MRA and Ministry of Social Security Committee is working on the implementation modalities.

(ii) Recovery of Registrar-General's Department Tax Arrears by MRA

Pending the integration of the Registrar-General's Department under the MRA announced in the Budget Speech, appropriate legislative amendments will be made to use the more extensive and efficient powers of the MRA to recover arrears of revenue on behalf of the Registrar-General's Department.

(iii) Alternative Dispute Resolution

An Alternative Dispute Resolution mechanism will be set up at the level of MRA to expedite tax appeal cases exceeding Rs 10 million with the exception of disputes relating to Customs and Excise. A taxpayer who is aggrieved by the decision of MRA to raise an assessment or who has appealed to the Assessment Review Committee, the Supreme Court or the Privy Council may apply for the dispute to be dealt under the Alternative Dispute Resolution mechanism.

If the Director-General agrees to the request based on established criteria, he will set up an Alternative Dispute Resolution Panel chaired by a person who has not been involved in the dispute. There will be 2 other members, one of whom will be from the Attorney-General's Office. Any appeal at the level of the Assessment Review Committee, Supreme Court or Privy Council will continue concurrently.

Upon an agreement being reached with the panel, it will be final, conclusive and binding on the parties and the taxpayer will be required to withdraw his appeal before any other appeal body.

If no agreement is reached within 6 months, the dispute will continue to follow the normal objection and appeal process.

(iv) Definition of 'Fraud' for the purpose of Revenue Administration

For the purpose of administering revenue laws, 'fraud' will be defined to include cases of non-submission of tax returns. This will allow MRA to raise assessments beyond the 3 years statutory limit in case a tax payer has not submitted a tax return provided the MRA obtains the authorisation of the Independent Tax Panel under the Assessment Review Committee.

(v) Tax Clearance Certificate from MRA before allocation of Government contracts exceeding Rs 5 million

The Public Procurement Regulations will be amended to require a contractor to provide a tax clearance certificate from the MRA confirming that he has filed his tax returns and paid tax before being allocated government contracts exceeding Rs 5 million.

(b) Tax Administration: Income Tax

(i) Tax Deduction at Source (TDS)

Tax deduction at source will be extended to:

- (a) services provided by accountants and tax advisers; and
- (b) management fees paid to individuals.

As regards tax deduction at source applicable on non-resident entertainers and sportspersons, the 10 percent withholding rate will be made final and an individual will also be required to withhold tax in relation thereto.

(ii) Statement of Assets and Liabilities by High Net Worth Individuals

The MRA will be allowed to request an individual with net income exceeding Rs 15 million in a year or having assets exceeding Rs 50 million to submit a Statement of Assets and Liabilities.

(iii) Time limit for Submission of Amended Income Tax Returns

A time limit of 2 years is being introduced for submission of amended income tax returns both by individuals and corporates. However, this time limit will not apply to arrears of emoluments paid by an employer. In such cases, an employee will be allowed to submit amended income tax returns to offset emoluments accruing in those years against any unused income exemption threshold and other deductions.

(iv) Filing of PAYE returns by employers

An employer will be required to give to MRA in its monthly PAYE return the amount of PAYE withheld per employee together with his National Identity Number. Likewise, in the return for tax deduction at source, the Business Registration Number or National Identity Number of the payee will be required.

Furthermore, in the annual return of employees, an employer will be required to give details on income paid to all employees, irrespective of whether PAYE has been deducted or not.

(v) Penalties

- A penalty will be introduced on losses or refund over-claimed.
- The reduced penalty provisions granted to a small enterprise having a turnover not exceeding Rs 10 million will also apply to individuals who are not in business. The maximum amount of penalty will be accordingly reduced from Rs 20,000 to Rs 5,000 and the penalty in case of late payment of taxes will be lowered from 5 percent to 2 percent.
- A taxpayer will henceforth be allowed in his income tax return to express doubt about the interpretation and application of the law regarding any item

to be included in his income tax return and the taxpayer will be treated as having made a full and true disclosure. Such a disclosure will grant the taxpayer protection from penalties and interest in respect of that particular item where a genuine doubt has been expressed.

- The tax residency certificate fee applicable to an individual will be fixed at Rs 1,000.
- Instead of an income tax return, only a declaration will be required for companies which are not in operation. This facility will not apply to a company holding a Category 1 Global Business Licence or a trust.

(c) Tax Administration: Customs

- (i) Any vessel engaged in the delivery of bunker fuel within the port limit will be exempted from excise duty and VAT as in the case for export of bunker fuel.
- (ii) In line with the provisions of the COMESA Customs Management Regulations, the time limit for payment of duties and taxes in respect of a validated Bill of Entry is being reduced from 21 to 14 days. Presently, some 98 percent of payments are effected within 14 days.
- (iii) A 5 percent penalty and 0.5 percent interest per month will be charged for late payment of unpaid duty, as is currently applicable in other revenue laws.
- (iv) With a view to enhancing agency cooperation through sharing of information, the Customs Act will be amended to authorise the MRA to provide information on import and export data to a public agency, parastatal body or any authorised body.
- (v) To facilitate the processing of documents before the arrival of goods by operators in the logistics sector, including shipping lines, freight forwarders and MRA Customs, the master of a ship will henceforth be required to submit a manifest within 24 hours after loading in each port of departure instead of a full and complete manifest 24 hours before the arrival of goods.

- (vi) Presently, a fee of Rs 300 is charged in respect of **each amendment** made to a manifest. Henceforth, the fee to amend a manifest will be on **a consignment basis**, irrespective of the number of amendments made.
- (vii) Notice of auctioning of goods by the Mauritius Revenue Authority (MRA) will be posted in its website. Bidding for goods will be made electronically through a customs e-auction system.
- (viii) Clearance of goods suspected to be counterfeit by the MRA will be suspended for up to 21 days instead of 3 days to allow sufficient time for the MRA to inform the owner or authorized user and for the latter to respond accordingly.
- (ix) The period of warehousing of goods will be reduced phase-wise from 42 months to 33 months as from 1 September 2016 and to 24 months as from 1st September 2017. A grandfathering provision will be made for goods warehoused before 1st September 2016.
- (x) The duties and obligations of a freight forwarding agent and broker relating to the clearance of goods will be clearly defined in regulations.
- (xi) Provisions relating to cross border transportation of currency will be reviewed.
- (xii) The time limit to initiate proceedings for the recovery of taxes and penalties under the customs laws, which is presently 5 years, is being removed.
- (xiii) The automation of the warehousing process of goods implemented in bonded warehouses last year is being extended to cover shops under the Deferred Duty and Tax Scheme and Duty-Free shops.
- (xiv) The procedure for compounding of customs offences is being aligned with other revenue laws. A Committee, chaired by the Director-General of the MRA and comprising three senior officers, will decide on cases which may be considered for compounding and submit its conclusions to the Director of Public Prosecutions for his recommendations.

- (xv) It will be mandatory for payment of customs duty, excise duty and VAT amount to Rs 50,000 or more to be effected electronically. This will reduce cost and dwell time for both operators and the customs administrations.
- (xvi) In case of death of a beneficiary of duty exemption facilities on a motor vehicle and transfer of the motor vehicle in the name of his heirs within the 4-year duty liability period, the heirs will not be liable to pay remaining proportionate excise duties, provided that the motor vehicle is not disposed of within that period.

(d) Tax Administration: Excise

- (i) The definitions of alcoholic beverage, cider, perry and sparkling wine are being aligned with the definitions in the Food Regulations.
- (ii) In line with the requirements of our export market, the minimum ageing period for rum to be considered as “matured” is being reduced from 3 to 2 years.
- (iii) A distiller-bottler will be allowed to manufacture combustible fuels and other bio-fuels from residual of alcohol.
- (iv) In line with the one-stop-shop concept, liquor licences in respect of tourism activities (hotels, guest houses, tourist residences, restaurants etc.) will be issued by the Tourism Authority instead of the MRA.
- (v) The automation of the warehousing process of goods implemented in bonded warehouses last year is being extended to cover excise warehouses.

(e) Tax Administration: Value Added Tax

- (i) It is being clarified that where there is a supply of a good or service, the supply will be subject to VAT even if an invoice has not been issued nor payment made.
- (ii) In order to ensure a level playing field between domestic and foreign businesses providing services in Mauritius, non VAT-registered persons

who source services from abroad will be required to incorporate VAT on the services sourced and remit same to MRA. This will not apply to a bank carrying on business wholly and exclusively with non-residents and a licensee under the Financial Services Act.

- (iii) Where a person voluntarily deregisters or his registration is cancelled, the MRA will not claim VAT on the stock of goods held and will not refund any excess of input tax over output tax for the last taxable period.
- (iv) To discourage excessive claim of input tax, a penalty of 20 percent of the amount over-claimed is being introduced. The penalty will not exceed Rs 100,000.
- (v) The amount payable by a taxpayer at the time of lodging an objection to a tax claim made by the MRA is being reviewed.

A.9. Public Debt Management Act

The Public Debt Management Act will be amended to provide:

- (a) that proceeds from the issuance of securities to support monetary policy objectives will be deposited at the Bank of Mauritius and used only for redemption of such securities;
- (b) for reviewing the debt management strategy annually on a rolling basis and making it public; and
- (c) the purposes for which borrowings can be made on behalf of Government.

A.10. Public Financial Management

(a) Performance Management and Reporting

(i) E-budgeting

The budget preparation and monitoring process is being modernised. The e-budgeting system will be fully deployed in all Ministries/Departments during the year.

(ii) Performance information

The key actions, the key performance indicators (KPIs) as well as the targets set for the financial year for each Ministry/Department are specified in the Budget Estimates document. Each Ministry/ Department will also be required to set additional KPIs for its internal performance management and put in place an effective performance monitoring and reporting system

(iii) Dashboard and Scorecard

The e-budgeting system has a Business Intelligence Module which, associated with the Treasury Accounting System (TAS), will enable an Accounting Officer to follow on-line the financial as well as the non-financial performance of the Ministry/Department. In particular, the Module provides a dashboard which generates a visual representation of progress towards attainment of set objectives and deliverables.

(iv) Annual Reporting

As required in the Finance and Audit (Amendment) Act 2015, every Ministry/Department will have to submit an Annual Report on Performance to the Minister of Finance and Economic Development (MOFED) by October 2017 in respect of its performance (financial & non-financial) for the fiscal year 2016/17 as well as on its strategic direction in respect of the following 3 fiscal years.

The Annual Report on Performance will focus on achievements of the Ministry/ Department in relation to Government Programme and implementations progress in respect of budget measures and the key actions outlined in the Budget Estimates Document. In this context, guidelines on the preparation of the performance report will be issued by MOFED by October 2016.

To ease the process and develop capacity on performance reporting, selected Ministries/Departments will be assisted to prepare their reports for fiscal year 2015/16 on a pilot basis.

(b) Public Sector Efficiency Bureau

(i) Expenditure Reviews

The Public Sector Efficiency Bureau will be re-engineered to assist Ministries/ Departments review their spending plans with a view to reducing wasteful expenditures and promoting efficient use of taxpayer's money. It will also carry out financial management audit and system reviews to ensure effective public service delivery.

(ii) Expert Skills

A scheme will be set up to enable Ministries/ Departments attract specialized skills for the implementation of the Government Programme. Moreover, with a view to improving public service delivery, Ministries/ Departments will also be able to attract and retain technical/professional services in other priority areas.

In particular, the services of dedicated Chief Information Officers will be retained on contract basis to support Ministries/ Departments in the management and implementation of their e-projects.

(c) Institutional Reforms

A major reform programme of public sector bodies covering para-statal and public corporations will be launched.

Organisations having similar roles and functions will be consolidated for greater synergies and more effective service delivery and avoiding unnecessary duplication.

All loss making and heavily indebted public sector bodies will be required to submit their turnaround plan to MOFED by October this year.

The **Public Enterprise Information Management System** (PIMS), transferred from the Office of Public Sector Governance (OPSG) to MOFED, will be upgraded into a dynamic database to capture updated financial and non-financial information in respect of public enterprises for timely and regular monitoring of their

performance and better assessment of their fiscal risks. All relevant stakeholders will have access to PIMS.

Furthermore, a Manual for Corporate Governance for State-Owned Enterprises (SOEs) will be developed to guide them in the implementation of best practices on corporate governance and thus improve their effectiveness.

(d) Fiscal Risks Assessment Matrix

Fiscal risks and contingent liabilities arising from the implementation of projects, legal claims, pension liabilities and Government guarantees will be closely monitored and evaluated by the MOFED.

In particular, the Public Private Partnership Fiscal Risk Assessment Model (P-FRAM), which is a diagnostic tool, will be used to assess the potential fiscal risks associated with Build, Operate and Transfer (BOT) and Public Private Partnership (PPP) project in developing the Fiscal Risk Assessment Matrix.

(e) Statutory Bodies (Accounts and Audit) Act

The Statutory Bodies (Accounts & Audit) Act will be amended to allow a Statutory Body to transfer exceptional operating surplus or accumulated revenue reserve arising from special circumstances to the Consolidated Fund.

(f) Asset Register

An Asset Register will be developed and maintained by the Treasury to improve recording of public assets. This will help in the determination of the public assets value, budgeting for asset management including acquisition, upgrading, maintenance and disposal. It will manage the accounting and reporting of assets in Government.

(g) Public Investment Management Framework

The Public Investment Management Framework is further being enhanced. Such reforms will centre on improving speed of implementation, transparency in procurement and obtaining value for money from capital projects.

(h) Asset Management

The public sector is facing a challenge in the management and preservation of its physical infrastructure and asset. There is a gap in the system wherein after an asset has been acquired, there is no proper framework for its preservation and maintenance. A Multi-disciplinary Team will be constituted to develop a framework for asset management based on best practices and standards.

(i) Maintenance Expenditure Plan

With a view to preserving the useful economic life and avoiding early deterioration of public assets, Ministries/Departments will have to prepare and submit their yearly maintenance expenditure plan to the Multi-disciplinary Team on asset management.

(j) Project Implementation Unit

In order to manage the planning and implementation of capital projects, Project Implementation Units (PIUs) will be set up initially in 5 large Ministries/Departments.

(k) Improving and Expediting Procurement

(i) Framework Agreement

Ministries/Departments will have the option to procure the services of consultants and contractors, outside the public sector, for the implementation of projects costing up to Rs 25 Million under Framework Agreements.

(ii) Use of Operating Lease

Ministries/Departments will be allowed to procure assets under the Operating Lease Method for better efficiency.

PART B - OTHER BUDGET MEASURES

B.1. Banking

(a) National Payment Systems Bill

A National Payment Systems Bill will be introduced to provide for a comprehensive legislation on payment systems in Mauritius and the setting up of a National Payment Switch, among others.

(b) Deposit Insurance Scheme

A Deposit Insurance Scheme legislation will be introduced to protect depositors and guarantee the repayment of their deposits to such extent as may be feasible, in case of failure of a bank or non-bank deposit taking institution licensed by the Bank of Mauritius.

(c) Asset Management Company

Enactment of a legislation to set up an Asset Management Company which will take over, in a phased manner, non-performing loans from banks which have been secured by residential and commercial property.

(d) Bank of Mauritius Act

The Bank of Mauritius Act will be amended to:

- (i) grant central authority over bank holding companies and allow the Bank of Mauritius (BoM) to monitor intra group transactions and those between the group entities and related parties;
- (ii) abolish the Banking Services Review Panel;
- (iii) include the Minister of Financial Services, Good Governance and Institutional Reforms as a member of the Financial Stability Committee;
- (iv) allow the reproduction of currency notes, bank notes and coins for educational and informational purposes;

- (v) provide for currency notes and coins to be issued after concurrence, instead of consultation, of the Minister of Finance; and
- (vi) allow the BoM to:
 - (a) grant advances to financial institutions and such other entities only against securities issued by Government or the BoM instead of *“against such guarantee as the Board may determine”*;
 - (b) lease its old building to public agencies. The BoM Act currently prohibits BoM to purchase or lease immovable property;
 - (c) extend the power to execute documents of the BoM to the Secretary and such other officers as may be approved by the Board;
 - (d) issue Rules without approval of the Minister as is the case for the Financial Services Commission;
 - (e) coordinate and collaborate with the Financial Services Commission and Statistics Mauritius with a view to harmonising the rules and practices governing the collection, compilation and distribution of statistics; and
 - (f) use data maintained in the Mauritius Credit Information Bureau for supervisory purposes and financial stability assessment.

(e) Banking Act

The Banking Act will be amended:

- (i) to remove “investment banking business” from the definition of “bank” so that only the Financial Services Commission (FSC) regulates this business. Consequential amendments will also be made to the Financial Services Act accordingly;
- (ii) to require a foreign bank willing to establish a branch or a subsidiary in Mauritius, to provide a statement of no objection from the regulatory

- authority in the applicant's country for the foreign bank to carry out banking business in Mauritius;
- (iii) to remove the supervision of credit unions from the purview of the Bank of Mauritius;
 - (iv) for subsidiaries of financial institutions incorporated outside Mauritius to submit to the BoM within one month after publication, a copy of their audited annual consolidated financial statements;
 - (v) to make it mandatory for banks to rotate audit firms every 5 years instead of partners in a firm of auditors;
 - (vi) to allow a financial institution to make disclosures to its parent company or head office with regard to its affairs and client portfolio;
 - (vii) to provide for a receiver to discontinue the operations of a bank which has been placed into receivership instead of continuing its operations as may be done currently;
 - (viii) to disallow the receiver from restoring the financial institution back to its Board of Directors, since the latter bears the responsibility of bringing the financial institution into receivership;
 - (ix) to enable a simplified licensing procedure for a temporary financial institution to take over the assets and liabilities of a financial institution which has been put into receivership by the BoM;
 - (x) to restore the operation of a temporary financial institution to a maximum of 2 years instead of being determined by the central bank;
 - (xi) to provide for the provisions of the Banking Act to prevail in the event of any conflict or inconsistency with provisions of other laws, other than the Bank of Mauritius Act; and

(xii) to empower the BoM to :-

- (a) issue specific guidelines and/or instructions to ultimate and/or intermediate financial holding companies incorporated in Mauritius that have at least one subsidiary that is a bank or a non-bank deposit taking institutions which is classified as systemically important;
- (b) refuse an application for a banking licence from a group which already has a banking licence and is predominantly engaged in banking activities; and
- (c) carry out an independent valuation of the assets of a bank which holds collateral.

The fees payable by money changers under the Banking (Processing and Licence Fees) Regulations will be reviewed.

B.2. Non-Bank Financial Services

(a) Enhancing business facilitation

To enhance business facilitation, a standardised centralised online KYC database will be introduced for the non-bank financial services sector. This database will be managed by the Financial Services Commission and service providers in the non-bank financial services sector will have access to the database to facilitate execution of transactions.

For enhanced substance, the spectrum of products and services provided by the jurisdiction will be broadened by:

- (i) setting up Treasury Centres and Regional Headquarters;
- (ii) developing Mauritius as the Renminbi clearing centre for the African region to capture trade, investment and financial flows between Africa and China; and
- (iii) promoting Mauritius as a centre for clearing of African currencies and securities.

(b) Financial Services Act

The Financial Services Act will be amended to allow the Financial Services Commission to:-

- (i) issue a new Global Legal Advisory Licence to cater for flagship international law firms to set up their regional offices and operations in Mauritius to provide legal advisory services on international and domestic transactions. These law firms will not be allowed to litigate in Mauritius;
- (ii) introduce a Family Corporation licence to allow high net worth foreigners and their dependents to benefit from residency;
- (iii) introduce Online Licensing in order to reduce the lead time in the application process for licensees; and
- (iv) regulate securities for Preferential Offer Rules including Private Placement Schemes for 25 investors or more who individually invest Rs 1 million. Private placements, as approved by the FSC, will also be allowed to list on the local exchange.

(c) Financial Reporting Act

The Financial Reporting Act will be amended:-

- (i) to introduce a mandatory audit firm rotation policy of every 7 years for listed entities;
- (ii) to introduce the concept of penalties and fines on licensees of the Financial Reporting Council (FRC); and
- (iii) to provide for a line of reporting by the National Committee on Corporate Governance to the FRC.

(d) Borrowers Protection Act

The Borrowers Protection Act will be amended to increase the maximum sum under a credit agreement from the current limit of Rs 2 million to Rs 3 million.

B.3. Business Facilitation

(a) Facilitation of investment projects

Investors who wish to operate a private hospital, nursing home or residential care home shall register with the Board of Investment and benefit from the business facilitation services provided by the latter. The Investment Promotion Act will be amended accordingly.

(b) BLP on-line system

The BLP online system is being upgraded to enable applications for Building and Land Use Permits (BLP) to be submitted and processed electronically and determined within the statutory time frame of 14 working days. The construction plans and drawings supporting an application will also be submitted by electronic or other technological means and will be mandatory for non-residential constructions.

(c) Compliance Certificate by Local Authorities

The Building Control Act will be amended for the compliance certificate to be issued within 5 working days from the date of application.

(d) Outline Planning Permission or Building and Land Use Permit

The Local Government Act will be amended to streamline the process for issuing an Outline Planning Permission or a Building and Land Use Permit. Approval of the Minister of Local Government will only be required for development of land or construction of a building for use as a place of public worship.

(e) Occupation Permit by Investors and Self-Employed and a Residence Permit by Retired non-citizens

The current process for dealing with applications for Occupation Permits (OP) will be reviewed through the OP online system without prior registration of business or transfer of funds and be issued with an approval in principle subject to complying with the set criteria. Validation of the proposed business activity and required checks on the person will be carried out upstream.

Successful applicants will receive an approval in principle following which they will travel to Mauritius to complete the compulsory procedures before being issued with the Occupation Permit or Residence Permit.

(f) Occupation Permit application form

The application form for Occupation Permit which is presently in English will be made bilingual (English and French) similar to the application form for a passport. A single form will be filled in by the applicant for an Occupation Permit for himself and a Residence Permit for his dependents.

(g) Opening up of the economy

In the context of the opening up of the economy to foreign investors, the scope of the criteria for registration as an investor is being extended as follows:

- (i) Presently, an investor must have an annual turnover of at least Rs 4 million in each of the three years for which an occupation permit is granted to him. Given that this threshold may not be attained in the initial year of operation, the criterion is reviewed such that the turnover for the first year should be at least Rs 2 million and cumulative turnover for the subsequent two years is at least Rs 10 million.
- (ii) Investors who were already operating in Mauritius but not registered with the Board of Investment for a period of at least three years preceding an application for Occupation Permit will be able to do so provided the net asset value of their business is at least USD 100,000 and the cumulative turnover for the last three years was at least Rs 12 million with a minimum of at least Rs 2 million in any one year.
- (iii) Similarly, applicants under the investor category who have inherited a business, in case of death or incapacity of the previous investor, can register with the Board of Investment provided the net asset value of the business is at least USD 100,000 and the cumulative turnover for the last three years was at least Rs 12 million with a minimum of at least Rs 2 million in any one year.

(h) Acquisition of property for business purposes

Companies in which non-citizens in total do not hold more than 25 percent of the shareholding will not be required to seek the approval of the Prime Minister's Office when there is a transfer of property.

(i) Sharing of information

In order to enhance the exchange of information, the business registration card will also be issued in its electronic form. As such, public as well as private sector agencies shall no longer request a person to produce a copy of a business registration card. They will have online access to relevant information to ascertain the particulars of registration of businesses. Furthermore, in order to fasten the processing of applications, public sector agencies shall upon mutual agreement share information relating to businesses among themselves. The Business Registration Act will be amended accordingly.

(j) Review of the Licensing system in the Tourism Sector

The licensing system for the activities carried out in the tourism sector is being rationalised and consolidated for further facilitation.

- (i) The validity of the Pleasure Craft Licence is being extended from one to three years.
- (ii) The 3 categories of licences, namely, Pleasure Craft Licence, Boathouse Licence, and Surfing Licence will also allow an operator to conduct other sea related activities, as may be approved by the Tourism Authority.
- (iii) One single licence, consolidating activities of similar nature will be introduced thereby eliminating the requirement to apply for several separate licences to operate one single activity. The list will be determined by the Tourism Authority.
- (iv) A selection of tourist establishments will be required to apply for only one licence at the Tourism Authority to operate and sell liquor and other alcoholic beverages for consumption on the premises. As such, the requirement to

apply for a separate licence at the MRA to sell liquor and other alcoholic beverages, by a number of tourist establishments, is therefore eliminated.

- (v) The list of licence issued by the Tourism Authority is being reviewed to remove few activities which no more require an authorisation from the Tourism Authority.

The Tourism Authority Act will be amended accordingly.

(k) Building Control Act

The Building Control Act will be amended to:

- (i) emphasise that plans and drawings supporting an application for permit with respect to a proposed construction work be submitted electronically, by an architect or engineer, to the relevant local authority;
- (ii) provide for a risk-based inspection system; and
- (iii) reduce the time frame for the issue of a compliance certificate from 10 to 5 working days from the date of application.

(l) Sugar Industry Efficiency Act

Sugar Industry Efficiency Act will be amended to allow for electronic submission of applications for land conversion.

Under the Smart City Scheme, land conversion tax is payable on conversion of agricultural land for residential development. If a land owner wishes to use land conversion rights obtained under the Sugar Industry Efficiency Act in a smart city project, that part of his entitlement will be reduced by a factor. The same factor will apply if such land conversion rights have already been exercised but the land owner obtains authorization to relocate the rights to a site located within a smart city area.

(m) Morcellement Act

The Morcellement Act will be amended for morcellement permit to be issued within 5 working days from the date of approval by the Morcellement Board.

(n) Local Government Act

The Local Government Act will be amended to-

- (i) simplify the application process for an Outline Planning Permission and a building and land use permit by:
 - (a) enabling the application to be made electronically or other technological means as the Chief Executive may determine; and
 - (b) requiring the applicant to submit only one original copy of an application to the Permits and Business Monitoring Committee;
- (ii) introduce a new provision to require the Secretary of the Permits and Business Monitoring Committee to assess the completeness of an application for an Outline Planning Permission and a building and land use permit, in accordance with the guidelines. Time frames to assess the completeness of an application by the Secretary, to notify the applicant in case of incomplete applications and referring the complete applications to the members of the Permits and Business Monitoring Committee have also been set;
- (iii) remove the requirement for obtaining the stand of the Executive Committee in the process of determining an application for an Outline Planning Permission and a Building and Land Use Permit;
- (iv) require the approval of the Minister of Local Government only for development of land or construction of a building for use as a place of public worship;
- (v) review the provisions pertaining to the valuation lists as provided for under the repealed Local Government Act 1989 with a view to enabling local authorities to levy general rates until the cadastral value of a property is determine in accordance with an appropriate enactment; and
- (vi) allow municipal councils to sell the municipal land to the sitting tenants who have their housing units thereon.

(o) Info Highway

Data sharing will be promoted across Government through the operation of an Info Highway which will facilitate exchange of data among Ministries and Departments. This will reduce duplication of data to a minimum, with obvious cost and efficiency gains for all stakeholders.

Currently two Government Departments, namely the Civil Status Division of the Prime Minister's Office and the Ministry of Social Security, National Solidarity and Reform Institutions are exchanging data over the Info Highway, resulting in a much more efficient processing of pensions. Similarly, other Government departments will exchange data in a more efficient manner thereby reducing the administrative burden on citizens and businesses.

The full potential of the Info Highway will be realised when data is captured only once so that citizens and businesses are not required to submit the same information each and every time they interact with a public agency. Public agencies will also be able to leverage on the Info Highway to operate e-services, a more convenient mode of interacting with Government than the traditional counter services.

For the financial year 2016/17, some 10 systems will be integrated through the Info Highway.

B.4. Freeport

Amendments will be brought to the Freeport Act as follows:

- (a) With respect to manufacturing activities, the restriction of 80 percent of the annual export value towards Africa for all export activities undertaken in the Freeport is being reduced to 50 percent;
- (b) A new legislative framework will be worked out by the Board of Investment to enable the transition from a Freeport to a Free Zone concept; and
- (c) To review the Second Schedule to cater for companies incorporated in Mauritius and providing freeport related services outside Mauritius such as

advisory, marketing, engineering, project management, technical support and related services.

B.5. Social Benefits

(a) Harmonization of Income threshold for eligibility of in-kind assistance under Social Aid

The monthly household income threshold for eligibility for all in-kind social assistance will be Rs 30,000.

(b) Introduction of a widower's contributory pension under NPF to eliminate gender discrimination

In line with current policy to provide gender neutral services, a widower's contributory pension is being introduced to enable widowers' to benefit from pensions under NPF in respect of their spouses' contributions.

(c) Payment of National Savings Fund lump sum at age 60

The National Savings Fund Act will be amended to enable contributors of NSF, who retire before or stop being in employment before the age of 60, to encash their lump sum payments at 60.

(d) Refund of Contributions to Non-Citizens

Provision will be made for refund in case of death of non-citizens who have contributed towards the NPF, to the surviving spouse or the legal representative of the deceased insured person.

B.6. Agro- Industry

(a) Blending of Ethanol with MOGAS

The Ministry of Agro Industry and Food Security will prepare a policy framework, which will be ready before end-June 2017, on, inter-alia, the use of ethanol produced from molasses and the mandatory blending of the ethanol with MOGAS.

(b) Insurance Premium waiver for 2016 crop

Financial resources equivalent to the total amount of insurance premium payable by planters with up to 60 tons of sugar accrued in respect of the 2016 sugar crop will be made available to the Sugar Insurance Fund Board (SIFB).

(c) Abolition of the Shooting and Fishing Lease Tax

The Shooting and Fishing Lease Tax will be abolished as a consequence of the review of the lease rental of state land.

Amendment will be brought to the Shooting and Fishing Lease Act to provide for eco-tourism activities.

B.7. Healthcare and Medical Tourism

To give a boost to the healthcare sector along with medical tourism and encourage the export of our healthcare activities, the following measures will be adopted:

- (a) Fast-tracking of visa applications for patients seeking treatment in Mauritius;
- (b) VAT will be exempted on the construction of a purpose-built building for a nursing home under the Private Health Institution Act and a residential care home under the Residential Care Homes Act; and
- (c) The life rights concept is being extended to developers of residential care homes, retirement villages, and other similar facilities outside Smart Cities. This will encourage retirees to live and retire in Mauritius.

B.8. Lease of State Lands

(a) Moratorium on Rental

A moratorium on rental is being granted to lessees who have been allocated State lands far from infrastructure networks. Those lessees are currently being required to pay rent even if they are unable to implement their project.

As a consequence, State lands at Les Salines (Black River) and Palmar are yet to be serviced with infrastructure (access road, electricity and water). A lessee in

those regions is accordingly required to contribute with other co-lessees under a cost-sharing mechanism to connect the site with existing infrastructure networks.

However, implementation of the cost-sharing takes time since, on a specific site, there are several lessees, with different project types, implementation time schedules and infrastructure requirements. Rental is currently payable even if the cost-sharing mechanism is yet to be implemented.

In order to rectify this unfair situation, rent will become payable when State lands leased by the Ministry of Housing and Lands have vehicular access allowing construction works to start. Lessees who have already paid rent will be allowed to offset past rentals paid against future rental liability.

(b) Facilities for hotel reconstruction and renovation

A scheme was operational during the financial years 2013 and 2014 whereby a hotel on State Lands that closes to undergo renovation or reconstruction was granted a reduction of 50 percent in its rental payable in respect of its lease for a maximum of one year provided that:

- (i) the hotel had opted for a fresh lease under the Industrial Lease Policy; and
- (ii) the hotel safeguards employment, including the terms of service of all employees during the period of renovation/reconstruction

This scheme is being renewed for 2 years that is covering renovation/reconstruction which starts in the financial years 2016-2017 or 2017-2018.

B.9. Nine-Year Continuous Basic Education Programme

The introduction of Nine-Years Continuous Basic Education (NYCBE) entails the elimination of the CPE examination as from 2017, the introduction of early support programme as from the foundation year, new assessments namely the Primary School Achievement Certificate and the National Certificate of Education, the setting up of Academies, award of regional scholarships at the end of the secondary cycle and the reinforcement of the Technical and Vocational Education and Training (TVET) sector among others.

The Education Act will be amended in order to provide for the phased implementation of the NYCBE project and transitional arrangements, including the new educational structure, introduction of new assessment, TVET reforms, offer of regional scholarships and development of the Special Education Needs Sector, among others.

The objectives of the amendments will be to provide for:

- (a) a new educational structure for the nine year schooling with new denominations, levels and assessments and this will entail consequential amendments as a result of the new Regulations made in 2015 with regard to changing “Standard/Form” to “Grade” and “CPE examination” to “Primary School Achievement Certificate (PSAC) assessment”; as well as new definitions such as PSAC, National Certificate of Education, Assessment and Academy among others;
- (b) regional scholarships that would be introduced in the context of NYCBE;
- (c) reforms in the Technical and Vocational Education and Training sector with regard to new pathways after Grade 9;
- (d) phased implementation of the reforms which will call for transitional arrangements; and
- (e) Enhanced system governance and accountability for learning outcomes through a closer inspection and quality assurance of the teaching-learning process in the private secondary schools sub sector by restoring pedagogical inspection powers to the Private Secondary Schools Authority (PSSA) to empower the Authority to inspect, control and monitor the quality of education dispensed in private secondary schools.

Relevant amendments in the context of providing an all-inclusive and quality education in the primary and secondary education sub-sectors by including a definition of Special Education Needs sub-sector in the Education Act and making provision for registration and support to Special Education Needs schools.

B.10. Fraud Bill

The introduction of a Fraud Bill is envisaged to deal with cases, including, dishonesty, deception, falsification, concealment and false representation leading to financial prejudice.

PART C - OTHER LEGISLATIONS

C.1. Civil Aviation Act

The Civil Aviation Act will be amended to –

- (a) allow for the payment of Passenger Solidarity Fee to the Consolidated Fund;
and
- (b) transfer to the Consolidated Fund any amount in the Deposit Account with the Accountant General that has not been transferred to International Drug Purchase Facility (IDPF)-UNIT AID Trust Fund.

C.2. Code Civil Mauricien

The Code Civil Mauricien will be amended to bring clarification to the application of Article 2202-6 and Article 1154 of the Code Civil Mauricien regarding capitalisation of interest.

C.3. Companies Act

The Companies Act will be amended to allow:

- (a) the Registrar to notify an applicant within 5 working days in respect of a refusal to register a document submitted for registration;
- (b) electronic document issued by the Registrar to be admissible in legal proceedings;
- (c) the Registrar to provide such data and information from records stored in the Companies and Businesses Registration Integrated System (CBRIS) upon payment of a fee;

- (d) to enable the Registrar of Companies to issue electronic documents such as certificate of incorporation online;
- (e) appointment of an administrator instead of a liquidator in the event of winding up a limited life company. The Administrator need not be a registered Insolvency Practitioner;
- (f) Registrar to remove a company from the Register where an objection lodged before 1st July 2009 has not been withdrawn; and
- (g) for a process where undisposed funds available when companies are being removed from the Register to be vested in a Companies Surplus Account or the Curator as the case may be.

C.4. Co-operatives Act

The Co-operatives Act will be amended to provide for Co-operative Credit Unions to implement Anti-Money Laundering policies and to comply with the Financial Intelligence and Anti-Money Laundering Act.

C.5. Electricity Act

With a view to increase the participation of small and medium power producers from renewable sources, the Electricity Act will be amended to accelerate the processing and granting of permits to those producers.

C.6. Mauritius Cane Industry Authority Act

The Mauritius Cane Industry Authority Act will be amended to give effect to the recommendation contained in the Landell Mills Report to increase the contribution made by distiller-bottler from Rs 20 to Rs 40 per litre of absolute alcohol. The contribution is paid to the Mauritius Sugar Syndicate which distributes same to sugar planters.

C.7. Medical Council Act

The Medical Council Act will be amended to provide for a prospective doctor to be assessed before his enlistment as a pre-registration intern with a view to ensuring that he has the required knowledge, standards, skills and competence.

C.8. Public Procurement Act

The Public Procurement Act will be amended to provide for Public Bodies to seek prior approval of the Central Procurement Board before amending works contract where there are significant variations in contract value.

C.9. Public Private Partnership Act

The Public Private Partnership Act will be amended to allow the BOT Projects Unit to oversee all matters pertaining to Public Private Partnership with a view to optimising use of resources.

C.10. Sugar Industry Pension Fund Act

The Sugar Industry Pension Fund Act will be amended to enable the Sugar Industry Pension Fund to segregate assets of the different employers so that a member may claim against the assets of his employer but not against the assets of the Sugar Industry Pension Fund and those of the other employers. Segregation will provide legal certainty that the assets of each employer will be distinct and separate.

C.11. State Trading Corporation Act

The State Trading Corporation Act will be amended to allow the Corporation, for the purposes of its activities, to acquire, hold or dispose of any interest in any corporate body.

C.12. Tourism Employees Welfare Fund Act

The Tourism Employees Welfare Fund Act will be amended for any hotel or airport-based taxi operator to pay monthly contribution to the Tourism Employees Welfare Fund.

C.13. Transcription and Mortgage Act

The Transcription and Mortgage Act will be amended to allow Independent Commission Against Corruption, Financial Intelligence Unit, Integrity Reporting Services Agency, Bank of Mauritius, Financial Services Commission and MRA to make searches on behalf of Government free of charge.

C.14. Miscellaneous

Some technical amendments will be brought to clarify, fine-tune, plug loopholes and harmonise various provisions in revenue laws and other enactments.

CLASSIFIED TRADES PROPOSED FOR EXEMPTION FROM PAYMENT OF TRADE FEES

Criteria: Economic operators paying annual trade fees of Rs 5,000 or less will be exempted as from January 2017

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
1	Agent in Animals	2,000	2,000
2	Aluminium/ metal welding workshop	3,000	3,000
3	Assembly of motor vehicles	3,000	3,000
4	Auctioneer keeping no auction room	4,500	5,000
5	Automotive Workshop employing 10 persons or more	5,000	5,000
6	Automotive Workshop employing less than 10 persons	3,000	3,000
7	Bakery	2,500	3,000
8	Beauty Care Centre	2,000	2,000
9	Billiard/Pool/Bowling House or Snooker (per table or alley)	2,500	2,500
10	Block/Slab/Tiles/Ceramic making, Stone/Coral crushing and other related activities employing less than 10 persons	4,500	5,000
11	Bookseller and stationery shops	3,500	3,500
12	Bread Seller	500	500
13	Breeder of animals (above 20 heads)	4,500	5,000
14	Caterer/Canteen (employing less than 10 persons)	3,000	3,000

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
15	Contractor for hire of audio equipment/decorative items	4,500	5,000
16	Contractor of motor vehicles – per motor vehicle	2,000	2,000
17	Copper/Tin Smith	1,000	1,000
18	Cybercafé	2,500	2,500
19	Day Care Centre/kindergarten	3,000	3,000
20	Dealer in bicycles and bicycles accessories	3,000	3,000
21	Dealer in fishing accessories and other marine equipment	5,000	10,000
22	Dealer in ready made goods	3,500	3,500
23	Dental mechanic	4,500	5,000
24	Distributor of general merchandise	3,500	3,500
25	Engraver, including ‘tombaliste’	500	500
26	Establishment for recording/sale/hire of audio, video cassette, compact discs and other recording/storage devices	5,000	5,000
27	Film making studio	5,000	5,000
28	Florist	2,000	2,000
29	Gas Seller (Retailer)	500	500
30	General Retailer – Foodstuff and Non Foodstuff	2,200	2,500

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
31	Health club, sports centre and/or wellness centre (including gym and spa)	2,500	3,000
32	Industry not classified elsewhere in this Part (employing less than 10 persons)	4,500	5,000
33	Job Contractor (Other than Grade A, B, C, D or E)	5,000	5,000
34	Launderette	3,000	3,000
35	Libraries and archives activities	3,000	3,000
36	Maker/Seller of clocks and watches	700	1,000
37	Manufacturer and/or Seller of handicraft products (employing less than 10 persons)	1,000	1,000
38	Manufacturer of candles (employing less than 10 persons)	1,000	1,000
39	Manufacturer of food items (self-employed)	500	500
40	Manufacturer of footwear (employing less than 10 persons)	5,000	5,000
41	Manufacturer of furniture and cabinet (employing less than 10 persons)	1,500	3,000
42	Manufacturer of salt	5,000	5,000
43	Matrimonial Agency	4,500	5,000
44	Medical Laboratory (including outlets)	5,000	5,000
45	Modeling Agency	3,000	5,000
46	Museum/Art Gallery	3,000	3,000
47	Owner of bus for public transport (per bus)	800	1,000

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
48	Owner of fishing business including banian	2,000	2,000
49	Owner of goods vehicle (Carrier's 'B') (per vehicle)	800	1,000
50	Owner of towing services (per vehicle)	5,000	5,000
51	Packing enterprise of foodstuff and/or non foodstuff	2,000	2,000
52	Paid parking spaces for motor vehicles (per slot)	1,500	1,500
53	Panel beating and/or paint workshop	2,000	2,000
54	Pastry shop/manufacturer	2,000	2,000
55	Pest control service provider	2,000	2,000
56	Photographer/Cameramen/Photo Studio	2,000	2,000
57	Plant Nursery	1,000	1,000
58	Poultry pen - 25 to 500 birds	3,000	3,000
59	Printing industry (employing 10 persons or more)	4,500	5,000
60	Printing industry (employing less than 10 persons)	2,500	3,000
61	Private enterprise offering courier service	5,000	5,000
62	Repair/Assembly for repair of bicycles and motorcycles	1,000	1,000
63	Sawmill	5,000	5,000
64	School Bus Operator (per vehicle)	800	1,000

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
65	Screen printing/serigraphie	1,200	1,200
66	Seller of food stuff and non-food stuff (mobile), except on public beaches	800	1,500
67	Seller of fruits/vegetables	500	1,000
68	Seller of milk/milk products	300	300
69	Seller of poultry, meat, fish and allied products	2,000	2,000
70	Seller of traditional medicines/Ayurvedic products	500	500
71	Shoe mender	200	200
72	Skating/Karting centre	4,000	4,000
73	Store and warehouse (less than 50m ²)	4,000	4,000
74	Tailor (employing 10 persons or more)	4,000	4,000
75	Tailor (employing less than 10 persons)	500	500
76	Taxi/Carrier A (per Taxi)	500	500
77	Undertaker	1,000	1,000
78	Upholsterer	1,500	1,500
79	Victualler (see Note (2) below)	2,500	3,000
80	Washing of vehicles	2,500	5,000
81	Workshop for repair of chemical appliances, refrigerators and other electrical, mechanical appliances	2,000	2,000

SN	Classified Trades	Municipal Fees (Rs)	District Council fees (Rs)
82	Workshop for repair/assembly of computers and other electronic and electrical appliances	2,000	2,000
83	Workshop for vulcanization, retreading and repair of tyres and wheel balancing	3,000	3,000
84	Workshop not elsewhere classified	2,000	2,000