



SIXTH NATIONAL ASSEMBLY

PARLIAMENTARY

DEBATES

(HANSARD)

(UNREVISED)

FIRST SESSION

TUESDAY 31 MAY 2016

CONTENTS

PAPERS LAID

MOTION

BILLS (*Public*)

E.S.E (2015-2016) of 2016

STATEMENT BY MINISTER

ADJOURNMENT

THE CABINET

(Formed by the Rt. Hon. Sir Anerood Jugnauth, GCSK, KCMG, QC)

Hon. Sir Anerood Jugnauth, GCSK, KCMG, QC	Prime Minister, Minister of Defence, Home Affairs, Minister for Rodrigues and National Development Unit
Hon. Charles Gaëtan Xavier-Luc Duval, GCSK	Deputy Prime Minister, Minister of Tourism and External Communications
Hon. Showkutally Soodhun, GCSK	Vice-Prime Minister, Minister of Housing and Lands
Hon. Ivan Leslie Collendavelloo, GCSK, SC	Vice-Prime Minister, Minister of Energy and Public Utilities
Hon. Pravind Kumar Jugnauth	Minister of Finance and Economic Development
Hon. Seetanah Lutchmeenaraidoo, GCSK	Minister of Foreign Affairs, Regional Integration and International Trade
Hon. Yogida Sawmynaden	Minister of Youth and Sports
Hon. Nandcoomar Bodha, GCSK	Minister of Public Infrastructure and Land Transport
Hon. Mrs Leela Devi Dookun-Luchoomun	Minister of Education and Human Resources, Tertiary Education and Scientific Research
Hon. Anil Kumarsingh Gayan, SC	Minister of Health and Quality of Life
Dr. the Hon. Mohammad Anwar Husnoo	Minister of Local Government
Hon. Prithvirajsing Roopun	Minister of Social Integration and Economic Empowerment
Hon. Marie Joseph Noël Etienne Ghislain Sinatambou	Minister of Technology, Communication and Innovation
Hon. Ravi Yerrigadoo	Attorney General
Hon. Mahen Kumar Seeruttun	Minister of Agro-Industry and Food Security
Hon. Santaram Baboo	Minister of Arts and Culture
Hon. Ashit Kumar Gungah	Minister of Industry, Commerce and Consumer Protection
Hon. Mrs Marie-Aurore Marie-Joyce Perraud	Minister of Gender Equality, Child Development and Family Welfare
Hon. Sudarshan Bhadain, GCSK	Minister of Financial Services, Good Governance and Institutional Reforms

Hon. Soomilduth Bholah	Minister of Business, Enterprise and Cooperatives
Hon. Mrs Fazila Jeewa-Daureeawoo	Minister of Social Security, National Solidarity and Reform Institutions
Hon. Premdut Koonjoo	Minister of Ocean Economy, Marine Resources, Fisheries, Shipping and Outer Islands
Hon. Marie Roland Alain Wong Yen Cheong, MSK	Minister of Civil Service and Administrative Reforms, Minister of Environment, Sustainable Development and Disaster and Beach Management
Hon. Soodesh Satkam Callichurn	Minister of Labour, Industrial Relations, Employment and Training

PRINCIPAL OFFICERS AND OFFICIALS

Madam Speaker	Hanoomanjee, Hon. Mrs Santi Bai, GCSK
Deputy Speaker	Duval, Hon. Adrien Charles
Deputy Chairperson of Committees	Hurreeram, Hon. Mahendranuth Sharma
Clerk of the National Assembly	Lotun, Mrs Bibi Safeena
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Hansard Editor	Jankee, Mrs Chitra
Serjeant-at-Arms	Pannoo, Mr Vinod

MAURITIUS

Sixth National Assembly

FIRST SESSION

Debate No. 10 of 2016

Sitting of 31 May 2016

The Assembly met in the Assembly House, Port Louis at 11.30 a.m.

The National Anthem was played

(Madam Speaker in the Chair)

PAPERS LAID

The Prime Minister: Madam Speaker, the Papers have been laid on the Table -

A. **Office of the Speaker** –

The Second Report of the Standing Orders Committee.

B. **Prime Minister's Office, Ministry for Rodrigues and National Development Unit** –

(a) Certificate of Urgency in respect of the following Bills. (In Original) –

(i) The Anti-Personnel Mines and Cluster Munitions (Prohibition) Bill (No. VII of 2016); and

(ii) The Protection from Domestic Violence (Amendment) Bill (No. IX of 2016).

(b) The Rodrigues Regional Assembly (Consumer Protection) (Maximum Price) Regulations 2016. (Government Notice (Rodrigues Regional Assembly) No. 1 of 2016)

C. **Ministry of Industry, Commerce and Consumer Protection** –

The Consumer Protection (Price and Supplies Control) (Amendment of Schedules)

(No. 2) Regulations 2016. (Government Notice No. 115 of 2016)

D. **Ministry of Social Security, National Solidarity and Reform Institutions** –

The Report of the Director of Audit on the Financial Statement of the Non-Governmental Organisation Trust Fund for the year ended 31 December 2014.

(In Original)

MOTION**SUSPENSION OF S.O. 10(2)**

The Prime Minister: Madam Speaker, I move that all the business on today's Order Paper be exempted from the provisions of paragraph (2) of Standing Order 10.

The Deputy Prime Minister rose and seconded.

Question put and agreed to.

PUBLIC BILLS*First Reading*

On motion made and seconded, the following Bills were read a first time –

- (a) The Anti-Personnel Mines and Cluster Munitions (Prohibition) Bill (No. VIII of 2016)
- (b) The Protection from Domestic Violence (Amendment) Bill (No. IX of 2016)

*Second Reading***THE SUPPLEMENTARY APPROPRIATION (2015-2016) BILL****(No. VII of 2016)***Order for Second Reading read.*

The Minister of Finance and Economic Development (Mr P. Jugnauth): Madam Speaker, I move that the Supplementary Appropriation (2015-2016) Bill (No. VII of 2016) be read a second time.

The Bill provides for the appropriation of an additional sum of four billion and one hundred million rupees (Rs4,100 m.) in respect of services of Government for the current fiscal year 2015-2016.

Madam Speaker, regarding supplementary expenditure incurred during the six-month Budget period January 2015 to June 2015, I will come forward with a Supplementary Appropriation Bill and an Estimates of Supplementary Expenditure (ESE) before 30 June 2016.

A final Supplementary Appropriation Bill and Estimates of Supplementary Expenditure will be introduced at a later stage to cover all the excess expenditure for fiscal year July 2015 to June 2016.

Therefore, today, I am introducing a Supplementary Appropriation Bill mainly to make provision for the payment of PRB during the fiscal year 2015-2016 for which there is no specific item of expenditure in the Estimates 2015-2016 and consequently no funds were appropriated.

Opportunity is also being taken to seek Parliamentary appropriation for three other items of expenditure, namely, the Basic Retirement Pension, Equity investment in MauBank Holdings Ltd, and the cost of holding Municipal Council elections.

I will now give out the details on each of them.

First, an amount of Rs1.4 billion is required for meeting the cost of implementation of the 2016 PRB Report for the six-month period from 01 January to 30 June 2016.

As the House is aware, in March 2016, Government approved the implementation of the recommendations of the PRB Report in toto.

This month, all officers who have signed the option form would have received their new PRB salary as well as the PRB arrears due to them for the months of January to April.

The House will also note that only seven officers have not opted for the new PRB Report.

For practical reasons, the supplementary provision required for the first six months is being appropriated under the Vote Centrally Managed Expenses of Government. It would be reallocated to Basic Salary and other relevant items under other Votes of Expenditure to cater for employees in the Civil Service, Local Government, Rodrigues Regional Assembly and other Parastatal Bodies covered by PRB.

The House will note that implementation of the PRB Report, inclusive of the end-of-year bonus is costing some Rs3 billion annually to Government. An amount of Rs1.4 billion is required for the first six months, as the end-of-year bonus will be paid in the second half of the year.

Second, an additional amount of Rs1 billion is required for meeting the payment of basic retirement pension up to the end of the current fiscal year.

In the 2015/16 Budget, a provision of Rs12.1 billion was made for payment of basic retirement pension. An amount of Rs11 billion has already been paid out from July 2015 to April 2016. A further sum of Rs2.1 billion is expected to be disbursed for the months of May and June 2016. Thus, an additional amount of Rs1 billion will be required for the fiscal year 2015/2016.

The need for the additional Rs1 billion is mainly due to a combination of two factors:

- (i) an increase in expenditure of Rs285 m. as a result of the increase of Rs250 in the monthly old age pension, and
- (ii) an under-provision of Rs715 m. for financial year 2015/2016.

Concerning the under-provision of Rs715 m., at the time of the budget preparation exercise, I am told that in early 2015, budgetary provision for the Ministry of Social Security was made on the basis that certain pension reform measures would be implemented in the course of the year based on a study that was carried out by the IMF.

However, the IMF submitted its report on Pension Reform in Mauritius entitled: Fair and Fast Balancing Social Protection and Fiscal Sustainability. They submitted that report in

fact, only in June 2015 and therefore the reform measures could not be taken on board in the 2015/16 Budget Speech. This explains, therefore, the under-provision of Rs715 m.

Third, as the House is aware, in the reply to PQ B/277 of 26 April 2016, it was stated that Government had made a total equity investment of 3 billion and 53 million rupees (Rs3.053 billion) in NCB, MPCB, and MauBank Holdings Ltd as follows –

(i) during the Six-Month Budget period beginning (January to June 2015) to the former National Commercial Bank Ltd –

- On 13 April 2015: Rs200 m.;
- On 30 June 2015: Rs500 m.

(ii) former MPCB Ltd –

- On 30th June 2015: Rs753 m.

(B) During the Twelve-Month Budget period (July 2015 to June 2016)

(ii) MauBank Holdings Ltd –

- On 29 October 2015: Rs300 m.
- On 13 January 2016: Rs1.3 billion

The House may note that the equity investments were made in two budget periods, hence requiring two separate Supplementary Appropriation Bills.

Finally, a provision of Rs100 m. to cater for expenses incurred for the holding of the Municipal Council Elections on 14 June 2015. No provision was made for that purpose as decision to hold the election was taken after the presentation of the Budget in March 2015, whereas the writ of elections was issued on 04 May 2015.

Madam Speaker, to sum up, although we are appropriating an additional amount of Rs4.1 billion, we are confident that we would be able to contain Government expenditure within the aggregate authorised limit of Rs92 billion as we would be having under-spending and savings under some other Votes of Expenditure. The revised expenditure figures will be published in the forthcoming Budget document.

With these remarks, Madam Speaker, I now commend the Bill to the House.

The Prime Minister rose and seconded.

(11.42 a.m.)

Mr R. Uteem (First Member for Port Louis South & Port Louis Central): Madam Speaker, the International Monetary Fund in its Staff Report for 2015 Article IV Consultation at paragraph 33 has the following to say and I quote –

“The limited involvement of Parliament, beyond voting the annual budget, weakens the accountability of the budgetary process and prevents an assessment of fiscal strategies to contain public indebtedness.”

So, once again, Madam Speaker, we are being asked to vote items of expenditure outside the Budget which have already been incurred, so we are put before *un fait accompli*. I have listened carefully to the new hon. Minister of Finance and Economic Development and he mentioned that the additional amount that we are being asked to vote will not impact on the overall expenditure that had been budgeted, yet he fails to say anything about public debt. The impact which additional expenditures have - the type of expenditures that are being incurred today, that we are going to vote - on public debt. Already the International Monetary Fund has sound the alarm. Public debt has deteriorated in 2015.

Answering to a Parliamentary Question that I asked, the Rt. hon. Prime Minister who was also the Minister of Finance and Economic Development, tabled a list of the ratio of public debt to GDP. For 2013 it was 60%, 2014 it was 61.6%, June 2015 it was 63.8% and for June 2016, the revised estimate was 65%. 65%! This is what has been tabled in the National Assembly. And, the Rt. hon. Prime Minister goes on to explain why there has been a deterioration, for example, there has been issue of new Government securities, borrowing requirements and lower GDP because our GDP has depreciated and we have not been able to achieve the 5.3% growth that was predicted by the former Minister of Finance.

But what the Rt. hon. Prime Minister failed to mention was the two factors which the International Monetary Fund pinpoint as a result of the deterioration of our public debt and I quote –

“Nonetheless, public debt continued to increase (by more than 2 percent of GDP, to 63.7 percent at end-2015), reflecting the government’s intervention in the financial sector—1.3 percent of GDP, due to capital injections in two ailing banks (0.4 percent of GDP in total) and a line of credit to refund policyholders of single premium products issued by BAI (...)”

The two ailing banks that were referred to by the International Monetary Fund are the National Commercial Bank and the Mauritius Post and Cooperative Bank which have now been merged into MauBank Ltd. The same MauBank Ltd. for which today there is an item of vote of Rs1.6 billion. I will come to that later on, Madam Speaker.

Of course, we are not against all the items of expenditure which are required to be approved today. If we take it in turn, Rs100 m. to pay for Municipal Council Elections, that was not budgeted, that was not foreseen in March, so we do not have any problem with it. The Ministry of Social Security, National Solidarity and Reform Institutions: National Pensions funds, we asked to vote additional fees for that. In fact, we are fully in support of this measure. You will recall, Madam Speaker, that during the debates in December last year on the Additional Remuneration Bill 2015, the hon. Leader of the Opposition stated and I quote –

“I listened carefully and I say again I find it shocking that the hon. Minister of Finance is not present. There has not been any mention of what is going to happen to the *pensionnés, veuves, orphelins, handicapés*. Those at the bottom part of the salaries ladder have been granted Rs250 up to Rs10,000. We know how much *les veuves, pensionnés, orphelins, handicapés* earn, much less than Rs10,000 and yet not a word from the hon. Minister of Finance, not a word from the hon. Minister of Labour as to what is going to happen to *les pensionnés, veuves, orphelins, handicapés* and so on. It is shocking. »

And I have to admit to the credit of the former hon. Minister of Finance, when he replied, this is what he said –

« Est-ce que nous avons les moyens d'absorber un coût - et je vous donne les chiffres - une augmentation donc des pensions de vieillesse, de veuves, d'orphelins et des handicapés par R 250 à partir du 1^{er} janvier coûtera à l'État R 748,475,000. »

And he goes on to say -

« Ça va coûter cher. Je dois informer la Chambre que nous avons pris la décision d'augmenter la pension de vieillesse, des veuves et des orphelins par R 250 à partir de janvier 2016. »

So, it is following the remark made by the hon. Leader of the Opposition that this Rs250 pension had been extended to *les veuves, les orphelins et les pensionnés*. Today, this is one of the items that we are asked to vote, Madam Speaker.

The third item that we are asked to vote relates to the increase of salary as a result of PRB. Now, the hon. Minister does not mention whether the amount that we are asked to vote would include also the proposed increase in salary of the Rt. hon. Prime Minister, the Ministers, the MPs for which, up to now, we are not even aware. There are figures that have come out in the press, and various parties have commented on these figures. So, we are waiting to, at least, have an indication what would be the figures of the PRB for Ministers, MPs and so on and so forth.

The big chunk that we are required to vote today, Madam Speaker, relates to MauBank. It is very important, Madam Speaker, that, before this House makes an informed decision about whether or not to approve the Rs1.6 billion under the heading of MauBank, we remind ourselves what this Maubank was supposed to do and what, in fact, this MauBank is now doing, so that we can have an informed decision whether we should keep on putting good money after bad money.

Madam Speaker, the starting point would be the Budget speech of the former Minister of Finance last year, 2015/2016, at paragraph 33. This is what he said –

“First, I am launching the Small and Medium Enterprises Bank - SME Bank - to provide seed capital to entrepreneurs without any need for personal guarantee. As I have said on several occasions, an amount of Rs10 billion will be made available to the Bank over the next five years, starting with a share capital of Rs200 million and a line of credit of Rs2 billion from Government for its first year of operation (...).”

So, what was announced, voted and approved in this House last year, was the setting up of an SME Bank with Rs10 billion. The first year, there was a budget of Rs2 billion plus seed capital of Rs200 m. However, soon after the Budget, there was an unexpected event, and that was the revocation of the banking licence of Bramer Bank on 02 April 2015. I am not going to go in detail about why it was revoked, who was responsible or how it was handled. Suffice to say that, at the time of the revocation of the banking licence of Bramer Bank, assurance was given that public funds would not be used to bail out the BAI Group, including Bramer Bank. Yet, Madam Speaker, on 08 September 2015, answering to my question about the

setting up of this SME Bank, which was announced in the Budget, this is what the then Minister of Finance answered –

“Madam Speaker, after wide consultations, it was found that creating a new bank, a dedicated SME Bank, was not the right solution given that Government already owns the Mauritius Post and Cooperative Bank and the National Commercial Bank Ltd. with all the infrastructure and facilities to service the SME sector.

In this context, Government has found it more appropriate to merge these two banks under which there will be, among others, a dedicated SME Banking Department. This will allow SME banking activities and services to be embedded in a stronger institution with much larger asset base, bigger market share and broader spectrum of products and services.

Accordingly, Government has incorporated a wholly owned company under the name of MauBank Holdings Ltd. on 03 September 2015 (...).”

So, when pressed with questions from the hon. Leader of the Opposition especially, and I quote –

“What is going to happen to those toxic loans?”

Toxic loans given by Mauritius Post and Cooperative Bank. This is what the former Minister said –

“No. In fact, as with the National Commercial Bank, we helped to eliminate all the toxic assets from Bramer and NCB was, therefore, set up without the toxic assets; the same thing is with MPCB. The Rs1.7 billion, which have been lost through loans given to *petits copains*, will not be written off. It is being transferred to a new agency which is not the DBM and which will ensure that money which has been borrowed will have to be paid by law.”

And then he goes on and reinstates why we have this MauBank, and I quote –

“The mission of the bank, as far as the SMEs are concerned, is within a channel to small investors, the Rs2 billion earmarked in the Budget each year.”

So, clearly, by September 2015, MauBank had replaced the SME Bank that was announced, and this Rs2 billion was supposed to be fuelled through MauBank again to help Small and

Medium Enterprises and, as pointed out by the Minister of Finance, no toxic asset was being transferred to MauBank.

Then, at the official launch of the bank in September, the then Minister of Finance reportedly said –

“R 4.4 milliards, c’est la somme qui a été injectée pour augmenter le capital base et viabiliser la MauBank. »

R 4.4 milliards! That is what we were informed in the press.

In November 2015, answering to a question from hon. Ramano about what is happening to the toxic assets that have been transferred to MauBank and which were not supposed to be transferred to MauBank, this is what the then Minister of Finance replied –

“Madam Speaker, the merger of those two banks is a major challenge because both the MPCB and the ex-Bramer were, in the past, not managed according to good banking practices and without elements of good corporate governance and transparency (...).”

Then, again pressed with questions from the hon. Leader of the Opposition, he stated –

“We have already injected a total of Rs1.7 billion in both banks, and we will inject Rs2 billion more, bringing the total to Rs3.7 billion (...).”

Following my supplementary question, the then Minister of Finance gave a breakdown; Rs700 m. have been injected in the National Commercial Bank (normally known as Bramer Bank) and above Rs1 billion has been injected in MPCB.

So, in November, we have details about how much money has gone into that bank, and we still think that it is an SME Bank. In January 2015, the then Minister of Finance does a press conference. At the press conference, which is reported on the official website of the Ministry of Finance, - on the website of the Government of Mauritius - this is how the conference is described –

“MauBank will be the spearhead of the new impetus that Government wants to bring to the SME sector in line with the vision of making this sector the backbone of the economy and transform Mauritius into a *nation d’entrepreneurs*, as enunciated in

Budget 2015/2016, whereby an amount of Rs10 billion has been provided to the bank over a period of five years as part of the project.”

In the press conference, the then Minister of Finance and Economic Development further underlined that –

“MauBank, which is also catering for entrepreneurs, will provide the vital requirement needed to start a business, namely funding, the main constraint faced by many.”

Again, in January, he stressed that the aim of MauBank is to provide funding to SMEs, and as if that was not enough, to make doubly sure the same hon. Minister Lutchmeenaraidoo called another press conference, only two weeks later, on 20 January, this time together with hon. Minister Bholah to stress the role of MauBank. Again, the hon. Minister of Finance talked about *une nation d’entrepreneur*. This is what is attributed to hon. Minister Bholah –

“For his part, the Minister of Business, Enterprises and Cooperatives, Mr Soomilduth Bholah, elaborated on the eligibility criteria under the SME Development Scheme”.

So, again in January, very consistent, MauBank is replacing the SME bank, the fund that we have already put in the bank will be used for the Small and Medium Enterprises and this company does not have toxic assets. On 12 April of this year, with regard to a PQ put by me about how much disbursement have been given to SMEs, the shocking answer from the replacing Minister - because hon. Minister Bholah was not in the House - the Minister of Agro-Industry and Food Security, hon. Seeruttun, stated, with regard to part (b), that is, the quantum of financing provided to orders of SME certificates –

“I am informed that some Rs74 m. have been earmarked for the financing of 20 projects”.

So, Rs74 m. have been earmarked, not disbursed! We were not happy with this answer, but since the hon. Minister was not here, again the same question about how much disbursement there was for the SMEs, put this time by my colleague hon. Ameer Meea on 03 May. This is what the substantive Minister, hon. Bholah stated –

“(...) Madam Speaker, I am informed that the Ministry of Finance and Economic Development has released an amount of Rs135 m. to MauBank to provide financial assistance to SMEs (...)”

Rs135 m. have been released! They have already injected above Rs3 billion, but only Rs135 m. have been released by MauBank! And, he goes on –

“I am further informed that to date MauBank has received 20 such applications from MyBiz, the SME One-Stop shop, for financial assistance for a total amount of Rs74 m. under the MauBank SME Financing Scheme. Two of these applications for loan for an amount of Rs4.2 m. have already been approved and funds are being released”.

So, not even these Rs4.2 m. also had been released by the beginning of this month, and we are talking about the SMEs, we are talking about *nation d’entrepreneur*, about the backbone of the economy, about having put more than Rs3.7 billion in that MauBank. So, Madam Speaker, the question which is on everybody’s lips, is: ‘What happened to this money’? Now, I am going to quote what hon. Minister Bholah said in an interview. We are not talking about the Opposition; we are talking about the substantive Minister, when he is asked –

“Vous avez été dans l’incapacité de répondre à une question sur la MauBank au Parlement lors de la séance du 3 mai.».

As I have just mentioned.

“ Qu’est-ce qui explique cela?

This is what the hon. Minister answered –

“Pour comprendre ma réaction, il faut remonter à la séance du 12 avril, portant sur une question relative au montant déboursé par la MauBank en faveur des petites et moyennes entreprises. N’étant pas au pays lors de la séance du 12 avril, c’est mon collègue Mahen Seeruttun qui est intervenu à ma place et il avait répondu que, depuis que la MauBank est en opération, il n’y a eu aucun déboursement pour les PME”.

Trois semaines plus tard, la même question revient et rien n’a changé.

He goes on –

“Qu’est-ce qui explique selon vous le fait que la MauBank n’a rien décaissé pour les PME?”

Réponse –

“Je n’ai pas de réponse. Manifestement il y a un problème quelque part car les initiatives n’arrivent pas à aboutir. »

C’est-à-dire, cela n’aboutit pas au décaissement des fonds.

Question -

“Vous étiez surpris de ne pas avoir la SME Bank”?

Réponse –

“Evidemment.”

Question -

“En avez-vous discuté avec qui de droit, en l’occurrence le Premier ministre”?

Réponse –

“Je n’en ai pas senti l’utilité car on avait dit que la MauBank allait répondre aux besoins financiers des PME. On m’avait même promis une branche par district au service des PME, par la suite le gouvernement est venu avec de nouveau schéma assez restrictif”.

Question -

“Est-ce que selon vous la MauBank ne sert pas les intérêts des PME ?”

Réponse –

“Ce n’est pas à moi de le dire”.

Donc, déçu un peu, surtout que le gouvernement a l’ambition de payer ...

Madam Speaker: Hon. Uteem, you can refer to these, but you cannot quote extensively on this issue.

Mr Uteem: Madam Speaker, the reason I have pointed that out, because for me it is *un cri du coeur*. The hon. Minister is the one who has to face all these SMEs who have been promised Rs2 billion, which have already been voted in this House. Rs2 billion plus Rs200 m., seed capital! So, they are here, they are asking for money and we are told, week after week, that there is no disbursement. This is why, and I totally understand the hon. Minister responsible for Small and Medium Enterprises for not understanding where the money is going. And the Rt. hon. Prime Minister, in answer to a question on 26 April, has confirmed –

“Last year, Government has invested an amount of Rs1.05 billion and Rs700 m. in the former Mauritius Post and Cooperative Bank Ltd and the former National Commercial Bank Ltd, respectively”.

So, in total, the Rt. hon. Prime Minister last month told us that we have already injected more than Rs3 billion in MauBank. And zero for SMEs! Hon. Bhagwan asked a question to the Rt. hon. Prime Minister, who was then Minister of Finance, about toxic loans and, in particular, to loan granted to Mr R. G. - I will come to Mr R. G later. This is what the Rt. hon. Prime Minister said –

“I am informed by MauBank Ltd that, as at 01 April 2016, out of Rs1.7 billion of toxic loans, some Rs337 m. have been recovered (...)”

Rs1.7 billion of toxic loans in MauBank! And we know that in September, the former Minister of Finance, answering specifically to a question from the hon. Leader of the Opposition, stated that no toxic loans would be transferred to MauBank, and now we are told that Rs1.7 billion of toxic loans are now being serviced by MauBank, and out of these Rs1.7 billion, only Rs337 m. have been repaid. So, there is still about Rs1.3 billion of toxic asset and we are being asked to put taxpayers’ money to help those toxic assets.

Madam Speaker, we need to be consistent with ourselves. Is this an SME bank or not? If it is not, then where is the money going? That is the question! We have already put about Rs3 billion in this bank. Where is all the money going, if money is not being used to pay the SME sectors? I am grateful to MauBank for having entered an injunction case in Court. I am not going to talk about the merit of the case. I am not going to talk about anything which is

sub judice. We are just going to quote certain figures which are referred to in that affidavit, which are going to chill a lot of people.

Paragraph 31 -

“MauBank avers that Respondent Nos. 1 to 4 - Fashion Style, Designer Labels, Jack International and Pro-Fashion Ltd. have defaulted the above-described banking facilities and are, as at 19 May 2016, indebted to it in the sum of Rs564,959,802.54.”

And we are talking about four companies which are related to Respondent No. 15, Mr Doomeswarsing Gooljaury, the new blue-eyed boy of this Government. So, Rs564 m. owed to it, and the affidavit makes extremely interesting reading, Madam Speaker. We are told that as far back as October 2015, these companies had defaulted. These companies had defaulted as far back as October 2015. They owed more than Rs500 m. and what did MauBank do? You know, what they did, Madam Speaker? This is even more shocking. What did they do? In November 2015, MauBank granted Rs32 m. additional loan to the company led by Gooljaury, Rs32 m. additional loan. SME - zero, Mr Gooljaury - Rs32 m. in addition to the already Rs550 m. plus he owed. Then, April 2016, he is still defaulting, he is still not paying. What does MauBank do? Again, another additional loan, Rs16 m. loan in April 2016, last month, and today, we are talking about one client who owes more than Rs565 m. to MauBank and the Government expects taxpayers to come and approve and finance this MauBank. We have already injected Rs3 billion, we need to put more money, why? To service the toxic assets, why, because this Government is having a new policy towards those who defaulted against under the previous banks and the hon. Minister of Finance and Economic Development - I am glad that there is a new Minister of Finance and Economic Development because he will have time to look into this matter, because he would find out that the example of Mr Gooljaury is not unique. Today, there are re-evaluations being carried out; people who are not able to service their loan are having their collateral re-evaluated so that they can get additional financing and the thing, Madam Speaker, is going from bad to worse.

MyBiz, guidelines for SME Development Scheme, MauBank SME finance scheme as follows: there would be interest rate at 3.4%, no personal guarantee. So, now MauBank is going to help SME giving them preferential rate, 3.5%. That is the only official brochure. And, who is going to benefit from this? SME? Who is going to benefit from the *largesse de* MauBank? Only last week, Madam Speaker, in the press of 25 mai 2016, we are informed

that Mauricoast, the company of Mr Barbara, the husband of PPS Mrs Boygah, who has obtained a Government lease in Poudre d'Or to do the Barachois, according to the report, he had the nerve to serve a notice, *mise en demeure*, on SMEDA, because SMEDA was not giving him the SME Development Scheme certificate so that he can get a loan of over Rs20 m. from MauBank at preferential rate of 3.4%. Madam Speaker,...

(Interruptions)

Madam Speaker: No comments, please!

Mr Uteem: Madam Speaker, how can we be answerable to the people out there, be answerable to the people who cannot make ends meet? How can we come and tell these people that: yes, today after having voted Rs2 billion for an SME bank, we are adding another Rs1.6 billion in MauBank? So, Madam Speaker, I know that the hon. Minister of Finance and Economic Development will be busy with the Budget, but I will urge him to come and have a revised look into that MauBank because otherwise taxpayers will keep on footing the Bill for many years to come.

Thank you, Madam Speaker.

(Interruptions)

Madam Speaker: Hon. Lutchmeenaraidoo!

(12.13 p.m.)

The Minister of Foreign Affairs, Regional Integration and International Trade (Mr S. Lutchmeenaraidoo): Madam Speaker, I am being given the privilege of speaking after the hon. Minister of Finance and Economic Development. It impressed me. I had the impression, at one time, that it was the maiden speech of hon. Jugnauth and I am quite pleased to be given this opportunity of explaining the background to this ESE and, more specially, over MauBank itself.

Before going to the main issue of MauBank, I would like to correct the hon. Member, hon. Uteem, on the basis of calculation of debt. You have been using the calculation of public debt as defined by international norms while we have been committed since 2008 to reduce the national debt to 50% of GDP. And, in fact, it is true; it is a fact that since 2008, the national debt has never been reduced by the former Government. They were given six years to fulfil their commitment of 2008, nothing was done. So, as at 2000, December 14, the national debt was still at 54.2% and it is a fact also that the national debt has increased for the

past two years, namely because we have had to intervene on what we would call a black swan event, that was the BAI collapse. We had, in the course of action, to allow for payment of the promises we made to those who lost their money in the Super Cash Back Gold deal; we had to provide for a line of credit from the Bank of Mauritius of more than Rs3 billion; this has been integrated in the national debt. There was no way out of it. We had to fulfil our commitment with those who lost their savings. So, the Bank of Mauritius issued a line of credit of Rs3.5 billion. This came to increase, naturally, the national debt.

And, number two, since we are speaking of debt also, to understand the MauBank issue, and this is well beyond politics, because we were in a situation that was dramatic. It was not one bank that was collapsing, two banks were collapsing: one, Bramer Bank was collapsing and, on the other side, the MPCB also had collapsed because of incredibly high level of dubious loans made by the previous Government. We have to be very clear on this. We inherited an MPCB that was heavily indebted and that was also heavily with NPL, non-performing loans, because of direct political intervention in these banks on lending. So, this is what we inherited. On one side the BAI and Bramer with, and, on the other side, MPCB that was collapsing, two banks. The two banks, now, we have what we define as the Cash Adequacy Ratio (CAR), any bank in Mauritius to survive as a bank must have a Cash Adequacy Ratio of 10 minimum. The Cash Adequacy Ratio of Bramer and of MPCB had gone to less than 3%. So, there was no chance that those two banks could survive.

Now, I put the question to the House, we are Mauritians, we are facing a dramatic situation led by the collapse of BAI and we had in the process to maintain public confidence and that was not easy because at that same time, not only there was the Bramer Bank collapse, but there was also the MPCB.

Now, if I had allowed those two banks to collapse - and I want the Opposition to follow me on this issue - there was a risk of systemic action, reaction on the financial sector. The Bank of Mauritius was aware that we could not, as a small island, digest the collapse of two banks without creating the systemic crisis. I never spoke about it, but a Minister of Finance has to deal with realities that we could not - in a situation where we were dealing, absorbing already, the BAI crisis - allow two financial institutes to collapse in this country.

This was the first reason which put Government to think what is next. What is next is that we have two banks also which had 750 employees. People can say this is not much. I say: "each employee in a bank, in any institution in Mauritius is for me sacred." A job is

sacred! I have never fiddled with it. Now, at a time when we could not create new jobs, I was on the point of saying that we are in a phase of jobless growth. There is growth, but there is not employment creation. So, in a period where there is no employment creation, the minimum we could do was, to protect employment. We could not add to this level of unemployment more people losing their jobs. That was the second issue which the Government could not ignore. We were in face of 750 employees who would have been sacked if we had closed down those two banks. You might say that this is being too humanitarian. I say no! They are professionals. I have met them. I have met the people from Bramer Bank and from MPCB. Quite a large number of them are high calibre professionals whom the country would have lost if we had allowed those two banks to collapse. So, this is number two; the second issue on which I had to deal with.

The third issue, those two banks represent 640,000 customers; more than 50% of the total number of customers in Mauritius. Could we afford to deal 640,000 customers that overnight are being told that their bank is closing down? Just imagine the psychological effect on the population if we had allowed this to happen. 640,000 customers! Therefore, firstly, there was a question of employment, 750. Secondly, the question of customers who had trusted those two banks through the postal system and banks; they had trusted those institutions. Thirdly, as I said, there was a risk of a systemic financial crisis happening in Mauritius at that time; these were things which were too heavy to deal with.

So, the first thing we had to do was to take a decision. Do we continue injecting funds in Bramer; do we continue injecting funds in MPCB - and there I would agree with my colleague, hon. Uteem - when we know the risks; where we will spend our life cashing money in those two institutions because they are two loss-making institutions and their cash adequacy ratio was well below what a bank should have. It was at that moment, when we had those major issues not to ignore; employment; 640,000 customers; systemic risks, that the project that was announced in the Budget, a bank for SMEs came out.

I was personally convinced that we need a bank that is specialised in SMEs. At the same time, I cannot ignore one thing that all financial institutions created by Government in the past had all collapsed because there has been too much intervention. So, we promised an SME bank on one side, on the other side I was faced with two collapsing banks. I took on myself this important decision of saying: "let us go for a merge, a merger operation in a Westminster style. Get two banks that are collapsing together, inject funds, increase their CAR to 10 and trust them". I think there is something which I have learned in my whole life,

it is to trust people. I trust my people. I trust officers. Confidence is the basis on which we have development. The first miracle was based on what? It was based on confidence.

(Interruptions)

Madam Speaker: Hon. Shakeel Mohamed!

Mr Lutchmeenaraidoo: This trust was very important in the sense that we had to be able to create in the country a situation where there are those two banks. It was a risk and I agree with hon. Mohamed that his Government would never have done it. They killed this economy. They killed the banking sector and the protectors whom the hon. Member is mentioning are all members who have been protected by the former Government. So, we have nothing here to say or to be ashamed of. We inherited their damn shit! And the hon. Member is here now sitting there. We did our best to get out of this shit. This is what we have to understand. We are Government, we are here to govern and we govern the right way.

Madam Speaker: Hon. Minister, please, don't use the word 'shit'. It is unparliamentary!

(Interruptions)

Mr Lutchmeenaraidoo: Madam Speaker, I remove the 'shit'.

(Interruptions)

Madam Speaker: Withdraw the word!

(Interruptions)

Don't remove it, withdraw the word!

(Interruptions)

Well, it is for the hon. Member to say! It is for me to decide. Okay!

(Interruptions)

Don't be ironical, hon. Shakeel Mohamed!

(Interruptions)

Mr Lutchmeenaraidoo: So, Madam Speaker, we flushed out this word, thank you. Let me continue on the basis of what led to the merger. This is the first thing we have done here. And if we would like to refer to some other banks, Lloyds Bank is a typical case of a huge banking sector in UK that collapsed in 2008 and public funds were used to bail out

Lloyds Bank and also the Royal Bank of Scotland. Today, eight years afterwards, no one in UK could regret that Government injected funds to save those two banks because Lloyds Bank has come back to profitability and the Minister of Finance of UK recently sold 6% of the shares of Lloyds and recouped all the investment they made there.

(Interruptions)

So, this is an example I am saying. Why? Because there are times where we have to take risk in national interest. And I say again: “there was no other way out”. If we had left those two institutions continuing, we would have had to spoon-feed them all the time. The merging process was based on one thing; we merged the staff. We merged the administration. We merged the IT system of both banks and we give the bank a strong management that can never underestimate the fact that Government recruited one of the best CEOs in the country. Mr Nagarajan, the CEO of MauBank is one of the best CEOs of this country and I am very proud that he accepted to leave Standard Bank and join us. So, we needed a strong management and it is through him that we said: “Let us go for the merger”. Merging two lame ducks, injecting money there and get it to work. I can tell you one thing: “I am confident today. MauBank is number three at national level. This bank, in five years, will be the number two bank in Mauritius.” I tell this to you! Not only this! In three years we will be in a position to sell part of the shareholding of MauBank and recoup Government what we had invested there to save employment, to save those banks. That was done!

As far as SMEs are concerned, since the hon. Uteem spoke a lot about SMEs and at time he is quite right, because there is a difference between what we intend and what happened also. Because when there was the change in Government, we said and rightly so, because we did it before: “*Ile Maurice, nation d’entrepreneurs*. This nation can take on its back the responsibility of the future”. We did it in 1983 to 1990. It worked beautifully. This time again we said: “We are going to expand on the project of SMEs”.

I have to say one thing that getting a project of this magnitude working within a new institution, having the Ministry of Industry which has done a huge job there and getting the whole thing together takes time. I have to admit it. Getting the SME project off the ground, we have had some teething problems, but the project is now on, which means that MyBiz which is a very new concept, a one-stop shop for the small entrepreneurs, is working very well.

On the other side, the arm of MyBiz is MauBank, which is the largest player already among SMEs. You should know that 27% of the portfolio of MauBank is allotted to SMEs which is the highest in Mauritius. So, this is a bank that has the *vocation* and the capacity of doing it. Yes, I agree with me that we are late with the SME Project and I say also that, probably, one of the reasons which created the situation was that we have been dealing in selection with crisis. This Government has been a crisis management Government quite a few times. We had to deal with BAI. People can say whatever they like. In Trinidad-Tobago, it nearly led to the fall of the Government. It led to a massive loss of Rs95 billion taken away by the Government there just to compensate those who have lost their money. So, we had to deal with a major crisis and the Rt. Hon. Prime Minister, who is here, was the one who gave instructions and decided on the whole thing, and rightly so.

I think we took the right decisions there, but they are painful decisions. I think the House will understand and the nation also, that we went through painful decision-making. I never thought, because the hon. Minister of Finance, within a few months, having to deal with the crisis of a magnitude that can create a systemic risk, socially and financially. And yet, we did it. We didn't do it in the most perfect way, – no one is perfect – but in crisis management, when you have to behave like a *pompier* every day, all weeks through, then there are side reactions. I would say that the delay we have on the SME sector is also due to the fact that this Government has been dealing with an incredible strength on successive crises: BAI, now we speak of MauBank, by itself is a challenge.

Merging two banks is not easy. I am sure the Opposition will move with me on this issue. You can't merge two dead ducks and get them to live unless you inject money. But, to inject money, then you need to have faith in it and this is what we had, we had faith. Public funds have been used - this is true - to set up a bank that has saved 750 employees, that has saved 640,000 account holders and that has saved the country. And looking back, I would say that we saved this country from a financial crisis of an incredible magnitude. And, I can say it today, again, that we saved this country from a social crisis of an incredible magnitude. Just imagine all those dozens of thousands of people who lost overnight all their money! Had we not managed this crisis, they would have been in the street! There would have been blood!

I told this to the Leader of the Opposition also. I say, when we are dealing with crisis management at national level, *la nation avant tout!* Country before all! I need to say one thing today that hon. Bérenger did the right thing also. He did not create a situation which

could have created a drama in this country. It is against this background that we have, today, to speak of MauBank, within the context of a crisis which was so serious.

I hope, Madam Speaker, that I have added a few elements to the discussion, today, that can make it less dispassionate and allow us to vote an ESE which is something *qui est banal*. All Governments, all the time, *passent des ESEs*.

Thank you.

Madam Speaker: Hon. Shakeel Mohamed!

(12.33 p.m.)

Mr S. Mohamed (First Member for Port Louis Maritime & Port Louis East):

Madam Speaker, I would like to start out by agreeing with the previous orator that it is true, I recall during the previous Government and even the one between 2005-2010, each and every time the Minister of Finance and Economic Development stood up - and I see here two former Ministers of Finance under the previous regimes - they stood up to come up with the Supplementary Appropriation Bill, they always had to deal with the Opposition standing up and saying: 'Well, I mean this is unfair! You are putting us before *un fait accompli*, you have already spent the money and it is only now that you are coming to seek our permission.'

I recall when hon. Pravind Jugnauth was Minister of Finance, if I am not mistaken, it was another Member of the Opposition who stood up and made a long *exposé* with regard to the technical issues as to whether, legally speaking, it was in order or not. But, where I agree with the previous orator is that it is something that all Governments do and it is something that is in our tradition, parliamentary or otherwise, and it has at no time been challenged legally. This is as much as where I stop as far as my agreement with the previous orator is concerned.

Let me immediately, since this is a debate on this particular Bill that is being presented and this clash of ideas that must be encouraged in this Parliament should go forth. It is, therefore, necessary for me to answer what the previous orator said, when he tried to make a comparison with, following what hon. Uteem said having used public funds when, in actual fact, he is very economical with words, hon. Lutchmeenaraidoo, when it comes to explaining how come at the beginning of this whole process of destruction that the Government he belongs to embarked upon. How come he had come publicly and made promises that not a penny of public funds would be injected in this whole process! That is a

promise! Now, am I to take it that those promises were made very lightly? Is that the reason why hon. Lutchmeenaraidoo could not keep his word?

But then, again, when I listened to him, he immediately jumps forward and holds on for security by holding on to the tailcoat of the Rt. hon. Prime Minister by saying: “Well, we were given instructions by the Rt. hon. Prime Minister, and rightly so, that was the decision of the Rt. hon. Prime Minister.” He seeks this protection of the Rt. hon. Prime Minister in his words when he says it was the Rt. hon. Prime Minister that gave that. But, what he fails to tell us is those were promises that were made by himself as hon. Minister of Finance and Economic Development, that they would not use a penny of public funds into this process. So, as I was saying, was it because those promises were made only *pour la gallerie*? Was it because those promises were made because there were no proper calculations made by the able officers of the Ministry of Finance and Economic Development and the consultants that were helping Government in those days? No, I do not think so! Because I believe that this was made only to satisfy public opinion. But it was not done after careful thought and this was, in other words, a badly engineered plan that was concocted and that cannot in any way be compared, as he has just tried to do with the Royal Bank of Scotland and Lloyds Bank.

(Interruptions)

True!

Now, it is not simply because he comes here and says to this Assembly: “Well, public funds were used in the case of the Royal Bank of Scotland!” In the case of the Royal Bank of Scotland, first: can he please tell us at what particular stage did the Government in the United Kingdom pull or revoke the banking licence of that bank? When? In the case of Lloyds Bank, was the banking licence pulled away?

Did you have interventions by Police officers in the United Kingdom going to try to get someone who was the Chairman of the bank to sign a document giving away everything for one Pound Sterling? Did this happen in the case of the Royal Bank of Scotland and in the case of Lloyds Bank? No, that never happened! But, why, therefore, does he compare it with the Royal Bank of Scotland? Why does he compare it with the Lloyds Bank? Because that is his only salvation to try to come and drown the fish! He believes that he is going to talk about whatever happened in the BAI situation in Trinidad and Tobago giving the impression that it is the same group when it has nothing to do with it. Giving the impression it is the same

scenario, the same promoters, the same supposed culprits when the culprits were not there, but there in Government!

This is amazing! You have a former Minister of Finance. Let me start with this as well, let us not forget we are dealing here and I cannot lay the blame at the feet of the now Minister of Finance because he has to deal with the mess. He has to deal with the serious mess. What is this mess? We come with a Government proposing a new miracle and what is the miracle solution of this Government? The Rt. hon. Prime Minister with his beautiful team, let us live a romantic period of the 1983 with hon. Minister Lutchmeenaraidoo by his side, going to give us economic miracles and going to give us what, most importantly, discipline in our finances. Discipline in our finances!

Less than one and a half years later, Madam Speaker, the first Minister of Finance of this new Government has gone. We have had a second one, the Rt. hon. Prime Minister, Sir Anerood Jugnauth, he is also gone. We have a third one...

(Interruptions)

He is here! But, in the meantime we have had a Budget presented to show this financial miracle that we were going to create by the former Minister of Finance. Budget! Then we have had a second Budget because on *a vu que ça ne marchait pas, ça ne prenait pas*. We had Vision 2030...

Madam Speaker: Yes, hon. Mohamed, please don't enlarge the debate. We are debating the ESE, right...

(Interruptions)

He spoke in the context of the ESE because there is an item on the Budget concerning the MauBank so that I would ask you to restrict yourself to the parameters of the ESE.

Mr Mohamed: So, I am coming to the MauBank and that is precisely what I am showing that basically with regard to the MauBank we have had a situation that has been dealt with from the very outset with one Minister of Finance, then we have gone to a second Minister of Finance and now we are dealing with a third Minister of Finance! Basically, why it is important that I talk about that is because this whole debate was enlarged by the previous orator. He has said, Madam Speaker, that the reason why with regard to what was planned and what could not be therefore realised, because whatever you plan does not necessarily

come true, he has explained that we have had to deal with the BAI affair. He has said we have had to deal with situations that caused deficits through this injection of more than a billion rupees. He said it. So, let me, therefore, say in response to what he has said.

Madam Speaker: No, hon. Shakeel Mohamed, I would tell you once again that when the previous orator intervened, hon. Lutchmeenaraidoo intervened in the context of what is on the ESE today, that is the MauBank and that you will have to restrict yourself within the parameters of the ESE today. You will have all the leeway to intervene in the Budget speech. You will have all the leeway to intervene. I will not be able then to interrupt you. But, today you have to intervene within the parameters of the ESE.

Mr Mohamed: Madam Speaker, I wait for your ruling again. If I am not mistaken, hon. Lutchmeenaraidoo talked about definition of public debt. He talked about what happened ever since 2008 by previous governments not managing to bring down public debt in spite of statutory obligations. Am I, therefore, allowed to talk about this as well since he mentioned it and you did not stop him?

(Interruptions)

Mr Lutchmeenaraidoo: On a point of order...

Madam Speaker: Yes.

Mr Lutchmeenaraidoo: I replied to an issue that was taken up by hon. Uteem.

Madam Speaker: That's it.

Mr Mohamed: But, I am sorry Standing Orders say what....

Madam Speaker: No, hon. Shakeel Mohamed, I did not intervene, I did not interrupt hon. Uteem because whatever he said, he had put it in the context of the ESE. That is why hon. Lutchmeenaraidoo had to reply to what he said. Now, they did not enlarge the debate as you are doing! I have told you and this is my ruling. You will have ample time to debate on this when the Budget comes. I will give you ample time to debate on this. But, for today, please come to the ESE and within the parameters of the ESE.

Mr Mohamed: However, having listened to your ruling and in line with the particular piece of legislation that is being brought before this Parliament and in response to what hon. Lutchmeenaraidoo said about the definition of public debt, I also would like to add and

basically state in this august Assembly that I do not agree with his observations. I do not agree with the observations that he made in line with his interpretation of what history dictates because his interpretation is hiding a very important truth. What truth is it hiding? It is that he talks about since 2008 no Government has been able to bring down public debt. Let me tell him not to forget that those governments that he is pointing the finger towards had two Ministers of Finance, one of whom is sitting next to him on his right! And this is what he said when he said no government has managed to bring it down that public debt, he is at the same time not even trying to hide the fact that he has just attacked the Minister of Finance sitting on his right who was Minister of Finance at a certain stage in 2010. When he looks at his figures, public debt to GDP was brought down when hon. Pravind Jugnauth was Minister of Finance under the previous regime. It was brought down. That is a fact. So, now that I say that, I am sure I can go on talking because that is the truth.

Madam Speaker: Now, don't be ironical hon. Shakeel Mohamed!

(Interruptions)

You can't be ironical about any ruling which I give. I draw your attention to this!

(Interruptions)

Right? You will not be ironical and I will not tolerate you to be ironical, please!

Mr Mohamed: I never tried to use any irony. I thought it was very funny what I said, but if...

(Interruptions)

Madam Speaker believes that it was irony, I do apologise. That was not my intention.

(Interruptions)

But, responding to something else...

(Interruptions)

...what he has hidden from the facts in his attempt to drown the fish, the previous orator...

(Interruptions)

He has talked about 2008, but why does he need then to tell us, why is it that all reports in those days and history, since he likes talking about history, why does he not refer to the fact that as from 2008, why does not he talk about the Euro crisis? Why does not he talk about the triple shock that our economy was facing as from those particular moments in history? Why does not he talk about commodity prices on the increase? Why does he not talk about oil prices, not as it is now at around 50 US Dollars the barrel, we are talking about above 100 US Dollars? Those are issues that he had to bring to the attention of this august Assembly when he laid with such ease the blame of this supposed deficit, debt, at the feet of the former regime.

What is an undeniable fact is the following: when you look at the figures with regard to debt, they have increased. Call a spade a spade or call it by any name you wish, you cannot therefore go into semantics in going into what definition that particular standard is or what definition statute says, what definition the law says. The fact is ever since this Government has come into power, the public debt has increased! That is undeniable!

Now, each and every time I hear Ministers of this particular Government keep on and on saying that the responsibility for that debt referred to by hon. Lutchmeenaraidoo is the fault of the previous Government. Each and every time, but...

(Interruptions)

When you ask them...

(Interruptions)

Madam Speaker: Order!

Mr Mohamed: ... to, at least, not only say how it is the fault, but, at least, come and establish documents here, showing us how it is the fault, they don't do it! They simply say, 'It is the fault of the previous regime.' Full stop! The reason why they cannot come and establish it - because somewhere, some place, what they seem to forget ...

(Interruptions)

He will not be able to kiss my hand to keep me quiet today. Oh, no!

(Interruptions)

He is a good kisser.

(Interruptions)

Madam Speaker: Hon. Jhugroo!

Mr Mohamed: I do not do that. He seems to be good at it.

As far as I am concerned, Madam Speaker, what is important, is the following. Why is it that they do not come and explain what they say? It is easy to come and just pinpoint and say, 'Well, you know, it is the previous regime.' Soon it is going to be two years, and this Government is going to go on and say, 'It is the previous regime; it is the previous regime!' They do that in order to hide the inability of this Government to show what they promised: fiscal responsibility. What do statistics show us? That, as from 2015 onwards, as properly explained by hon. Uteem, the forecast for 2016 clearly shows that we have gone as far as almost 65% as far as debt is concerned. 65%! What was it when we were in Government? 59%! Below the figure of 60. How come, therefore, the previous regime is still responsible for what they have done? They have made their bed; they have to sleep in it. They cannot keep on running away from responsibility and trying to look into the figures in a different manner.

As I said, the actual hon. Minister of Finance has to deal with a serious mess.

(Interruptions)

The Rs1.6 billion debt, that's the previous regime as well! That is basically what the previous regime decided; to drop it in there! What they forget once again is that the previous Government had two Ministers of Finance and both of them are in the actual Government. The majority of the time that the previous Government was in power, it had as Ministers of Finance hon. X. L. Duval and hon. Jugnauth.

Now, if this is the argument that they are putting forward, that it is the previous regime that was responsible, therefore, they are showing the finger of blame both to hon. Jugnauth and hon. X L. Duval. But is this what they are saying or whether they are going to say Dr. Ramgoolam? But Dr. Ramgoolam was Minister of Finance for a few months, and now they say it was his fault! It is a Government that has promised a lot. It is a Government that has promised miracles. But what it has shown is, in fact, fiscal irresponsibility. What it has shown is, in fact, promises that it has made in press conferences, in explanations in

interviews with regard to MauBank. It has kept on making promises, but at no time have they managed to keep those promises.

I remember an article of hon. Lutchmeenaraidoo. I was looking at that, and I think it is important that we talk about that. Hon. Lutchmeenaraidoo giving an interview as soon as MauBank was created, following the fusion. He talked about the difficulty in putting two banks together. Wasn't it hon. Lutchmeenaraidoo who stood up very happily and smiling in front of the press as Minister of Finance and saying that there is a bank from Dubai that is interested to take over MauBank? It is a secret for no one that, all of a sudden, there was big news that there is a bank from Dubai, a financial institution, which wanted to work with MauBank. Therefore, he went on to say that MauBank can be the No. 2 bank in Mauritius. He started with No. 3 while at the same time saying that it can be the second bank of the Republic of Mauritius. How does he do that? On the strength of money from taxpayers, which he promised he would not put in there.

But, today, what is the situation of MauBank? The same MauBank that the same hon. Minister of Finance, as he was then, promised could be No. 2 in Mauritius, is on the verge of a crash. That is what it is today. That is the truth. This bank is not performing as it is. When we speak to staff members of MauBank today, they are all jittery. They are all afraid. They are all scared for their position.

Let us ask the question: How many people have been fired from MauBank in the past year? He talks about the difficulty of putting two banks together and the jobs that he has saved. But what he does not go on to say is how many of those people that he supposedly thinks he has saved, have been fired ever since this supposedly saving tactics that he has tried to implement. I have known and I have met those people who have lost their jobs, who once upon a time had a secure position. Because of the mismanagement of the BAI affair by this Government, they have lost their jobs, but only for a short time that they had a job. They do not have a job anymore because they were forced out. So, it is very simple and very easy! It is only a courageous Government that can look at things in the eyes and say, 'Yes, we have done wrong somewhere. We thought we could deliver, but we really overshot it.' But then, it is not a courageous Government that looks back in the rear view mirror and keeps on refusing to take responsibility for its own shortcomings.

Hon. Lutchmeenaraidoo talks about trust. He says he trusts people. It is he, himself, who revealed to the public ... It is important when you talk about fiscal discipline. For there

to be some stability in the Government, it is important for us to know and investors out there seeing that there is some sort of stability and there is no backbiting and infighting. It is he, himself, who gave us, in broad day light, the truth about another colleague of his, he says, wanting to take his position as Minister of Finance. That is stability for this Government. That is the truth! Stability!

Madam Speaker: Once again, hon. Mohamed, you are going outside the parameters of the debate! I have drawn your attention several times that you cannot go outside the parameters of the E.S.E. Each and every time you are going outside the parameters of the debate. Please come back to the E.S.E!

Mr Mohamed: He talked about the responsibility of the former Government with regard to a dead duck. He talks about dead ducks. I would like to leave this in the thought of this actual Government. It is all easy to look down memory lane. Previous Government is to blame. Why doesn't he come and tell us what was the level of toxic loans when Mr Krish Lutchmeenaraidoo, who was in charge of that particular institution, left? It is so easy to blame other people whom he does not know or does not care about! It is so easy for him to just point a figure in a very verbose manner, as though to impress the members of the press and the public! But the truth is: why doesn't he come with actual facts? What was the toxic debt of that particular institution at the time when another Lutchmeenaraidoo was at the head of it? Tell us that! Then, he will tell us whether he is responsible as a Minister and as a member of this Government.

Thank you very much.

Madam Speaker: You have mentioned somebody else. I have told hon. Members that they cannot make accusations or allegations against any person who is not represented in this august Assembly.

I suspend the sitting for one and a half hours.

At 12.59 p.m. the sitting was suspended.

On resuming at 2.33 p.m. with Madam Speaker in the Chair.

Madam Speaker: Please be seated. Hon. Rutnah!

Mr S. Rutnah (Third Member for Piton and Rivière du Rempart): Thank you, Madam Speaker. Madam Speaker, when we speak about Supplementary Appropriation Bill, we always refer to the public purse, we refer to public funds and it is not unusual for any Government, not only in Mauritius, but any Government in the world to bring such legislation in order to meet expenses. And when we are criticised of putting the Opposition before *un fait accompli*, that is not proper to say. There is no *fait accompli*. because by virtue of Section 105 (3) of our Constitution –

“Governments are allowed constitutionally to bring such legislation in order to ensure that explanations are given in Parliament as regarding expenses that have been incurred”.

Madam Speaker, what we have today is the Government, in particular, the Chancellor of Exchequer, that is, the hon. Minister of Finance who is coming with a Bill, thereby asking the House to vote an extra sum of money which is required in order to meet the budget that has been used insofar as, firstly, the Office of the Electoral Commissioner, the Ministry of Social Security, National Solidarity and Reform Institutions, and two items that are centrally managed expenses of Government and initiatives of Government respectively. Everybody who has stood up from the Opposition side has simply attacked public debts and MauBank. No one has really spoken about the recurrent expenses in relation to the Electoral Commissioner. We know now from the Finance Minister that the sum spent on the Office of Electoral Commissioner relates to the local election, that is, the municipal elections that took place. And what the Government did, in fact, unlike the previous Government dithering about bringing the local elections, there ought to have been a Court case first to force the Labour Government to give local elections and to bring democratic process in our Municipals and District Councils. So, this sum that has been allocated, in fact, reflects the reinforcement of democratic process by a democratic Government.

In relation to the Ministry of Social Security, National Solidarity and Reform Institutions, we heard that retirement pension had to be paid to our old age pensioners. I would like to remind the House that when we were campaigning, we said that we are going to increase the pension from Rs3,000 odds to Rs5,000 and the Opposition parties, firstly, other than criticising it blatantly, they were asking rhetorically where is this money going to come from. How are we going to pay these old people? But, eventually, the money was found through hard work, through calculation, through dedication. The money was found and the

old age pensioners, people who are less able and widows got from the social security what we promised to them. Last year, they got another increase of Rs250. These are all to bring what we call social stability and it is justified.

Insofar as the next item ‘Centrally Managed Expenses of Government’ is concerned, it relates to PRB. As night follows day, every five years we have the PRB Report and when the PRB Report comes, we have to allocate a sum of money in order to meet the expenses for the PRB and these are money from the public purse which are used efficiently, effectively with transparency in the name of good governance, which this Government is all about.

Now, I would like to come to the issues raised by my friend hon. Uteem about MauBank and public debts, and which were also raised by hon. Shakeel Mohamed. Let me deal with the public debts first. Public debts increased when the Labour Government was in power. Why? The people of Mauritius will never forget the extravagance of the last Government in relation to, for example, project like Bagatelle dam where the budget was inflated to such an extent that no one would believe that a project which initially was valued at ‘X’ amount, eventually would be spent ‘XXX’ amount, and yet not completed. This is one. We are also talking about ring roads; we are talking about identity cards ...

Madam Speaker: Hon. Rutnah, please! I would allow you some leeway, but then don’t go extensively into these debates. As I have pointed out to hon. Shakeel Mohamed, you will have the opportunity of dealing with these issues during Budget debates.

Mr Rutnah: Thank you, Madam Speaker, for your guidance. I am just referring to a few examples that demonstrate how figures were inflated. For example, I will quote what was said during the debates on the Supplementary Appropriation Bill 2013 by the then spokesperson of the MMM, hon. Kee Chong Li Kwong Wing.

For example, he said -

“Mr Speaker, Sir, how many times have we seen extension and renewal of contracts or award of new contracts to the same defaulting contractors, the same non-performing contractors without enforcing the conditions of the contract and without enforcing the terms of payment according to the bid documents.”

He goes on and he says -

“(...) why do we come back to the House every year to vote persistent expenditures resulting from continuous cost overruns as if it is business as usual (...)”.

And he goes on -

“If we look at the Terre Rouge/Verdun-Trianon link road, Mr Speaker, Sir, (...)”.

(Interruptions)

No, I am quoting this,

“(...) 24.5 km of roads have been built. It was estimated to cost Rs2.2 billion and after an extension time of ten months, it was scheduled to be completed in July 2013. It was just opened last week and it has cost almost twice the amount, that is, Rs4.2 billion; twice as much.”

Furthermore -

“Mr Speaker, Sir, on the Riche Terre/Jin Fei road, on the Caudan flyover, on the Ring Road lot 1, on the Bagatelle/Valentina link road and so many other road projects. All of them without fail, have made cost overruns.”

So, this was said during the course of the debate of the then Labour Government in power on 10 December 2013.

Madam Speaker, any Budget is an estimate and an estimate is for the future. We don't live in the future. We don't go back to the future; we cannot accurately predict how much it will cost when we inherit a Government that technically was on the brink of collapse. Why? Because of all these overruns that the then hon. Kee Chong Li Kwong Wing referred to, and that is why there are variances, but the variances should be fair, reasonable and accurate, and we should be able to come and justify those variances.

Now, in relation to public debt and now coming to MauBank, my very good friend, my *colistier*, hon. Lutchmeenaraidoo, whatever reply he has given, he has explained to the House in a very simple manner how the MauBank was created, how jobs were salvaged. Now, I will not go into big details about it. If there is anyone here from the Opposition to say what alternatives they would have proposed when the saga of the BAI suddenly erupted on the face of this Government, what they would have done, they have not suggested anything, what they would have done with the Bramer Bank, what they would have done with the MPCB. The then Minister of Finance saved 640,000 people's money, he saved so many employments. Government could have said: 'well, this is BAI, people who have invested

money in a bank does not belong to us, we have nothing to do with it', and then what would have happened? Domino effect on our financial institution and our financial sector! Then, the country would have collapsed. Instead of saying: 'Hail Macbeth!', 'Hail Vishnu!', like a man full with the milk of human kindness, you saved so many jobs and you saved our financial institution, you saved our image from those who were trying to tarnish it', what do they do? They come and criticise! To criticise is very easy, but to deal with the matter there and then is difficult; to save so many jobs, to save the savings of 640,000 customers in the bank is a difficult decision to make. And bear in mind, earlier on, I heard some criticisms against the Rt. hon. Prime Minister! But, of course, the Rt. hon. Prime Minister has an upper hand on everything; of course the Rt. hon. Prime Minister makes the decision! Why? Because we have inherited the Westminster system of Government, the Prime Minister sits in the Cabinet, he is in control, he is the main man, he decides and he gives guidance, he advises, he takes the ship to its destination. So, of course!

(Interruptions)

He is not a part-time Prime Minister; he is not a Prime Minister who is sitting with his cigar and watching shows. He is not like that. He is a hard worker; he has been able to save this country from those who were trying to bring it to the brink of suicide.

Madam Speaker: Bring it back to the bank!

(Interruptions)

Mr Rutnah: Yes, Madam Speaker. Coming back to it, let me now deal with the process of self-destruction, 'his Government took part', he said, was this a process of self-destruction to save 640,000 jobs in this country? Was it a process of self-destruction to save two banking institutions? No! It was a process to align our banking services so that people who have invested their money are not going to lose and to bring back confidence that people expected of this Government.

And then, 'it is a concocted badly engineered plan'. Saving 640,000 jobs is a badly engineered plan that has been concocted? Reference was made to the Lloyds Bank and to the Royal Bank of Scotland. My friend, hon. Shakeel Mohamed gave the impression that Lloyds Bank and Royal Bank of Scotland were also involved in the same kind of scam that was involved the BAI group. No! That was not the situation! Royal Bank of Scotland and Lloyds Bank, they faced economic problems because of the recession, but, of course, because they

were not involved in criminal activities, that's why there were no Police interventions. Here, in the BAI, we had criminals operating and now, hiding in France.

Madam Speaker: Now, ...

Mr Mohamed: On a point of order. Would he, please, withdraw that, because there has been no tribunal and no court of law which has convicted any person in this matter? So, could he, please, withdraw that? And make allegations against third parties! Could he withdraw that? He can't say criminal activities by persons.

(Interruptions)

Madam Speaker: Hon. Shakeel Mohamed, he is not imputing motives. Please, sit down! He is not imputing motives to anybody. If he does so, you can rely on me to stop him.

Mr Rutnah: I am grateful, Madam Speaker, and if I may continue.

(Interruptions)

So, there was no salvation, there was no only salvation to drown the fish. In fact, there were actions to save our banks, our people, our country and those who were going to lose their jobs in this country as a result of very bad public administration process that was going on during the days of the Labour party in power.

Madam Speaker, I will urge upon everybody in this House today - at least from our side, because we know the criticisms that we get from the Opposition side - to support this Appropriation Bill so that our Minister of Finance will be able to effectively manage the economy of this country and he has the blessing of the population to go ahead with the proper management of finance of this country, and on this note, Madam Speaker, thank you so much.

Madam Speaker: Hon. Bhadain!

(2.48 p.m.)

The Minister of Financial Services, Good Governance and Institutional Reforms (Mr S. Bhadain): Madam Speaker, I am going to restrict my intervention to the fourth item is Schedule [Section 2] of the Bill, Estimates of supplementary expenditure, with regard to Vote/Sub-Head 28-1: Centrally Managed Initiatives of Government where a sum of Rs1.6 billion is being appropriated.

The then hon. Minister of Finance and Economic Development has stated to the House that Rs1.6 billion represents capital injection in MauBank Holdings Ltd. made on 29 October 2015 and 13 January 2016. These sums were provided to MauBank Holdings Ltd to invest Rs300m. in MPCB and Rs1.3 billion in MauBank Ltd. In all transparency, the hon. Minister Finance and Economic Development has also stated to the House that an amount of Rs1,453 billion had also been used for investment during the six months' period January to June 2015, that is, Rs700 m. in National Commercial Bank and Rs753m. in former MPCB Ltd. In this regard, the hon. Minister has stated to the House that a further Supplementary Appropriation Bill and an Estimates of Supplementary Expenditure will be brought before this House before 30 June 2016.

Madam Speaker, just by looking at our Supreme Law, Chapter X of our Constitution deals with Finance and Section 105 subsection 3(b) provides –

“(3) Where in any financial year it is found -

- (a) (...);
- (b) that any money that has been expended (...) for a purpose for which no amount has been appropriated by the appropriation law,

a supplementary estimate showing the sums required or spent shall be laid before the Assembly and the heads of expenditure shall be included in a supplementary Appropriation Bill introduced in the Assembly to provide for the appropriation of those sums (...)

So basically, Madam Speaker, you can appropriate such sums which are required or spent if it is for a purpose for which no amount has been appropriated by the Appropriation Law. Now, the obvious question with regard to the Rs1.6 billion invested in MPCB and MauBank Ltd. via MauBank Holdings Ltd. is, of course: where did the money come from and what is the relevant empowering section of the law which allows for this? And the answer to that lies in Section 104 of the Constitution which provides and I quote –

“Withdrawals from Consolidated Fund or other public funds”

Section 104 (3) specifically provides and I quote –

“No money shall be withdrawn from the Consolidated Fund except in the manner prescribed.”

Which then takes us to the empowering statute, that is, Section 6 of the Finance and Audit Act 1982 which provides and I quote –

“The Minister may, by warrant under his hand, authorise the issue of an advance from the Consolidated Fund.”

And the law provides five distinct situations. In the present case, the relevant section being Section 6 subsection 1(d) and I quote -

“to or on behalf of any other person, where the advance is required in the public interest”

So, Madam Speaker, Rs1.6 billion was invested in MauBank Holdings Ltd. by way of other advances from Consolidated Fund under Section 6(1)(d) of the Finance and Audit Act by warrant under the hand of the then Minister of Finance and Economic Development who decided that this advance of Rs1.6 billion was required in the public interest.

Now, this is a decision which had been taken and the then Minister of Finance and Economic Development has explained to this House in no uncertain terms as to why those two failing banks had to be brought together to create MauBank and basically, the most important rationale was in terms of saving jobs because the new Government which has come into power could not afford a situation where two banks would have failed and people would have lost their jobs. The economy would not have been able to absorb that at that moment in time and a responsible Government had to do something about it. Now, the then Minister of Finance and Economic Development chose to go down one route. Be that as it may, we are now in a situation where we have to move forward with that.

Now, was the then hon. Minister of Finance and Economic Development right to issue that warrant under his hand under Section 6 of the Finance and Audit Act because in the public interest those funds had to be injected in MauBank? It takes me then to what the Governor of the Central Bank had to say about why Bramer Bank's licence had to be withdrawn and he publicly stated in an interview to *'l'Express'* –

“A study of the monthly balance sheets of the defunct Bramer Bank reveals that it did occasionally suffer from serious liquidity problems before 2015.”

And goes on to ask –

“Did Government – previous Government - try to bail out the Bramer Bank from time to time in the past by other means (...)”

What were those other means? By placing additional public sector deposits into that bank. This is what was happening, Madam Speaker. What was happening was, instead of Government coming and addressing a situation where Bramer Bank had already failed and had huge liquidity problems, they were getting Governmental institutions to go and place huge deposits into Bramer Bank to bail it out. That is what the Labour Party was doing at that time. This is what we inherited and this is why we come to the public interest issue which gives rise to the warrant issued to take Rs1.6 billion and put it into MauBank. The Governor of the Central Bank went on to ask –

“Why did defunct Bramer Bank borrow so much from the BoM (...)”

Because Bramer Bank had borrowed from the Central Bank also.

(...) that it no longer had any eligible collateral left for further borrowings?”

Had borrowed so much from the Central Bank, that they could not borrow any more, interbank lending! No other banks would have lent to them. That was the situation. That was the reality; I heard hon. Shakeel Mohamed before. Maybe the hon. Member does not have all the facts, but this is the situation when we came in in December 2014; people wanted change and we looked at the situation. This is what it was and the Central bank had to act. This is the truth. Now, he goes on to say and this is very important Madam Speaker –

“Why did the BoM lend US dollar to defunct Bramer Bank against rupee collateral?”

Now, can you imagine, the Central Bank of a country lending in US dollar to a commercial bank against collateral security in rupee? This happened under the previous regime. This is what led to the situation. And when we look at what is being appropriated today, we have to understand the context and we have to understand where things were. It is just good to come and state things which are not accurate like hon. Shakeel Mohamed has been doing, but there is only one truth.

Now, these are questions suggesting that defunct Bramer Bank badly needed a balance sheet repair. That is what it needed; a balance sheet repair since long before 2015. And where is this balance sheet repair being conducted today? It is in MauBank and this is why we are here. We are repairing the balance sheet of two banks which have failed and which have been aggregated into one and now we have to go and make that work; not by choice, but by obligation because there are people working in those banks. There are people

who have deposits in those banks. What would have been the alternative anyway? I ask the question now.

What should we have done? Let those banks fail! Let people go on the road and then what! Deal with a social crisis! And, of course, not to forget that Bramer Bank was at the epicentre of this whole BAI scam! My friend, hon. Shakeel Mohamed does not like it when we say ‘criminals’, but these are not criminals. These are people who should have been hanged for what they did to this country.

Madam Speaker: No. Hon. Bhadain, please withdraw these words. It is indecorous of this House to use this sort of language! Please, withdraw!

(Interruptions)

Mr Bhadain: Okay.

Madam Speaker: No, not okay! Please, withdraw!

Mr Bhadain: I withdraw the word ‘hanged’ and replace it by ‘flushed’.

(Interruptions)

Madam Speaker: No, hon. Bhadain. You have to use a language which is not against the decorum of this House. Please, if you withdraw, you withdraw it unconditionally.

Mr Bhadain: I do, Madam Speaker. But I would stress that people in this country must realise what the situation was; how it has been created; by whom it has been created; what were going to be the consequences if actions were not taken and it is all easy to come and say: “this should not have been done or that should have been done in a different manner”. But, at the material time, when tough decisions had to be taken, those decisions had to be taken and today we are moving forward. We are leaving a crisis behind. This is what this Government has done. I go back to the Central Bank because this is very important, Madam Speaker and it explains everything which has been discussed in this House today. The Governor of the Central Bank stated –

“After all, at the time of the revocation of the banking license public sector bodies had deposits amounting to over Rs2.0 billion”

That was in Bramer Bank which was still there. I know that for a fact, because SICOM, which holds under my portfolio as a Minister, had Rs800 m. in Bramer Bank at the time when it was revoked. All this nonsense which has been spoken about in terms of the

Government creating this whole problem, it is complete nonsense. Rs2 billion was there. SICOM had Rs800 m. in there. And he goes on to say: defunct Bramer Bank should have resolved the deposit concentration problem rather than relying on it for its survival because that's what a responsible bank does. You can't have all your eggs in one basket. All the public sector investment into Bramer Bank amounted to about 33%.

When you get money so easily - when Mr Rawat has a problem, he goes to Mr Ramgoolam, then you have investment into Bramer Bank and 33% is public sector money which is going into that. The lending, on the other side, when you are taking that money to lend, that is also being done in an irresponsible manner. This is the situation which brings the bank into that precarious situation. It is because you are getting money easily. Whenever you have a liquidity problem, you go to your friend and you get money into your bank, and then, when the money comes in, you take it, you give it to your friends again. What is going to happen? This is what happened.

(Interruptions)

Madam Speaker: Hon. Jhugroo! Your comments are unwarranted!

Mr Bhadain: I will give one example, Madam Speaker, which has never happened in a Mauritian context and I hope will never happen again, because it caused so much pain and suffering to so many people. The Governor of the Central Bank says –

“Without being uselessly argumentative, commentators should ask the honest question as to why, for instance, did the BoM – Mr Bheenick there at that time – approve the purchase of Rs1.7 billion hire purchase debts of Courts?”

Why does a Commercial Bank, Bramer Bank purchased Rs1.7 billion from Courts which is a related party and the Governor of the Central Bank, Mr Bheenick, allowing that to happen? This is what brought the bank's downfall. Because, today, that Rs1.7 billion sitting on that balance sheet has to be sorted out. When the Special Administrators and the Receiver-Managers are working, where are they going to get back Rs1.7 billion from now? It is sitting as an asset on the balance sheet. Government has to come in and do something about it. There is no other option. We have to understand reality and then understand why things are being done, in what way they are being done and then you can criticise as much as you want. But criticise on facts, criticise on things which are real, don't just invent things.

For instance, my hon. friend, Shakeel Mohamed, mentioned public sector debt. I just asked the Ministry of Finance and Economic Development to provide some figures on public

sector debt. When I look at 2012, it was based on international definitions: 57.9%; 2013: 60%; 2014: 61.6%. But, it is true that national debt has increased under the Labour Party. He also says that there were Ministers of Finance from other parties. But, they have been in power for nine years. For six years, Mr Sithanen and Mr Ramgoolam have been Ministers of Finance out of nine and he is coming and saying that putting his problems onto other people's head now.

Now, he mentioned Mr Gooljaury. Hon. Uteem mentioned that Rs30 m. has been put by MauBank into that. I just got some figures. In 2007, the exposure of Mr Gooljaury and his companies towards the then MPCB, Rs140 m.; 2010: Rs242 m.; 2012: Rs420 m.; 2014: Rs515 m. And now, you are saying that there is Rs500 m. of debt in MPCB! Mr Gooljaury! But who did that?

(Interruptions)

Who did that? The figures speak for themselves. Now, the other thing I would like...

(Interruptions)

Madam Speaker: Hon. Uteem, please!

(Interruptions)

Mr Bhadain: Madam Speaker, these are real figures I am talking about. If there is a forensic investigation which is conducted as to where this money has gone, you would go back to the coffers of Mr Ramgoolam in Riverwalk and you would go all the way to Italy to Mrs Soornack.

(Interruptions)

That's the truth!

(Interruptions)

Madam Speaker: Order! Order, please!

Mr Bhadain: Madam Speaker, going back to the national debt figures, my friend, hon. Shakeel Mohamed, explained that there were numerous factors as to why debt had increased. And then, he said that we don't talk about oil prices, commodity prices and so many things which happened at international level and blamed everything in international context. That's what they used to do. But, the truth is what? Hon. Rutnah has said it, the Terre Rouge-Verdun project. Didn't that increase national debt? I have got the figures here.

Now, for the Terre Rouge-Verdun project, the contract value was Rs2.1 billion, it went up to Rs4 billion. Did that not increase national debt? The airport: Rs8 billion went all the way up to Rs13 billion. Did that not increase national debt? If we look at Bagatelle Dam: Rs6 billion. All these things, where are they today?

(Interruptions)

Now this is...

(Interruptions)

Madam Speaker: No interruptions, please!

Mr Bhadain: This is the absolute truth!

(Interruptions)

Madam Speaker: No interruptions!

Mr Bhadain: When we look at the Ring Road...

(Interruptions)

Madam Speaker: Hon. Shakeel Mohamed, please don't interrupt the hon. Minister!

Mr Bhadain: The Ring Road Project: Rs1.6 billion. We add up all those figures: Ring Road, Terre Rouge-Verdun...

(Interruptions)

Madam Speaker: Order!

(Interruptions)

Hon. Jhugroo, Order!

Mr Bhadain: All these projects, Madam Speaker, were capital projects. Money had been spent, the national debt has gone up and they were not revenue generating projects. They have not contributed to any increase in gross domestic product. The GDP debt ratio has suffered because of - he used the words 'fiscal irresponsibility' - total mismanagement. Total mismanagement by a Government which did not know what it was doing, why it was doing it, how much to spend and then, at the end of the day, left a huge debt situation for the new Government to sort out when they came in. This is why national debt went up.

I may not agree on many issues with the former Minister of Finance and Economic Development, but there are certain facts where he did not go wrong also and we have got to

accept that. He had decisions to make and those decisions were made. I want to rectify one thing though. It was said earlier that the Rt. hon. Prime Minister had given instructions with relation to the revocation of the licence of Bramer Bank. This is certainly not true! Certainly not true! The decision was taken by the Central Bank, the Board of Governors of the Central Bank.

(Interruptions)

That's the absolute truth!

Madam Speaker: Hon. Bhadain, address the Chair!

(Interruptions)

No crosstalking!

Mr Bhadain: Madam Speaker, when we look at the situation of MauBank today, it has returned to a profitable situation. Deposits are being received. The bank is working. Jobs have been safeguarded. Hon. Shakeel Mohamed mentioned, we all heard him, that people have lost jobs. We have to stop misleading the population, misleading this House, because I have got the figures here.

(Interruptions)

I have got the figures here!

Mr Mohamed: I have got the fact of what I am saying. On a point of order, he should withdraw. He can't say I have misled the House when I did not. And if he wants to do it, the Standing Order says that he must come with a specific motion; he does not do it like that.

Mr Bhadain: I have got figures to...

(Interruptions)

Madam Speaker: Please, sit down! Hon. Bhadain, did you say that the hon. Member misled the House.

(Interruptions)

Did you say so?

Mr Bhadain: Madam Speaker, I didn't finish my sentence. I said he misled the population and the House...

(Interruptions)

Let me finish!

(Interruptions)

Let me finish! And I was going to say why. Because when he stated...

(Interruptions)

Madam Speaker: No, please...

(Interruptions)

Mr Bhadain: Let me finish...

(Interruptions)

Let me say why!

(Interruptions)

Madam Speaker:please sit down. When I am on my feet, you sit down!

(Interruptions)

Hon. Bhadain...

(Interruptions)

Hon. Bhadain, I asked you whether you said that hon. Shakeel Mohamed misled the House. Did you say so?

Mr Bhadain: Madam Speaker, I had not finished my sentence. I started by saying that...

(Interruptions)

Madam Speaker: So, what did you say?

(Interruptions)

Mr Bhadain: And I said...

Madam Speaker: So, what did you say?

Mr Bhadain: And I said so because I will say why and if I am allowed to say why.

Madam Speaker: I have asked you whether you said that he misled the House? Did you say so?

Mr Bhadain: Yes, I did, Madam Speaker. Yes.

Madam Speaker: If you said so, then withdraw it!

(Interruptions)

Mr Bhadain: I will...

(Interruptions)

I will rephrase by saying, did hon. Shakeel Mohamed mislead the House by saying...

(Interruptions)

Madam Speaker: No, did you say he misled the House? If you said he misled the House, you have to withdraw it.

Mr Bhadain: Yes, I did.

Madam Speaker: But, just withdraw it!

(Interruptions)

Hon. Rutnah! What is it?

(Interruptions)

When I am on my feet you have to be silent!

(Interruptions)

Hon. Bhadain, please! There is nothing dishonourable in saying that you are withdrawing if you truly said that he misled the House. Just withdraw this sentence and you may continue with your debate.

Mr Bhadain: I withdraw that sentence...

Madam Speaker: Calmly!

Mr Bhadain: And I will state that what hon. Shakeel Mohamed has stated to this House is wrong because the figures...

(Interruptions)

They don't want me to say why!

(Interruptions)

Madam Speaker: No, but hon. Bhadain, if you said it before, you have to withdraw it, then you continue!

(Interruptions)

You have to withdraw. If you said he misled the House, then you have to withdraw it!

(Interruptions)

Mr Bhadain: I have already said that, Madam Speaker, I have already said that I am withdrawing.

Madam Speaker: No, I did not hear!

(Interruptions)

I did not hear!

(Interruptions)

Hon. Bhadain, you talk to me!

(Interruptions)

Hon. Bhadain!

(Interruptions)

Hon. Bhadain, I am on my feet!

(Interruptions)

And when I am on my feet you have to be silent!

(Interruptions)

I have told you that if you said, you withdraw it first and then you continue. You don't engage in conversation with the Opposition!

Mr Bhadain: Madam Speaker, I said I withdraw the sentence that hon. Shakeel Mohamed misled the House, but I am saying again that the figures - what he stated to the House - are incorrect!

(Interruptions)

And I am saying why they are incorrect! If I may be allowed to say why.

Madam Speaker: That is better! That is better!

Mr Bhadain: Yes. So, he stated that people had lost their jobs in MauBank. So many people have lost their jobs in MauBank. Now, I can tell the House, Madam Speaker, that as at September 2015 taking both MPCB and the National Commercial Bank together the number of employees...

(Interruptions)

2015...

(Interruptions)

Madam Speaker: Hon. Shakeel Mohamed, don't interrupt him!

(Interruptions)

Mr Bhadain: I am coming to that!

(Interruptions)

Madam Speaker: Hon. Shakeel Mohamed, you had the opportunity of intervening, now don't interrupt him! Allow him to proceed with his speech!

(Interruptions)

You don't have to help him!

(Interruptions)

Mr Bhadain: Madam Speaker, the hon. Leader of the Opposition is still in that mood with the Labour Party!

(Interruptions)

Madam Speaker: Hon. Leader of the Opposition, please!

(Interruptions)

Hon. Leader of the Opposition, allow the debates to go on calmly, dispassionately!

(Interruptions)

Please proceed!

(Interruptions)

Order!

(Interruptions)

Order, please proceed!

(Interruptions)

Hon. Leader of the Opposition, please! Allow him to proceed calmly with his speech...

(Interruptions)

Allow...

(Interruptions)

Okay, that is a good sign!

(Interruptions)

That is a good sign, okay. Please, proceed!

(Interruptions)

Mr Bhadain: Madam Speaker, ...

(Interruptions)

... this is a clear case of wishful thinking, Madam Speaker.

(Interruptions)

Madam Speaker, going back to the figures...

(Interruptions)

...let me finish now. Madam Speaker, going back to the figures, MPCB and NCB together had 700 employees in September 2015. In December 2015 they had 685 employees and in May 2016 they had 662 employees. The reason, as to why 38 persons have left, is because they have moved on to better jobs and most of these people were in the sales department because in a bank you have good salesmen whom other banks try to recruit and people who are in the IT department. There has been no layoff of employees! And, what this Government set out to do has been achieved; those jobs have been saved and this is why Government decided to go ahead with the course of action that it did, same thing for BAI, 4,200 people employed in the BAI Group, 3,900 people still working today. Now, these are facts, Madam Speaker. Despite everything you would hear saying the contrary it is simply not the truth. Simply not the truth!

Madam Speaker...

(Interruptions)

... when we go back to what hon. Reza Uteem has been saying in relation to the SME sector, I agree with him. I definitely agree with him that much more should have been done for the SME sector and this Government will rectify that. The new Minister of Finance and Economic Development in the coming Budget, I am sure, will have special attention for the SME sector and we are going to catch up on the time which has been lost with the SME sector.

With regard to the funds which have been invested in MauBank, Rs1.6 billion is being appropriated today, a further Rs1.4 billion would be appropriated in the next Supplementary Appropriation Bill which is going to be brought by the hon. Minister of Finance and Economic Development. But, then, Madam Speaker, I think Government also will have to be very careful in terms of what happens next. Because if MauBank is a profitable organisation and it is generating the required level of profit, such as the appropriate capital adequacy level, it is fine you can carry on, but if not, then a decision will have to be taken as to whether to

open up the share capital of MauBank so that Government can get investors to come and invest so that Government can recoup such sum of money which has been invested.

Thank you, Madam Speaker.

(Interruptions)

Madam Speaker: Yes, hon. Leader of the Opposition!

(3.16 p.m.)

The Leader of the Opposition (Mr P. Bérenger): Madam Speaker, I am going to speak on the Budget deficit and on the public debt as both will be impacted by the sums that we are asked upon to approve in this Supplementary Budget.

I understand - I heard the hon. Minister of Finance give absolute figures, I did not hear him give figures as per a percentage of GDP, but maybe he will do that later on. It is good that he confirms that as far as I am concerned, from the information I have, is that the Budget deficit is under control and even after the sums that we are called upon to approve today, we will stay at about 3.5% of GDP. 3.5% of GDP, from what I understand again, is what has been agreed as guidelines with the International Monetary Fund and it is not bad in terms of Budget deficit.

My point is exactly what I said a year ago when last year's Budget was approved. Today, I say that even more forcefully, that is, that the Budget deficit is under control at around 3.5%, but at the expense of Government capital expenditure. The Government capital expenditure in the last Budget and since then, even more, has been cut down drastically to allow the Budget deficit to stay at around 3.5%. And, what has been the result? Everything has a price in life. What has been the result?

This cutting down of public investment from Government side is, according to me, the main reason why GDP growth is stuck at below 4%. There is a new Minister of Finance. It is not easy to get out of that trap. It is not easy at all. Let us look *la vérité en face*. The Budget deficit is under control even with the additional expenditure that we will approve today, according to my information - not around 3.5% -, but at the expense of Government capital projects. I am not talking about the parastatals and so on. That will be on another occasion when we will discuss at Budget time. But, right now, the Budget deficit is being kept under control because the capital expenditure by Government has been curtailed

drastically. That is the main reason - according to me and every good economist that thinks about it - we are stuck under 4% GDP growth every year. That is on the Budget deficit.

Now I move to the public debt. Because if I am cool about the public deficit, I am certainly not cool at all and again the new Minister of Finance should look very carefully at figures. We are already in trouble and, if we are not careful, we will be in very serious trouble as far as the public debt is concerned, especially the sums that we are being asked upon to approve in the case of MauBank, Madam Speaker.

I am not interested to spend the whole of this mandate arguing that the previous Government did that wrong, the present one has added to the wrongdoing and so on. I am interested to look at what has happened. What is admitted by the IMF, by the World Bank, by everybody, the accepted level of public debt is 60%. When we go above 60%, alarm bells start ringing. That is the accepted *barème*. We went over the 60% figure in 2014, that is, before the general elections, our public debt had already gone over 60%. I am using the accepted international definition. I do not think anybody takes very seriously the 'Made in Mauritius' definition of our public debt for the purposes of a law that was voted. That is a waste of time. Let us use the accepted international definition. If I am not mistaken, Minister Lutchmeenaraidoo used this 'Made in Mauritius' definition whereas the present Minister of Finance has used the internationally accepted IMF definition.

The targets in the case of public debt have completely missed and with what we are going to approve today, we are moving more and more into trouble. Need I remind the House that when the last Budget was proposed at the beginning of last year - a year ago - we had just gone over the 60% of GDP threshold. So, in the Budget, the target was to bring public debt down to 58.6%. The figures have been circulated a week ago by the then of Finance, the Rt. hon. Prime Minister, and instead of going down to 58.6%, in June 2016, we have gone right up to 65%. These are official figures circulated by the then Minister of Finance. So, we have missed the target completely in terms of public debt, Madam Speaker.

Today, we are going to increase further the public debt through the additional billions that we are being asked to put into MauBank. I have to go back. I am tired. I suppose he has disappeared for good reason. I am fed up hearing things that are not true, one way or the other. What is the impression that is being given by hon. Lutchmeenaraidoo today and even more by hon. Bhadain? That it was all planned, that before the Bramer Bank banking licence was revoked, everything was planned and so on; the Bank of Mauritius, under the new

Governor, was doing its job and had to act. Let us look at the truth. On 02 April, last year, when the banking licence of Bramer Bank was revoked, the House was sitting. I had a diner and so I left. So, I was at a friend's place and hon. Lutchmeenaraidoo - probably he has a better memory than me - phoned me around 8.00 p.m. or 9.00 p.m. I did not ask him to phone me. I just listened. I did not say a word. He phoned me and told me that he had been asked by the Rt. hon. Prime Minister to keep me informed, as Leader of the Opposition, '*ki nou pe revoke*' the banking licence of Bramer Bank.

(Interruptions)

Keep cool!

I remember the exact words, and I find that unacceptable. By that time, we had reached 10.00 p.m., and all these gentlemen on the present Board were standing by there to revoke. That is the truth. That is the simple truth. It is not blah-blah-ing! He told me that the State Bank of Mauritius is going to take over and there is no problem. Now, we want to give the impression that it was all planned. That is bloody rubbish! I know that it is unparliamentary. Rubbish! That is the truth. *Ça a été* all the way *la fuite en avant* ! The Rt. hon. Prime Minister remembers *la montée 's'* before Ferodo brakes - never start something that you cannot stop! As a child, whenever I used to take the bus, I would look at the Ferodo brakes - never start something that you cannot stop. This is the way how it started.

Then, there was improvisation as they went along. There was what we call in French *une fuite en avant*. SICOM was going to take the pension side! It was not going to be superb. State Bank takes on the banking side! They behaved - both Ministers Lutchmeenaraidoo and Bhadain, and it is very dangerous - as if those public companies or corporations are their property. They had decided that State Bank was going to take over Bramer Bank and that SICOM was going to take over the pension side. It is madness! But it is a frame of mind; a very dangerous frame of mind. That is how it all started.

It is a sad in a way, because the present Minister of Finance has inherited a mess that is not of his doing. But we have a problem with MauBank, with the public debt; the way we are going!

Talking about the MauBank, I have not brought the copy of the Budget Speech. You cannot keep on fooling people like that. But the very words used by the then Minister of Finance are stuck in my mind. I will try to quote exactly. He said, "We are going to have an

SME Bank for SMEs which will be a one-stop shop, that is, processing requests, giving money in one go.”

Then, it was done away with. The Bramer Bank passed on to the National Commercial Bank and that being a mess, was joined with another mess, the Post Office Cooperative Bank. *C'est la fuite en avant!* There is no other word! Finally, all this was merged in a new bank, MauBank, because one after the other was failing. We are going to keep on pouring billions like that! We poured billions in the National Commercial Bank and then in MauBank - we have the figures in front of us. Today, we are being asked to pour billions again. What we have is not even a one-stop shop. If I had the Budget Speech, I would quote word for word. It was going to be a one-stop shop, the SME bank. As I said, processing of requests and once the requests are approved, the same institution gives the money, under guarantee, but even then, without personal guarantee. Again, it was a dream in paradise!

Now, these poor SME people will go to MyBiz and follow all the procedures. When they finish with the procedures at MyBiz, then they go to MauBank and they start all over again. Then, they have to convince. No! That is why it is not surprising, but from what I understand, not a rupee has been disbursed to date. Approved yes, scheduled yes, but not a rupee has been disbursed to date and it is shameful; it is not even a one-stop mini shop. You do half of the work with MyBiz, then you go to the MauBank and try to get the money from them. I can understand why the Minister responsible for Small and Medium Enterprises is not happy, Madam Speaker.

(Interruptions)

It's the truth! I listened to him. He knows the problems of the Small and Medium Enterprises. In many countries, the *malheur* of Governments and of Parties that either are populist or want to be popular with everybody, including France these days, is that we promise everything, we do everything and we don't stop to look at the real economy, how it works when you land up in trouble; but, at least, he spoke the correct words to insist on the problems that the SMEs are meeting with and that we must not increase their problems, Madam Speaker.

I am very worried also. We want to project the image of a country where you do genuine business, *un état de droit* and so on. But can't we stop and realise how unhealthy it is the way the present Minister Bhadain - I plead with the new Minister of Finance: Don't go that way. But the previous Minister of Finance had the same attitude, pumping MauBank and

pumping the National Insurance Company with our money, with public money. Is that fair competition? Is that a modern economy functioning in that way?

It's awfully unfair competition and in a way it's sadistic. You use public money to build up MauBank and NIC and then you pressurise SICOM to buy into NIC, their direct competitor! A normal business! We are doing ourselves a lot of harm. It is unhealthy, it is not a normal economic modern situation and it should stop. Now, we are *dans la galère*. I am not saying that we just drop - *rame et la galère coule*. No! But we can't go on like that, pretending that we are a modern economy, *un état de droit*, fair competition and then we use public money to build up two entities. Especially hon. Minister Bhadain, he has worked out figures, he has been trying to get foreign firms to buy shares in the National Insurance Companies. *Zéro!* And he plans to leave the BAI saga behind us; he plans to sell in the future shares in MauBank. For the moment, we are pouring money into that, but he plans to sell shares in MauBank to repay the BAI people. Very, very unhealthy! I hope, once Budget Time is over, the new Minister of Finance will think about what we are doing, the way we are going and how bad it is. The way this whole BAI issue saga was handled is very bad for investment mood, for foreign investors' confidence and so on. But we are moving from bad to worse. Therefore, I hope that he does find time to look at that very, very seriously. I would like, on that issue, to ask the new Minister of Finance to give us the total figure, since the last elections, of how many billions have been poured into the National Commercial Bank, then MauBank, and including Mauritius Post Office and Cooperative Bank. I think *la population a droit à la vérité*, the billions that have been invested, public funds that have been invested in this Bramer Bank post BAI mess, Madam Speaker.

In a few minutes I will come to the future of our public debt and I am very, very worried, Madam Speaker.

(Interruptions)

But it is very unhealthy. I have heard and I agree fully; I have heard with strong criticism the way Governor Bheenick used to run the Central Bank. The way political consideration entered such issues. Rightly so! But we should all agree that it is not the role of the Central Bank to lend again public money, deposits and so on. Rs3.5 billion have gone into the public debt! When is this going to be repaid? It was supposed to have been for a given period of time, already behind us. Now, we are not told when and it is not the normal role of the

Central Bank to lend that kind of money for that purpose. So, we are entitled to know when those Rs3.5 billion will be repaid.

I am going to put another question to the new Minister of Finance. Am I right in saying that billions of rupees from those special funds that, at least, the former Minister of Finance, hon. Lutchmeenaraidoo said will close all these – we use to call them Sithanen special funds - except the Build Mauritius Fund, the Lottery Fund. Lottery in the sense that prices of petroleum products crash, but instead of bringing them, as they should have been in Mauritius, down reasonably, they were kept where they were and billions taken out of the pockets of consumers. I am asking the new Minister of Finance: Am I right in saying that billions have been taken out of the Build Mauritius Fund to keep the public debt under control? *Encore une fois, la population a droit à la vérité.* I will ask another question to the new Minister of Finance, which hon. Minister Bhadain did not reply to.

This year, billions of debentures are supposed to be issued to the clients of Super Cash Back Gold and Bramer Asset Management. Billions! And I asked: ‘will this go into raising our public debt by so much?’ No answer! I think we have the right to be told the truth. If we have found a way that it will not go - although Government guarantee is there - I think it will go into the public debt. And will it go in one go? Because it is supposed to be spread over five years, but will the debentures be out now and then, repaid over five years? I am saying all that because, today, we are approving billions that will add to our public debt, Madam Speaker, and I must say, I asked that question on the Build Mauritius Fund when billions were taken out of the pockets of consumers, it was with the purpose mainly of replacement of very old water pipes. Give us the figures over the last year, give us the figures how much money has really gone into replacement of used pipes! And instead of that, my information, as I said, is that billions have gone into repayment of public debt because we are increasing the public debt on this side with the MauBank sum that is being approved now, Madam Speaker. So, I am very worried about that.

The budget deficit is under control so far. I am not that worried, but the truth is that the budget deficit is being kept under control at the expense of capital expenditure on Government side and this is impacting directly on the rate of GDP growth which is staying below 4%, but on the increasing public debt and what we can foresee on the horizon, I am very worried.

And that brings me - and I will end on that note - to Moody's and our public debt. Moody's will have certainly paid very close attention to the figures circulated last week or the week before by the then Minister of Finance and Economic Development, the Rt. hon. Prime Minister, on how much the public sector debt, *calculé à la FMI, calculé* by international norms has, therefore, reached 65%. That brings me to the latest document produced by Moody's. As we know, we have a very good rating Baa1 by Moody's. I am very concerned - and they are very concerned, Moody's - of the continuing deteriorating situation of public debt. In May, that is this month, Moody's came out with a paper called "Mauritius Tax Treaty Amendments with India are credit negative". Again, what is the use of fooling ourselves, of not looking at the truth? Let me quote what Moody's has said in that note of 16 May 2016 under the title "Mauritius Tax Treaty Amendments with India are credit negative", that is, the Double Taxation Avoidance Agreement that we have finalised with India, and I quote Moody's -

"The taxation agreement is credit negative for Mauritius because its financial centre will be a less attractive platform for investing in India than it used to be."

"We - that is Moody's - estimate that a curtailment of new investment flows through Mauritius would cause a deterioration in the balance of payments equal to 1 percent-2 percent of GDP annually, and consequently put pressure on Mauritian foreign exchange reserves."

And they add,

"However, a sharper shift in investor sentiment would have more dire consequences."

I don't want to be a *prophète de malheur*, but the situation is serious, the public debt has reached 65%, we will have the occasion when budget time comes to come back on that in a larger picture, but for today what I wish whilst we are asked to vote billions for MauBank again, it is my duty to express my grave concern, even more than Moody's, at the continuing public debt deterioration and I would advise the new Minister of Finance and Economic Development to look at all this very objectively, it is not his doing, but look at all this very objectively at the time when you are preparing your first Budget after many years.

Thank you, Madam Speaker.

Madam Speaker: Yes, hon. Jugnauth!

(3.44 p.m.)

Mr Jugnauth: Thank you, Madam Speaker. First of all, let me thank all hon. Members who have taken the floor to intervene on this Bill. A lot has been said even though I have, initially in my speech, tried to limit myself to the Bill itself and I do not propose to go outside the scope of this Bill. Otherwise, from both sides, I must say, there have been a lot of comments that will surely be taken up during Budget time when the Budget is soon going to be presented, otherwise we will never finish. It is going to be a debate on the economy.

Let me respond to a few things which have been mentioned, first, by hon. Uteem where he has mentioned that ‘this is being done outside the Budget *et c’est comme un fait accompli qu’on met devant la Chambre*’. I think this has been replied by hon. Bhadain extensively where the law, the Constitution of Mauritius, the Finance and Audit Act already provides for Supplementary Appropriation and it has been like that for years and years. I mean, we cannot prepare a Budget, we cannot provide exactly the amount of money that is going to be spent not only for the items that have been mentioned in the Budget, but also on many occasions through different Governments, there are unpredicted, unexpected situations which justify that Government deals with that situation and on many occasions, consequently, has to spend public funds in order to remedy or try to remedy, whether we succeed or not is another matter, but we have to face the situation, and this has been happening, as I say, through this Government when my colleague, the former Minister of Finance and Economic Development, myself now, the former Minister of Finance and Economic Development also, hon. Paul Bérenger, who has been presenting Supplementary Appropriation Bills and, therefore, there is nothing new to it. But I grant the fact that the sums that are being appropriated are subject to debate, are subject to each and everybody’s opinion.

The second issue which was raised was the impact on public debt. Now, I don’t want to go into a debate, and, as I said, in the Budget, we are going to look at all this seriously, of course. Because, they are very important economic indicators and we should see to it that whatever we do, we do not jeopardise the future of this country. But whatever we do also, at the same time, we should see to it that we are able to prepare the country for the future.

I have already stated in my speech that the Rs4.1 billion that we are being asked to appropriate today, at least, we are confident that it will be within the authorised limit that was voted in the Budget, that is, Rs92 billion because there has been underspending and there are going to be savings also; underspending, of course, with regard to a number of capital projects. Of course, I don’t believe that any Government would be happy when there is underspending on capital projects because the intention of Government is to try to achieve

and to realise as much as we can in terms of capital projects so that these will serve us and will have a definite impact on growth in the future. But again, this is not new! I mean, I have tried to go through past Budgets and looked at the figures. There have been a number of occasions, different Governments, where the amount that has been voted for capital projects, unfortunately, at times may be it has been a huge sum, at other times maybe there has been a lesser sum, but still there have been underspending.

So, therefore, if we are contained within the sum that this Parliament has voted, Rs92 billion, I believe that therefore it will not have a different or a major impact on the public debt. But, on the percentage of public debt as to GDP, of course, we are concerned. We have to see to it that it is being contained. I seize this opportunity to reply to the hon. Leader of the Opposition who has said that there has been a decrease in capital expenditure. Again, this is a vicious circle where we are today. We should try not to increase public debt on the one hand. On the other hand, through the vision of this Government, we want to invest further in infrastructure and so many other projects. Where will we get the money? We have to borrow. Whether it is foreign borrowing or it is local borrowing, it is still going to account an impact on the percentage of the debt as to GDP. So, Government now is in a situation where we have to think very, very hard. There are a number of projects that we want to finance and we also want to see how much private investment we can have in order to prepare the country for the future.

The issue that was raised again by hon. Uteem is the PRB; whether it includes salary of Ministers and MPs and so on. Well, I must say that, first of all, PRB is with regard to salary of civil servants, public officers. There is a Bill which eventually, if there is approval from Government, is for an increase. Again increase is not salary; it is with regard to allowances because Ministers draw allowances. I can't recall but it is something to do with allowances of Members of Parliament. It is a bill that will have to be presented and that is totally different from PRB and, of course, Budget allocation will have to be made for that.

With regard to SMEs, now again I think hon. Minister Lutchmeenaraidoo has replied to that. I agree with what has been said partly. First of all, the SME sector is a very difficult sector. I had been Minister of Finance and I am today also, it is a very, very difficult sector because they need to get access to finance - one of the factors and very often it becomes an obstacle for them. We have a duty and a responsibility also because we are managing public funds, we can't just dish out money just for the sake of saying: "Look, so many millions and billions have been given to SMEs". But we need to look at the end result. How many will succeed, will survive and will bring an addition to the wealth of this country?

Hon. Lutchmeenaraidoo, like another hon. Member also, has said that we would wish probably not only to have done more, but also, I would say, we would have succeeded more in terms of the SME sector. But then we have to put things in their right perspective also. We should not give a, I would say, deformed picture when we speak, particularly with reference to MauBank. Because what is the truth? It is a fact that there has been a scheme which was put in place. The scheme is the SME Development Certificate Scheme that was targeting new projects and start up with MyBiz. It has not given so far the desired result, but, as a matter of fact, I have been provided with figures. Out of total advances, total loans given by MauBank, the SME sector amounts to 27% of the total loans. I see that entities with turnover between Rs50 m. to Rs100 m. amount to about 14% of advances. So, we should not try to, at least, depict a picture where there has been as if one scheme and also because it has not given the expected result, therefore MauBank is not doing enough for the SME sector. We all want any other bank or financial institution to be able to do much more than that not only MauBank.

There is something which I didn't want to comment, but then I think I have to react to that because hon. Uteem said: "Look at the case of Mr D. G. who has debts at MauBank and who is now the blue-eyed boy of this Government". I mean, as far as I am concerned, he is not my blue-eyed boy anyway, but I think hon. Bhadain has replied, I mean, he has given figures.

I don't want to give any figure because this is confidential information, whoever it is. I could well have given figures, for example, for the former Prime Minister also who had an account in Bramer, but I don't want to go into that. Whoever it is, whenever they have an account with the bank, it is private, confidential information, but we can, of course, comment. If there has been mismanagement, yes, we can say so.

The level of loan does not date back from as if December 2014. We have just heard how much it came to till December 2014. When we look at the situation that we have inherited with regard to the MPCB - we are talking about capital adequacy ratio - I think it was found that the capital adequacy ratio of MPCB was not only zero per cent, it was negative. Can you imagine it was already falling foul of the regulations in the banking sector! Again, I don't want to go on a debate with regard to what kind of mismanagement there was and the excessive level of non-performing loans, but I think this can be really summed up by the report that was conducted by Ernst and Young, which concluded that the bank was technically insolvent, both in terms of the Banking Act and the Companies Act and the

Shareholders Investment was, in fact, completely wiped out and equity was negative at Rs596 m.

For Bramer Bank, the problems that were faced - again, I don't want to repeat what my colleague, hon. Bhadain, has said, but we should not forget one thing. We can have each one his opinion on the way that this was being managed, but the truth is, - and I hope that we all agree with that – and rightly so, it was raised. In fact, I can recall, for the first time in this very House, the hon. Leader of the Opposition, when he asked a PNQ and he commented to say that the BAI is a Ponzi Scheme. And, we know how this has been tolerated by the previous Government. But, are we, as a new Government, just to as if – if I can say, *mange pistache guet cinema* – keep a watch and say: “Look, let it go on!” Let it grow to such an extent that when it blows, the whole economy will be destabilised. I think that is the main issue.

As I say, we can agree to disagree on the way how this crisis was being managed. The Opposition will have its way, we will have our way, but we could not, when, especially, the IMF has rung the alarm bell. As I say, rightly so, the hon. Leader of the Opposition raised that issue in Parliament. But, here again, we are in a situation where we have those two banks, the MPCB for real mismanagement and the Bramer Bank with all this interrelated parties connections.

The hon. Leader of the Opposition has just said: “Well, shall we keep on pumping public funds!” It has already been replied by other Members, by hon. Lutchmeenaraidoo and hon. Bhadain, with regard to the issue of employment, the number of customers at both banks. If we had done nothing, we would have, I would say, condemned both institutions to close down. Apart from the consequences on the economy, but with regard to employment and with regard to all those people who had their deposits at the banks, it would have been a total failure, total loss, and then, some people would be saying that this Government is irresponsible, has done nothing and was just lying idle and so on.

There has been criticism as to whether we are going to put money. What is the alternative if we don't put money now? I agree that we have to see to it that money that is being put is not money that is being just pumped in; it is being put as equity. Of course, I would wish that we all want that the bank succeeds, as hon. Lutchmeenaraidoo has said. Eventually, we are able. I believe it is not for Government to run a private bank. We will see

whether the private sector in the future will be interested. There can be investment in that bank, but let us all work towards, at least, the success of MauBank.

Hon. Mohamed, I am a bit surprised when he questioned, he said: the Supplementary Appropriation Bill, the way we are doing, is it legal? But, again...

(Interruptions)

You said whether it is legal. It is legal. Okay! I agree, again, that if there are ways and means of improving the system so that there is more accountability, more transparency and that more people are able to participate in a debate where we are using public funds, let us say we are open to that.

Again, Madam Speaker, I don't want to go into number of issues, important issues, yes, which have been raised, but which are not directly related to the Bill. We will have time to debate and discuss lengthily on that, but let me respond to the hon. Leader of the Opposition. He has asked how much money has been injected so far. Well, I have replied to that. In fact, when I made my speech for Second Reading, I chose to give all the figures in transparency. I said that Government had so far injected a total equity investment of Rs3.053 billion in NCB, MPCB and MauBank Holdings Ltd.

I have given the details also that in NCB in April 2015 there was an injection of Rs200 m. In June 2015 there was an injection of Rs500 m. and in the former MPCB Ltd. in June 2015, Rs753 m. and then in MauBank - this is in fact the provision we are voting today - in October 2015, Rs300 m. and January 2016, Rs1.3 billion.

A last remark, maybe, with regard again to the hon. Leader of the Opposition. He has mentioned about Moody's, well we should all be at least satisfied that Moody's have kept our rating at a stable level of Baa1. Of course, we take note of the remarks of Moody's just like those institutions like the IMF and the World Bank and we should do whatever we can either to be able to keep that rating or, of course, try to improve on that.

Therefore, Madam Speaker, I would end by saying that this exercise again is something which is not unusual and I said I will be coming because there is also a Supplementary Appropriation which requires the approval of Parliament with regard to expenditure which has been incurred - and I have given the detail - from January to June 2015.

Thank you.

Question put and agreed to.

Bill read a second time and committed.

COMMITTEE OF SUPPLY

(Madam Speaker in the Chair)

ESTIMATES OF SUPPLEMENTARY EXPENDITURE (2015-2016) OF 2016

Vote 1-5 Office of the Electoral Commissioner was called.

The Chairperson: Yes, hon. Uteem!

Mr Uteem: Chairperson, may I know from the hon. Minister if we could have a breakdown of the fees?

Mr Jugnauth: Well, I can circulate because we have the -

- Returning Officer - 30 officers paid Rs1,018,500;
- Deputy Returning Officer – 11 officers paid Rs297,000;
- Senior Presiding Officer – 110 officers paid Rs1,900,250;
- Senior Presiding Officer – 195 officers paid Rs2,408,250;
- Presiding Officer - 1476 officers paid Rs11,808,000;
- Poll/Ballot Box/ Directing Clerk – 3767 officers and the amount spent is Rs13,665,375;
- Caretaker/Labourer – 488 and the amount spent is Rs1,110,200;
- Police Officials, all grades – 6183 officers and the amount spent is Rs65,000,000, and
- Officers working on Counting Day – I don't have the number of officers, but the amount that has been spent is Rs2,878,075. So, making a total amount of Rs100,075,650.

Vote 1-5 Office of the Electoral Commissioner (Rs100 m.) was on question put, agreed to.

Vote 22-1 Ministry of Social Security, National Solidarity and Reform Institutions was called.

The Chairperson: Hon. Baloomoody!

Mr Baloomoody: The sum includes; *with effect from 01 January 2016 and a higher number of beneficiaries* – may we know the exact number of higher beneficiaries?

Mrs Jeewa-Daureeawoo: May I answer? So, the number has been increased from 187,320 to 193,985, there are some 6,665 more beneficiaries.

Vote 22-1 Ministry of Social Security, National Solidarity and Reform Institutions (Rs1,000,000,000) was on question put, agreed to.

Vote 27-1 Centrally Managed Expenses of Government (Rs1,400,000,000) was called and agreed to.

(Interruptions)

The Chairperson: But it is over!

(Interruptions)

It is over, I asked the question before and you did not...

(Interruptions)

No!

(Interruptions)

You should as a ...

(Interruptions)

No, let me explain!

(Interruptions)

Let me explain! As a matter of procedure...

(Interruptions)

One minute, as a matter of...

(Interruptions)

It is Vote 27-1. Hon. Ameer Meea, it is vote 27-1. As a matter of procedure, I asked the first question and then you had ample time. I looked around, nobody stood up and that is why then I put the question and I had already put the question as to whether it stands part of the schedule. So, then it is over!

Mr Bérenger: Can I take a point of order? If you go through past decisions of Speakers, the rigidity that we can have on other occasions does not hold at Committee Stage. There have been plenty of rulings on that and I have, with my experience, often a point is recommitted. So, we are not insisting in that case, but then, I don't think we should be as rigid if you go to the past rulings by Speakers.

The Chairperson: Yes, hon. Leader of the Opposition, but then I wish to remind hon. Members that they cannot take all their time. I give them ample time. I looked around to see whether anyone had any question. The hon. Member did not stand up. I have given ample time!

(Interruptions)

Vote 28-1 Centrally Managed Initiatives of Government was called.

(Interruptions)

The Chairperson: Yes, now hon. Ameer Meea!

Mr Ameer Meea: Yes, thank you. Can I ask the hon. Minister whether he can table a list of the composition of the Board of MauBank?

Mr Jugnauth: Yes, I can circulate later on. I don't have the list with me.

(Interruptions)

The Chairperson: No other question?

(Interruptions)

Vote 28-1 Centrally Managed Initiatives of Government (Rs1,600,000,000) was, on question put, agreed to.

THE SUPPLEMENTARY APPROPRIATION (2015-2016) BILL

(NO. VII OF 2016)

The Schedule was agreed to.

Clauses 1 and 2 were called and agreed to.

The title and enacting clause were agreed to.

The Bill was agreed to.

E.S.E. (2015-2016) of 2016 and the Supplementary Appropriation (2015-2016) Bill (No. VII of 2016) were agreed to.

On the Assembly resuming with Madam Speaker in the Chair, Madam Speaker reported accordingly.

STATEMENT BY MINISTER

(4.20 p.m.)

FRENCH EMBASSY & ST GEORGE HOTEL - INCIDENTS

The Prime Minister: Madam Speaker, I thank you for giving me the opportunity to make a statement out of turn.

Madam Speaker, I strongly condemn the incidents that occurred in the early morning of Monday 30 May in Port Louis.

According to the Police, gunshots of small calibre were fired in the direction of the French Embassy and St George Hotel. Moreover, graffiti were found on the walls in the vicinity of the incidents.

There has been neither any victim nor any injured. Only slight damage on the two buildings has been noted.

I wish to assure the House and the public at large that Mauritius remains a country where peace and security prevail and that these incidents should not be given disproportionate interpretations.

The Police are conducting its investigation in order to identify the offenders, and they will definitely be found out. I hope so. Additional measures have also been taken for the maintenance of law and order.

I wish to assure the House that I will not allow anybody to play with the stability and harmony prevailing in our country.

I warn all lawbreakers, defaulters or mischief players from any quarters that they will be dealt with, in the most serious and severe manner.

Thank you, once again, Madam Speaker for giving me the opportunity to make this statement.

Mr Bérenger: Can I join the Rt. hon. Prime Minister in conveying our sympathy to the French authorities and our condemnation of what has taken place.

ADJOURNMENT

The Prime Minister: Madam Speaker, I beg to move that this Assembly do now adjourn to Tuesday 07 June 2016 at 11.30 a.m.

The Deputy Prime Minister rose and seconded.

Madam Speaker: The House stands adjourned. I understand hon. Uteem, hon. Ameer Meea and hon. Ganoo have adjournment matters.

MATTERS RAISED

(4.23 p.m.)

VALLÉE PITOT - DRAINS

Mr R. Uteem (First Member for Port Louis South & Port Louis Central): Madam Speaker, I raise an issue which concerns the hon. Vice-Prime Minister, Minister of Land and Housing as well as the Rt. hon. Prime Minister.

It relates to the conditions of the people in Vallée Pitot, more precisely in Alma Street, l'Oiseau Vert Street and Orient Street. Last year, I asked a question. There was landslide and houses had been damaged.

Now that the Government has decided to realign the Ring Road *tracé*, I would like to ask the hon. Vice-Prime Minister - that concerns the NDU - if he could see to it that the works that had been stopped be continued and the appropriate canal works be done, so that these people be spared whenever there is heavy rainfall? As a result of the works having stopped, all the water now is channelled into the houses of these people.

The Vice-Prime Minister, Minister of Housing and Lands (Mr S. Soodhun): Madam Speaker, I can assure the hon. Member that I will take up the matter with NDU. In fact, the hon. Member is right to say that now we have the diversion of the Ring Road. We are going to take into consideration the suggestion given.

(4.24 p.m.)

PLAINE VERTE – TRAFFIC CONGESTION

Mr A. Ameer Meea (Second Member for Port Louis Maritime & Port Louis East): The issue I am raising today is in relation to the traffic that we are having at Route des Pamplemousses and the junction at Route Militaire. So, it relates to the Rt. hon. Prime Minister.

The traffic is getting very dense there because with time the population who lives in Vallée des Prêtres, Ste Croix, Cité La Cure, Paul Toureau and everywhere around this area has increased. Today, the traffic, especially in the evening, is really crazy and I, myself, have raised this issue in the House several times. So, I appeal to the Rt. hon. Prime Minister to transmit the request to the Commissioner of Police to, at least, place a policeman in the evening, every day, especially on week days, because people take 30 minutes from the centre of Plaine Verte to go to Vallée des Prêtres when normally it takes only five minutes.

So, I appeal again to the Rt. hon. Prime Minister to transmit the message to the Commissioner of Police.

The Prime Minister: Of course, the population has increased, but vehicles also are increasing. This is the problem that we are facing. I will convey this to the Commissioner of Police and ask him to see that somebody is posted there.

DR. JEETOO HOSPITAL - CHILD DEATH - ALLEGED MEDICAL NEGLIGENCE

Mr A. Ganoo (First Member for Savanne & Black River): Madame la présidente, le ministre de la Santé n'est pas présent, mais je suis sûr qu'il y a un autre ministre qui le remplace, parce que je vais soulever une question de négligence médicale alléguée qui a causé la mort d'une fillette de six ans à Bambous, dans ma circonscription, pendant le week-end.

Donc, le vendredi 27, cette petite fille, Anaëlle, qui souffrait déjà des problèmes cardiaques depuis sa naissance, a commencé à avoir des problèmes de respiration, de toux et de vomissements. Donc, ses parents l'ont transportée tout de suite à l'hôpital du Nord, où elle suivait un traitement au *Cardiac Unit*. Mais, malheureusement, son état détériorait en route, et donc les parents et le chauffeur qui conduisait la voiture ont téléphoné au SAMU tout de suite pour que le SAMU puisse prendre le relais.

Malheureusement, d'après ce que disent les parents, le préposé du SAMU leur a dit que ce n'était pas possible et leur a conseillé d'aller à l'hôpital Dr. Jeetoo, à Port Louis, ce

qu'ils ont fait. Arrivée à l'hôpital Dr. Jeetoo à Port Louis, un médecin a commencé à lui donner un traitement et a réalisé que la fille était déjà une patiente au *Cardiac Unit*. Sa situation détériorait tellement qu'elle a été mise sous respiration artificielle, mais elle n'a jamais été transférée au *Cardiac Unit*. Aux petites heures, samedi matin, elle est décédée.

Pourquoi la fille n'a jamais été transférée au *Cardiac Unit* ? Pourquoi le SAMU n'a pas pu répondre à l'appel ? Les parents crient à la négligence médicale, parce qu'elle suivait déjà un traitement au *Cardiac Unit*. Elle était un *cardiac patient*.

Donc, je demande au ministre concerné qui fait la suppléance, de bien vouloir demander au ministère de faire une enquête dans cette affaire-là pour répondre aux parents qui, je crois, ont déjà demandé au ministère d'ouvrir une enquête.

Donc, en tant que député de la région, je demande au ministre, très humblement, d'ouvrir une enquête pour pouvoir répondre à toutes les questions des parents qui sont meurtris par le décès de cette petite fille.

The Minister of Youth and Sports (Mr Y. Sawmynaden): Premièrement, Madame la présidente, je voudrais sympathiser avec la famille de la petite fille.

I will definitely look into the matter and ask for an enquiry to be carried out.

CITÉ LA CURE, JAMATKHANA – PLOT OF LAND

Mr S. Mohamed (First Member for Port Louis Maritime and Port Louis East): Madam Speaker, the first issue I would like to raise is directed to the hon. Vice-Prime Minister, Minister of Housing and Land.

It is with regard to an organisation that sent him a letter some time in the beginning of this month. It is an organisation that is situated in Cité La Cure that has made an application ever since 2014 for a place which is commonly known as a Jamatkhana, in order for them to see to it whether they could obtain a portion of land because the number of devotees has kept on increasing.

I will be grateful if the hon. Vice-Prime Minister could give some special attention to this particular letter as this would greatly help other people in the locality in Constituency No. 4.

Thank you.

MOTORWAYS/ HIGHWAYS – LITTER

The second issue is directed to the Minister of Public Infrastructure and Public Transport, hon. Bodha. Madam Speaker, all of us have realised that the highways/motorways or carriageways where we have a central reservation and the two other pieces of grass or vegetation on the sides, be it on both sides of the highways. They always have a lot of grass, not only overgrown vegetation in terms of grass but even when they are mowed, the issue is that if there are plastic bottles, plastic paper, paper or garbage which are found there, they just remain there.

This morning I myself called the RDA and I have asked them why is it that these were not removed. Basically, the answer I got was very straight, simple and direct: We are grasscutters, not scavengers. So, maybe, this is a question which needs to be addressed very urgently and I am sure it is a very simple issue.

Madam Speaker, it is such an eyesore and it is not in any way helping the country when there is overgrown vegetation in the middle, and I hear just simply because a contract has to be given to a company soon and that is why it is not being done. At the same time, when the grass is removed, you have a lot of plastic rubbish there littered on the ground that you can see very clearly. I will be very grateful if this could be looked into because this is a matter, I am sure, one could really *address* together. It is not a political issue, it is a question of cleanliness and the image of the country.

Thank you.

The Vice-Prime Minister, Minister of Housing and Lands (Mr S. Soodhun): Madam Speaker, I will ask my hon. friend to give me the letter and then we are going to look into it.

The Minister of Public Infrastructure and Land Transport (Mr N. Bodha): I will certainly, Madam Speaker, look into the matter and I will see how we can work together with the Ministry of Environment.

PAILLES - WATER SUPPLY

Mr V. Baloomoody (Third Member for Grand River North West and Port Louis West): If I can make a request to the hon. Vice-Prime Minister, Minister of Energy and

Public Utilities. Actually, the water supply at Pailles is very irregular and it is causing tremendous hardship to the inhabitants.

I am requesting the hon. Vice-Prime Minister to look into the matter, especially as next week the fasting month of Ramadan will start and the inhabitants need a much much better supply of water in the region of Pailles. So, can I ask the hon. Vice-Prime Minister to intervene urgently.

Thank you.

The Vice-Prime Minister, Minister of Energy and Public Utilities (Mr I. Collendavelloo): It is being looked into.

At 4.34 p.m., the Assembly was, on its rising, adjourned to Tuesday 07 June 2016 at 11.30 a.m.