

## **Budget Debates 2023/2024**

### **Speech of the Minister of Industrial Development, SMEs and Cooperatives, Hon. Soomilduth Bholah**

#### **Introduction and Budget Philosophy**

Mr Speaker Sir,

- To thank the Minister of Finance.

The Hon. Leader of Opposition has been Minister of Finance... of Industry... of Tourism...

He knows pretty well that Mauritius is an open economy, even more so an insular economy, operating in a highly dynamic, unpredictable and competitive international environment.... As such we are directly subjected to the vagaries of international conjunctures and major influences that we can only inherit and contend with.

Mr Speaker Sir, what are the main pillars of our economy? .... Tourism, Manufacturing, Financial Services, Sugar.

And our main imports? Petroleum.... Food.... Raw Materials used in Manufacturing... construction, amongst many others.

Therefore, how can you understate the impact of international factors on our economy? How can he ignore the situation in our source markets and our export markets?

Last year he and many other members on the other side of the House referred and spoke lengthily about one particular country.... Sri Lanka! I can say that at that time, they were obsessed with that reference... and

predicted the same fate for Mauritius. A year later, have these predictions materialised?

Mais cette réaction... ce reflexe... ne me surprend pas !

Le leader de l'opposition estime que le budget n'adresse pas ce qu'il qualifie de « malaise mauricien ». Mais je me pose la question : C'est quoi ce « malaise mauricien » ? Il y en a -t-il vraiment une?... Ou est-ce tout simplement l'expression rébarbative de l'éternelle insatisfaction de l'opposition ?

It is a fact that the world economy has been in choppy waters with COVID-19 pandemic... and, this dire economic situation is further exacerbated by the ongoing war between Russia and Ukraine.

In 2020, most economies were locked down due to prevailing sanitary conditions... entailing lower demand on one hand... and a heavily disrupted supply chain on the other.

Hence, real world GDP in 2020 decelerated by 3.2 percent according to the World Bank.

In 2021, as businesses and individuals were gradually settling into the new normal worldwide, the global real GDP figure reached 5.9 percent.

It is in that particular context of relative normalisation, that in 2022, Russia invaded Ukraine. As a consequence, the cost of raw materials as well as intermediate materials (Crude oil, fertilizers, wheat), sky-rocketed...thereby weighing heavily on global economic prospects.

Meanwhile, Central Banks around the world, with the principal aim of reining in inflationary pressures, tightened monetary policy which, consequently, curbed economic growth.

To an extent that... World Bank prospects indicates that the global economy is “perilously close to falling into recession.”

The World Bank has reviewed its forecast for real GDP growth for 2023 downwards from 3 percent to 1.7 percent.

In the midst of this gloom... the Sub-Saharan Africa region is expected to be resilient with a real GDP growth forecast of 3.6 percent and 3.9 percent for 2023 and 2024... a forecast which is higher than the global average.

Mr Speaker, Sir,

It is therefore up to each country to take its destiny in its own hands... and it is up to each leader to dare to take bold actions and steer the economy in the right direction.

Mauritius, for its part, has seen a swift turnaround in its economic situation, from its GDP at market prices of minus 14.6 percent in 2020... to an estimated 8.7 percent GDP growth rate in 2022... on a calendar year basis.

Our core economic activities – tourism, manufacturing and exports, agriculture and financial services – have all bounced back in 2022.

Exports have reached MUR 102 billion in 2022 (increase of 24 percent year on year). Tourist arrivals were shy of the one-million figure, from about one-twelfth of this figure a year earlier.

### **Inflation**

Mr Speaker Sir, rampant inflation has become an evil over the past year... undermining economic recovery... hampering social stability... leaving economists desperately searching for solutions.

Record rates of inflation have been observed internationally.

The US saw an annual inflation rate of 8 percent... while the UK witnessed a 41-year high inflation rate of 11 percent in October 2022.

According to Statistics Mauritius, headline inflation rate in January 2023 worked out to 11.8 percent, steadily normalizing to 8.3 percent in April 2023.

Consequentially, the Bank of Mauritius has proactively updated its monetary policy framework.

The aim is to adapt its inflation targeting objective, with the target rate ranging between 2 to 5 percent while aiming to achieve 3.5 percent over the medium term.

As per the country's debt metrics, it is estimated that Public Sector Net Debt as of June 2023 stood at around MUR420 billion... (representing 72.9 percent of GDP) ... and of which 20 percent is external debt.

The debt service ratio for fiscal year 2022/23 was 7.7 percent, though including an exceptional debt servicing, without which the ratio would have stood at 3.1 percent, and which is expected to increase mildly to 3.6 percent, on a comparable basis, for fiscal year 2023/24.

To this effect, it is also important to highlight that the country holds FX reserves amounting to the equivalent of MRU291 billion, hence capable of covering imports for 9.8 months.

Let me come back Mr Speaker Sir, to that never ending debate on rising public debt.

These global trends are evident in both large advanced and emerging market economies. Japan is at its highest debt-GDP ratio at 262%...Singapore 160%... USA 129%.

The House of Representatives has approved a deal last week to allow the US to borrow more money, days before it may start defaulting on its debt.

Banging on about debt-GDP ratios... and ignoring everything else within an economy may often be a recipe for failure.

Too often bogus “economic debates” focus on the fiscal deficit. As if balancing the budget was the standard or hallmark of sound economic management.

But no, Mr Speaker Sir.

The obsession with cutting the deficit... and paying down the debt may more than often hamper proper recovery.

This does not mean that we are being profligate.

But debt reduction cannot be an obsession that overrides economic policy. Given new economic dynamics, old fiscal doctrines may well need to be revisited, to be..... re-adapted.

But as a responsible, caring Government we will never, knowingly, risk the future of our children and future generations. On the contrary, we are laying the grounds for the legacy that will live long after us.

Mr Speaker, Sir,

Most economic indicators are now in green, flashing like a beacon of hope following the rough patch endured in 2020 and 2021.

We now must build on these promising grounds to further the economy... increase prosperity for its people... and dare to lay the grounds for the legacy that we are going to leave for the future generations.

It is with this aim and objective that this Budget Speech addresses the crux of the matters, on:

1. Strengthening the foundations of our economy;
2. continuing the transformation of Mauritius into a sustainable economy;
3. building the future, we deserve.
4. supporting families and vulnerable groups.

It is on these foundations that Government will be building a stronger economy and a fairer society.

Providing greater protection in the hard times of economic uncertainty

And driving it all, a renewed determination for a defining decade ahead.

Mr Speaker, Sir,

Let me address some budget measures.

For long, experts and professionals have spoken about distortions in our personal taxation system.

This government has now taken the bold measure to move to a progressive system of personal taxation. This, in itself, is testament to the extent that this government has gone to restore social justice and equity in the country since 2014.

With this new progressive system, the highest-salaried employees will effectively compensate for the lowest-salaried employees.

Fairness for the low-income employees is even more evident, now that people earning up to a monthly income of MUR30,000 will not be subject to income tax.

Even more so, with the CSG allowances in place, these people now receive contributions from the authorities, with the main aim of improving the purchasing power of those who are at the bottom of the social ladder.

Mr Speaker, Sir,

This measure is highly commendable, and Mauritius is, **if not the only**, one of the fewest countries where government is giving back to its people.

The government is also coming up with '**Revenu Minimum Garanti**' of MUR15,000 monthly... which means that no full-time employee should be getting total income of less than MUR15,000.

Moreover, reducing the burden of the cost of living has been at the very core of this government.

To this end, it is highly welcoming to see that price of fuel from MUR74.10/litre to MUR69/litre, given its weight in the basket of goods and services. Subsidies amounting to MUR4.7 billion on staples and LPG will also be provided.

Mons. Le Président, le Leader de l'Opposition estime que la baisse de Rs 5,10 par litre d'essence est ridicule d'après lui, malgré la tendance baissière sur le plan mondial.

Mais ce qu'il ne nous dit pas est que quand le prix par baril était à la hausse, la STC n'a pas répercuté la totalité de l'augmentation sur les consommateurs. Ce qui fait que le *Price Stabilisation Account* de la STC est déficitaire.

Qui est plus..... l'OPEP, l'Organisation des Pays Exportateurs de Pétrole... annonce une réduction de la production de pétrole de plus d'un million de barils par jour... soit 1% de la consommation mondiale.

Parallèlement la demande mondiale va augmenter cette année... en raison du redémarrage de la Chine, premier acheteur au monde.

Plus de demande, moins d'offre, cela signifie fatalement la hausse des prix.

Autre point de .....déception du Leader de l'Opposition...l'augmentation de la pension de vieillesse qui ne passe pas à Rs 13,500.

Encore une fois, Mons. Le Président, cette déception, il aurait dû l'exprimer lorsque nos aînés touchaient Rs 3,623 en 2014.

Tripler presque cette somme en 9 ans n'est quand même pas négligeable.

Toutefois, je comprends la déception de l'opposition. Le leader de l'opposition ayant occupé le portefeuille des finances sous le régime PTR-PMSD...n'avait peut-être lui-même jamais rêvé osé ce pari.

In our case Mr Speaker Sir, this government is ensuring that household incomes are beefed up... And on the other, it is ensuring that the cost of living remains in check ensuring that families are able to live, not only survive.

The Budget Mr Speaker Sir, is not about winners and losers. Rather, it is a goal setting exercise based on our values and our unwavering commitment.

Governing cannot just be about scoring political points, or doing what is politically convenient or expedient, contrary to what members of the other side of the House may tend to believe.

We are compelled by our duty as Government to do what is right for the country and our people and build a fairer, more inclusive, and ever more equitable society....even when tough calls have to be made.

Mons. Le Président, le maintien du prix du pain maison, de la bonbonne à gaz, du riz et de la farine va dans cette direction.

Qui plus est, des subventions sont préservées pour des produits comme le lait en poudre, les grains secs et l'huile comestible. La suppression de la TVA sur 15 produits viendra aussi soulager les consommateurs.

Et comment oublier l'allocation de Rs 1,000 accordée aux salariés qui touchent moins de Rs 50,000 mensuellement, payable à partir de juillet l'année dernière ?

Le présent budget prévoit une Child Allowance de Rs 2,000 à 48,000 enfants âgés de 3 ans ou moins.

Donc, Mons. Le Président, on a osé et on a déployé les moyens pour protéger ceux qui méritent ce soutien.

Imaginez-vous la détresse des familles dont un enfant est atteint d'un cancer et qui galère à trouver les fonds pour le traitement ? Ne connaît-on pas tous un proche ou un ami qui a perdu la bataille contre le cancer.

Cette provision Mons. Le Président, vient soulager le fardeau financier des familles qui sont contrainst à entamer toute sorte de démarches pour soigner leur enfant. Elles vont surement trouver dans cette mesure une lueur d'espoir.

Et pour nous, ç'était notre devoir de faire preuve de compassion.

### Industrial Development Division

Mr Speaker Sir,

As we focus on propelling the country to new heights, we can draw confidence and strength from sectors that make our pride.

I am pleased to elaborate on one such sector, under my purview, that shone... and keeps on shining: the manufacturing sector.

### **Performance of the Manufacturing Sector**

Mr Speaker Sir,

The manufacturing sector comprises **232** Export Oriented Enterprises (EOEs), **309** Non-Export Oriented Enterprises (Non-EOEs) and **18,187** SME manufacturing units.

Today, the sector employs more than **85,000 people**, representing around **16.5%** of the active workforce.

Last year, the industrial sector witnessed a historical moment by generating an all-time high manufacturing output of **Rs 152 billion**... along with record breaking domestic exports of **Rs 52.3 billion**.

This is a moment of pride as it clearly demonstrates the success of the revamped industrial policies and strategies.

The merit also goes to our entrepreneurs, the workforce and industry stakeholders who have shown confidence, commitment and dedication.

### **Performance of Export-Oriented Enterprises**

Mr Speaker Sir,

The EOE sector continues to strengthen its resilience as illustrated by export growth of **17.2%** in **2022** as compared to **14.4%** in **2021**.

This represents a net gain of around **Rs 6 billion**.

Exports of textiles and clothing grew by **8.0%** in 2022.

Fish and fish preparations recorded an increase of **20.8%**.

Jewellery & precious stones registered a growth of **44.1%**.

Medical devices posted a hike of **11.8%**.

For this year, we are maintaining the increasing trend in export.

Recent data released by Statistics Mauritius indicate that a growth rate of **9.8%** has been achieved for the EOE sector in the first Quarter of **2023** as compared to the corresponding period in **2022**.

Mr Speaker Sir,

Members of the Opposition have adversely commented on the performance of the EOE sector, attributing the growth to exchange rate fluctuations.

I wish to assure everyone that the growth remains positive even if fluctuations are factored in.

### **Streamlining Work Permit Procedures**

Mr Speaker Sir,

For some time now, our manufacturing enterprises are being constrained in their development process due to an acute shortage of skilled labour. During my different site visits in enterprises or various meetings it was a plea constantly being brought up by industry operators.

Mr Speaker Sir,

Recourse to foreign workers is presently a necessity.

And for years, their contribution has been vital to maintain enterprises afloat.

This Budget has addressed this fundamental issue of timely availability of manpower to ensure the long-term viability of enterprises. Henceforth, work permits will be submitted through the National E-Licensing System to ensure a seamless, hassle-free, transparent and user-friendly process.

The above measures, added to the abolition of the ratio of expatriates to local worker will allow manufacturing enterprises greater flexibility and latitude.

Mr Speaker Sir, Members of the House will agree that we have gone the extra mile to create a more conducive environment for cross-border labour mobility and this will translate into more wealth creation.

### **Rebalancing exports**

Mr Speaker Sir,

My Ministry, along with Economic Development Board (EDB), will continue to pursue efforts to consolidate existing markets and unlock new business opportunities for the EOE's.

New market prospects are also opening up with coming into force of the AfCFTA, coupled with bilateral trade agreements namely the CECPA with India and the FTA with China.

In the same vein, our efforts will also be focused in expanding market horizons in countries such as Japan and Australia.

I am also given to understand that a Preferential Trade Agreement with Indonesia and a Comprehensive and Economic Partnership Agreement (CEPA) with the United Arab Emirates are being negotiated.

Government is undertaking negotiations to broaden the scope of the Interim Economic Partnership Agreement (iEPA) with the EU.

All these initiatives will expand trade and export opportunities for EOE's in the global market.

Mr Speaker Sir,

Our manufacturing enterprises are continuously upgrading their production facilities to remain competitive and attractive. In 2022, more than Rs 4.9 billion were invested in industrial space, plant and machinery.

### **Industrial Policy and Strategic Plan (IPSP) (2020-2025)**

Mr Speaker Sir,

With the objective to revitalise industrial growth, my Ministry is implementing the Industrial Policy and Strategic Plan (IPSP) (2020-2025) for Mauritius.

As of now, 96 projects, representing about fifty percent (50%) of the recommendations, have already been implemented.

Sixty-two (62) projects, representing around thirty percent (30%) of the recommendations, are in the process of being implemented.

My Ministry is coordinating with all stakeholders to kick-start implementation of 36 outstanding projects in the briefest delay.

## **Manufacturing 4.0 Project**

Mr Speaker Sir,

My Ministry is implementing the “Manufacturing 4.0” Project with the support of the Commonwealth Secretariat. The aim is to promote the adoption of advanced technologies such as Artificial Intelligence, Industrial Internet of Things, Robotics and Cloud Computing in the industrial sector.

The Project is being implemented into 3 Phases.

Phase 1 consists of a study to assess the level of digitalisation of manufacturing enterprises.

Phase 2 will comprise capacity-building programme for selected enterprises.

And Phase 3 will involve a study-tour to a technologically advanced country.

The enterprises may then avail of funding facilities available at the IFCM Ltd for investment in advanced technologies to support automation.

This is the first time that such a project is being undertaken for the manufacturing sector.

And upon its successful implementation, my Ministry will consider the possibility to replicate the project on a larger scale to benefit a larger number of enterprises, including SMEs.

## **Sustainable Manufacturing**

Mr Speaker Sir,

Green manufacturing practices are becoming prerequisites to attract a new generation of customers, inclined towards eco-friendly consumption patterns.

This Budget has provided for the introduction of an Energy Efficiency Audit Scheme for the Manufacturing Sector. Government will subsidise 75% of energy audit cost. An amount of Rs 3 million has been allocated under this Scheme. It is expected that some 15 manufacturing enterprises will benefit from this support.

Furthermore, it is good to note that mention is made in this Budget for a two-year rebate of 50 % **on the increase** in electricity prices on condition that enterprises move towards 100% in renewable energies. In this connection, an amount of nearly Rs 1 billion has been earmarked over a period of 2 years.

These measures will significantly alleviate the financial burden of energy-intensive enterprises.

It will encourage them to adopt energy efficiency practices and invest in renewable energy in line with our Carbon Neutral Industrial Sector policy.

### **Support for Trade Promotion and Marketing Scheme**

Mr Speaker Sir,

The Trade Promotion and Marketing Scheme, the Freight Rebate Scheme... the Export Credit Guarantee Insurance Scheme and the Africa Warehousing Scheme were put into place along with a provision of 50 percent reduction in export port charges to assist manufacturing enterprises in their export drive.

It is worth highlighting that under the Trade Promotion and Marketing Scheme, which provides a 60% rebate on air shipment of goods... Rs 1.14 billion have been disbursed to exporters and agri-businesses since 2016.

### **Freight Rebate Scheme**

As far as the Freight Rebate Scheme is concerned, Rs 123.4 million have been made available to 96 enterprises which are exporting to Africa since 2014.

### **Export Credit Guarantee Insurance Scheme**

As at April 2023, 22 enterprises have benefitted from an amount of around Rs 14 million under the Export Credit Guarantee Insurance Scheme which provides an insurance cover on worldwide exports.

Mr Speaker Sir, I, therefore, applaud the extension of these schemes.

This will improve the export drive of manufacturers.

### **Support Institutions**

Mr Speaker Sir, I must also put on record the brilliant job being done by the support institutions servicing the manufacturing sector.

I am hereby referring to the Assay Office, MAURITAS, Mauritius Standards Bureau, the National Productivity and Competitiveness Council and the Academy of Design and Innovation.

We have reinforced these institutions to offer a wide range of services including testing, accreditation and skills development, to respond to industry needs.

### SMEs Division

Mr Speaker Sir, SMEs remain the most vital force of our economy.

A total of 3,229 SMEs were registered during financial year 2022-2023.

Bringing the total number of SMEs registered at the SME Registration Unit at 20,750.

The number of jobs created by newly registered SMEs as at 30 May 2023 stood at 1,900.

Mr Speaker Sir,

Since the Leader of the Opposition has expressed his worry about support to SMEs, it is my duty to highlight the different measures announced in their favour.

SMEs provide 44 % of all employment, contribute around 34.9% to the Gross Value Added and 10% to exports.

The availability of manpower in quantity and quality are pre-conditions for the development of the SME sector.

This budget contains commendable initiatives to help SMEs bridge the skills shortage problems.

Furthermore, we can only be appreciative of the fact that the payment of up to Rs 500 of salary compensation has been extended.

## **Financial Assistance to SMEs**

Mr. Speaker Sir,

Government has stepped up its support to SMEs.

Over the past financial year to date, some 3,481 SMEs have benefited from DBM loans for a total amount approved of approximately Rs 919 million.

The total amount disbursed is estimated to be around Rs 654 million.

Three (3) further provisions of financial assistance made under the present budget testify Government's commitment to boosting financial support to SMEs, namely:

- (i) the provision of loans at preferential rates by the IFCM to SMEs;
- (ii) the provision of interest-free loans to our SMEs by the DBM;
- (iii) the extension of the Covid-19 Special Support Scheme for another year;
- (iv) the extension of loans of up to Rs 25 million at a concessional rate of 3.5 percent per annum by the DBM to SMEs of the construction sector.

Mr. Speaker Sir,

My Ministry welcomes the provision made in the budget to the food security agenda, namely:

- (i) grants for the construction of two sheltered farms.
- (ii) subsidy on purchase of fertilisers, and potato seeds.
- (iii) grants of up to 300,000 for transformation facilities.

(iv) the provision of Rs 5 million for the development of a Shrimp Farming Scheme for SMEs.

My Ministry will approach the African-Asian Rural Development Organization AARDO for technical expertise on that last initiative so that we can assist SMEs to tap in this unique opportunity of shrimp farming.

Mr. Speaker Sir,

New market development initiatives, especially in the wake of the different free trade agreements signed with Africa, India and China is an imperative for the growth of the SME sector.

I welcome the proposed increase of 25 percent up to Rs 250,000 under the International Fairs SME Refund Scheme.

It is heartening to note that SMEs in Rodrigues will also be able to tap on these funds to further their market development requirements.

Mr. Speaker Sir,

I have maintained, since the beginning of my intervention that this Government puts people at the heart of its actions.

This principle is further highlighted in the provision for public contracts below Rs 30 million to be reserved for micro and small enterprises.

This provision along with the waiving of the minimum turnover requirement will definitely strengthen the participation of our SMEs in the infrastructural development process.

Mr. Speaker Sir,

The same agenda of inclusiveness is further evident in the provision for a 30 percent margin of preference to SMEs... and a further 10 percent for women-owned MSMEs participating in public procurement.

These measure will go a long way expanding markets for SMEs and opening up new opportunities for their growth.

### **Renewable Energy**

Mr. Speaker Sir

Climate change has become an everyday reality. Greening, or reduction of carbon footprints, will just as COVID-19, soon be in our daily vocabulary.

From that perspective, I welcome the budget engaging and empowering local SMEs to further engage in renewable energy production.

The Green Energy Loan scheme being extended to SMEs by the DBM for rooftop electricity production will facilitate the gainful deployment of this technology across the island... and add to our national grid while simultaneously addressing our Sustainable Development Goals.

### **Ongoing Projects**

Mr Speaker, Sir

I would wish now to expand on 6 projects initiated by my Ministry for the benefit of the SME sector.

- (i) Diagnostic Study of the Informal Sector in Mauritius

A diagnostic study of the informal sector in Mauritius to facilitate post- COVID-19 recovery has been prepared. A Steering Committee is being set set up by the Ministry to ensure effective implementation of the recommendations.

(ii) Mid-Term review of the 10 Year Master Plan for SMEs

A Mid-Term Review of the 10-year Master Plan for SMEs was carried out. As of end September 2022, 44% of the recommendations have been implemented and completed. 51% have been initiated and are ongoing. And 5% are yet to be initiated.

(iii) Les Assises de L'Entrepreneuriat

“Les Assises de L'Entrepreneuriat” was held to provide a platform for MSMEs and concerned stakeholders to meet, share and discuss key issues they are facing. SMEs have made proposals and my Ministry will act on the recommendations and proposals.

(iv) Emerging Sectors

Mr Speaker Sir,

SMEs are being encouraged and empowered to explore new business opportunities, create new jobs, stimulate innovation and engage in promising sectors.

My Ministry has already established the ornamental fish farming scheme and the mini fruit processing plant scheme.

(v) National Leather Value Chain Strategy

Mr. Speaker Sir,

In view of securing technical assistance to further enhance the development of the leather value chain in Mauritius, my Ministry submitted a project to COMESA. This was done following a call for proposal. An amount of Rs 5 Million has been earmarked. The world-wide market value of leather good stands at USD 253 Billion.

Mr Speaker Sir, just imagine if we could tap half a percent of that market?

(vi) SME e-Directory

Mr. Speaker Sir,

An SME e-Directory was launched by my Ministry in September 2022.

The e-Directory is a vital marketing tool that increases the visibility of SMEs and enables them to obtain orders from individuals as well as the private sector and Government bodies.

As at date, 7520 SMEs have been uploaded on the online platform.

## **SME Mauritius Ltd**

### **Schemes**

SME Mauritius as a support Institution has been at the very forefront of the re-building exercise of SMEs through its various schemes, capacity-building and community awareness programs.

To recall, over the past years, the sum budgeted for the support of SMEs has successively been increased from Rs 20m... to Rs 40m... to Rs 60m... and now to Rs 73m.

These successive increases clearly emphasise Government's intent of unreserved support to SMEs. As such we welcome the increase in the cap of grants to be provided to SMEs by SME Mauritius...from Rs 200,000 to 250,000...as well as the general increase in the Grants budget to Rs 73m.

Mr Speaker, Sir

Even more gratifying is the way grants are put to optimal use.....as evidenced by figures.

During Financial Year 2022-2023, 896 MSMEs have obtained the diverse schemes offered by SME Mauritius. These 896 beneficiaries have a cumulative turnover of Rs 2.7 billion based on their MRA returns and employ and contribute CSG for a total number of 3,591 employees.

Therefore over the past 3 years Mr Speaker, Sir, in the wake of COVID-19, SME Mauritius has supported 2384 SMEs through direct grants.

And these beneficiaries have a cumulative turnover of Rs 7.8 billion and provide employment for 10,607 Employees.

In line with the inclusiveness agenda of SME Mauritius, 68 % of the beneficiaries are Micro-enterprises with an annual turnover of less than Rs 2 million, while the remaining 32% have a turnover of more than Rs 2 million.

### **Business Transformation Scheme**

Given the current highly complex business environment, and conscious of the necessity revisit the agility, internal capabilities and endurance of SMEs, SME Mauritius introduced the Business Transformation Scheme, 3 months ago.

Forty (40) MSMEs have currently been onboarded on this transformative journey that will include process re-engineering, Automation, Digitalisation,

Risk assessment, Compliance and Governance reviews, Handholding and Mentoring.

The 40 MSMEs will implement their individual transformative action plans with the help of SME Mauritius and that of a Consultant.

### **Greening**

Concurrently, SME Mauritius has also launched its Greening Support Scheme, which puts a lot of emphasis on the greening initiatives for MSMEs to further the sustainability agenda,

SMEs are being helped to adopt and acquire energy-saving equipment, renewable energy systems and recycling mechanisms.

### **Training**

Mr Speaker, Sir, an enduring culture of Entrepreneurship can only be achieved through a continuous process of skills and competency development.

The end objective of the Training provided by SME Mauritius is very specific. It is not the search for a job... but to empower people for self-employment and autonomy.

At SME Mauritius, participants are trained to a level of knowledge and skills where they feel confident they can enterprise their knowledge and produce profitably and sustainably for markets.

For financial year 2022-2023 to date, SME Mauritius has trained 872 Entrepreneurs.

So far, 28 % of new Trainees have started their business while the remaining are at the planning stage.

## Cooperatives Division

Mr Speaker Sir,

Ever since I was assigned the portfolio of Cooperatives in December 2014, my mission has been to revitalise this sector with game changing measures and projects.

I am pleased to note that the cooperative model is being increasingly adopted and understandably supported by Government.

### **Contribution of Cooperatives to Food Security**

Mr Speaker Sir,

The Budget sends a strong signal that we need to consolidate local food production where Cooperatives are actively involved.

Last year, an amount of Rs 10M was allocated under the Boost to Local Production Scheme, to provide financial assistance to cooperative societies for acquisition of equipment.

Some 40 cooperative societies have directly benefitted from the scheme.

I appreciate that this year the amount has been increased to Rs 12M.

I am glad that Zero Budget Natural Farming Scheme to promote green and sustainable agriculture has been maintained with a provision of Rs 1 M.

Mr Speaker Sir, The budget makes provision of Rs2M for the grant of Rs200,000 to cooperative societies for setting up seedling production units.

Similarly, Mr Speaker Sir, the Goat Farming Scheme has been maintained to the tune of Rs3M.

## **Fishermen Cooperative Societies**

Mr Speaker Sir,

Our fishermen co-operators have not been left behind.

The Mauritius Fishermen Co-operative Federation has been maintained with a grant of Rs2.59M.

This will enable the federation to continue its activities... and more importantly manage the new Maison des Pêcheurs at Tamarin, where renovation works will be completed early next year.

I am also pleased to note that the grant for the acquisition of semi-industrial fishing boats for cooperative societies has been increased to Rs6M.

## **Innovation And Sustainability**

Cooperative societies are being encouraged to engage in emerging sectors and to adopt sustainable practices.

The management of waste is a major challenge facing Mauritius. The recycling sector, besides reducing the amount of waste sent to landfills, conserving our eco-system, and saving energy, also offers various business opportunities.

The budget provision of Rs 3M allocated under the Waste Recycling Scheme would enable more cooperative societies to integrate the circular economy.

## **Cooperative Common Facility Centre**

Mr Speaker Sir,

Today Cooperative Societies do not have a common platform to showcase their various services and their savoir-faire. We will provide them with a new common facility at St. Pierre for them to connect and build better synergy among themselves.

Rs 40M have been earmarked in the Budget for the project... which will include a Centre of Excellence, conferencing and event facilities, a mini-food processing plant and a permanent cooperative market fair.

### **Reengineering**

Mr Speaker Sir,

The Cooperatives Division of my Ministry has embarked on a re-engineering programme since last year.

Regional Cooperative Centres have been restructured into five (5) Cooperative Business Centres (CBC).

CBC located at Rivière du Rempart, Henrietta and Rose Belle are already operational.

CBC at Port Louis and St Pierre are expected to be ready by the end of this year.

### **National Cooperative College**

Mr Speaker Sir,

The key to resilience and sustainability of cooperatives is continuous training and capacity-building.

2,057 participants have benefitted from training by the National Cooperative College since the beginning of last year till now.

## **Liquidation**

Mr Speaker Sir, when I took over the cooperatives division, I was taken aback by the number of dormant cooperative societies.

I immediately initiated actions for these societies to be put under liquidation in accordance with legal provisions.

As at date, some 1,250 dormant societies have been liquidated.

The proceeds are credited to the Cooperative Development Fund. As at date some Rs 22.5M have been deposited in the CDF.

Many societies have benefited directly from financial assistance from the CDF. For instance, last year, 5 women cooperative societies benefited from financial assistance for the setting up of their tailoring shop.

An additional amount of Rs 2 M has been disbursed from the Cooperative Development Fund to assist cooperative societies in bookkeeping and internal control services as well as upgrading their ICT facilities.

Cooperative Societies including those in Rodrigues are benefiting from free auditing services.

## **Conclusion**

Mr Speaker Sir,

I have walked the House through three important economic pillars under my ministerial portfolio.

And already, the House can appreciate the massive support which is being allocated to consolidate these sectors.

Yes, we can debate on and on that more could have been done. But one must realise that resources are not infinite.

And in this particular time, this is the best Budget that this Government could come up with.

What brought our country to this point today is a belief that the future could belong to us.

That optimism and resilience has sustained us – and carried us – through downturns and disaster... through recession and pandemic.

And the belief in opportunity fairly shared has underpinned our greatest achievements.

The same spirit drives our Government. And it shapes this Budget.

A determination to tackle the big challenges – and seize the big chances.

A deep faith in our people, their skills, their innovation and aspiration.

A plan for security, for prosperity, for growth.

An economic strategy to help with cost-of-living pressures now.

And to maximise and extend the opportunities of the future to more of our people in our country.

I thank you all for your kind attention.

**SB**

**05.06.23**