EDITORIAL

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ECONOMIC DEVELOPMENT BOARD
Dear Valued Stakeholders

The Economic Development Board is pleased to provide you with the Budget 2022/23 special edition of its newsletter, focusing on the main budgetary measures presented by Dr. the Hon. Renganaden Padayachy, Minister of Finance, Economic Planning and Development.

The Budget, titled With the People, For the People, has been read in a particularly unpredictable global economic context. We are currently in an atypical period in world history, fraught by a persisting inability to predict events in uncertain contexts. The post covid recovery has been blighted by additional difficulties following the conflict between Russia and Ukraine.

Russia and Ukraine together account for more than 55 percent of global exports for sunflower oil, 30 percent for steel and 20 percent for wheat. The war has inexorably affected world supply and causing a surge in energy and food prices. The IMF expects inflation to rise to 5.7 percent in advanced economies, a 38-year high, while in developing and sub-Saharan countries it is forecasted at 8.7 percent and 12.2 percent, respectively. This situation has led the IMF to recently revise the global growth forecast for 2022 to 3.6 percent, 0.8 percentage points lower than initially estimated. Mauritius has been caught in this crossfire with our progress stunted by the volatile change in the dynamics of the commodities markets and this is a crisis with no end yet in sight.

The measures announced in the budget represent a response that places people at the centre of the strategy, while remaining responsible, recognising that it would serve no purpose to put in peril the future with reactive and disproportionate policies. The concerns of the most vulnerable, while remaining conscious of the fiscal burden and the need for higher levels of growth, have been firmly addressed.

Public debt is expected to fall below 80 percent of GDP this financial year, fuelled by carefully planned government expenditure and higher GDP growth rate, particularly, in the tourism sector where more than one million tourists are expected for FY 2022/23. The budget deficit of 4 percent also reflects the prudent approach of Government, putting all the means to ensure a strong recovery. GDP growth for FY 2022/23 is expected to be 8.5 percent.

Economic independence and sustainability are core tenets of this budget. With the measures announced with regards to promoting self-sustainability in the agro-industrial and energy sectors, this budget aims at being more efficient and going beyond our current production possibility frontier by making the most of our resources.

As announced, the Green Transformation Package is expected to contribute an additional 200 MW of electricity by 2025, which will bring our renewable energy production to 40 percent achieving two-thirds of our target of 60 percent. Production of energy through hybrid renewable sources, electrification of the vehicle fleet, energy demand management and the transition towards a carbon neutral manufacturing sector are key measures identified in the pursuit of this objective.

In the agro-industrial sector, the Government has earmarked Rs 3 billion to boost local production in the vegetables, fruits, sugar, honey, livestock and fish segments. To alleviate the rising costs of inputs of farmers, a subsidy on fertilizers and seeds is introduced, while the guaranteed price on certain staples such as onion, potatoes and beans will offer much needed comfort to growers. The Integrated Modern Agricultural Morcellement Scheme will also encourage large scale agricultural projects. Other measures aim at promoting agricultural practices in line with the overarching principle of sustainability. These measures will have significant benefits on the overall economy by reducing imports and protecting citizens from high volatility in food prices.
On the sectoral aspect, several proposals have been announced, building on the previous budget. The single regime in the financial services sector is a landmark announcement as Mauritius continues its progress to become an international financial center of substance, fully compliant to international norms. The provision for a top-up tax on GBCs also sends the right signal in this direction. In the manufacturing sector, the regional feeder vessels announced will be a key enabler to provide the business community with the means to connect to markets regionally and well as Asia amidst rising global freight cost.

Following the tremendous effort made to bring Mauritius to the 13th place in the last World Bank’s Doing Business Report, a new series of reform is being canvassed, notably the regulatory review exercise in the tourism, logistics, healthcare and construction sectors. Key measures include reducing delays in opening bank account and waiving incorporation fees. These will further position Mauritius as a destination of choice for doing business.

Employment creation features high on the agenda as well. The ‘Prime à l’Emploi’ measure will significantly reduce unemployment by targeting the youth and women, who are mostly affected.

The EDB is once again called to deliver on a range of key schemes including the recently launched Digital Industries Academy, which will be transformed into an incubator in order to foster skills development in the digital sector. The EDB will also look after the newly announced Sustainable City Scheme and Transit Oriented Scheme, which will accelerate community-based development on sustainable mixed use projects across the island.

Finally, budget 2022/23 addresses the key issues of erosion of purchasing power of households. The monthly CSG retirement benefit of Rs 1000 for the above 65 years old, the Rs 1,000 increase in pensions for the over 60 years old, the ‘Prime à l’emploi’, the increased supports under social aid and SRM and the reduced income tax rate for individuals earning less than Rs 50,000, will boost the disposable income of individuals in the lower income bracket to help with the rise in cost of living.

In light of the measures announced to improve the standard of living, EDB is including a dedicated section on social measures in this newsletter. In addition, this newsletter will provide you with an overview of the main economic measures of the budget, as well as an in-depth analysis of the associated economic impact.

I wish you a pleasant read.

Ken Poonoosamy
**Budget 2022/23 in Figures**

- **Expenditure**: Rs 172.9 Bn
- **Revenue**: Rs 150.0 Bn
- **GDP (Current Market Prices)**: Rs 576.1 Bn (Rs 498.6 Bn in 2021/22)
- **Real GDP Growth Rate**: 8.5% (6.9% in 2021/22)
- **Investment Rate**: 21.3% (20.9% in 2021/22)
- **Public Sector Net Debt (as % of GDP)**: 77.3% in 2021/22, 72.9% in 2022/23
- **Budget Balance**: -4.0% of GDP (-5.0% in 2021/22)

**Expenditure Breakdown**
- Recurrent Expenditure: 11%
- Capital Expenditure: 89%

**Revenue Breakdown**
- Taxes: 86%
- Capital Grants: 4%
- Recurrent Grants: 4%
- Social Contributions: 1%
- Other Recurrent Revenue: 8%

**Revenue**
Rs 150.0 Bn

**GDP**
Rs 576.1 Bn (Rs 498.6 Bn in 2021/22)

**Investment Rate**
21.3% (20.9% in 2021/22)
ECONOMIC CONTEXT
Economic prospects, both locally and globally, remain challenging due to the shockwaves generated from the pandemic and the conflict between Russia and Ukraine. These have triggered economic unrest across the world, with hiking commodity and energy prices, provoking global inflationary pressures, disruptive supply chains as well as negative business and consumer confidence. The conflict between Russia and Ukraine came at a time when most economies just started to recover from the Covid-19 pandemic which has amplified the negative repercussions. Economies around the world, including Mauritius, will require special economic measures to surmount these challenges.

According to the May 2022 edition of the World Bank Global Monthly Newsletter, global growth momentum has slowed at the start of Quarter 2, due to rising supply strains, high inflation, and tight global financing conditions. The IMF World Economic Outlook, April 2022 has revised its global growth projection for 2022 from 4.4 percent to 3.6 percent, compared to a growth rate of 6.1 percent in 2021. In fact, several international bodies have revised the global growth rate downwards because of the conflict between Russia and Ukraine.

The projections for world GDP growth for 2022 and 2023 remain lower than 2021 despite a slight improvement in 2023 as compared to 2022 especially in emerging and developing economies. However, a lower growth rate is projected for advanced economies in 2023 compared to 2022.
On the national landscape, being a small island open economy, Mauritius remains vulnerable to external shocks, and is likely to be harmed by the exacerbated surging world commodity prices, rising shipping costs and global supply constraints. However, the Mauritian economy has been resilient to these shocks, and the recent IMF projection for Mauritius indicates that GDP growth will be around 6.15 percent for the year 2022, while the Bank of Mauritius projects a growth rate between 7 to 8 percent. The expected growth in tourist arrivals in 2022 is a key contributing factor.

PUBLIC SECTOR DEBT

Mauritius total public sector debt to GDP is on the decline since reaching its peak in June 2021 (96 percent). Debt has increased significantly during the pandemic period, with several government support programs put in place to sustain the economy and reroute the contraction of the economy. Debt, as a percentage of GDP, as at March 2022, stands at 89 percent marking a gradual decline since June 2021.
The current debt ratio in Mauritius is comparable to the worldwide ratio, which has increased significantly in several economies since the pandemic. Our current debt ratio of 89 percent is similar to the average debt ratio of 90 percent for OECD countries in 2021.

**INVESTMENT**

The world investment landscape remains turbulent as investors are confronting challenging dynamics ahead with fading fiscal and monetary policy supports. According to the OECD, global FDI flows bounced back in 2021, surging by 88 percent to USD 18 trillion compared to 2020, which is 37 percent above the pre-pandemic levels. However, the prospects for the year 2022 remain uncertain with the conflict between Russia and Ukraine and weak greenfield investment in emerging and developing economies.

Mauritius recorded an estimated FDI of Rs. 15.4 billion for the year 2021, with the main recipient being the real estate sector (54 percent). France and South Africa remain the primary sources for our FDI flows. FDI flows from the UAE faced the highest increase in 2021 surging to Rs. 2 billion compared to Rs. 286 million for the year 2020. It is estimated that FDI will bounce back to around Rs. 20 billion for the year 2022. The ratio of FDI as a percentage of GDP stands at 3.31 percent for the year 2021 and is expected to rise to 4 percent in 2022.
Gross Fixed Capital Formation (GFCF) at current prices stood at Rs. 90.3 billion in 2021, an increase of 17 percent compared to the year 2020. The major contributor to GFCF remained ‘Real Estate Activities’ contributing 38 percent, followed by ‘Accommodation and Food Service Activities’ (15 percent) and ‘Wholesale and Retail Trade’ (7 percent).

TRADE

Lockdowns in Chinese cities, disruptions on the global supply chains, increase in world oil prices and shipping costs have all led to a slow-down in global trade. The world trade volume of goods and services is anticipated to grow by 5 percent for the year 2022 and 4.4 percent in 2023 compared to a growth rate of 10.1 percent in 2021. The IMF has recently revised the 2022 growth rate downwards by 1 percent point (from 6 percent) compared to its previous publication.

In Mauritius, total exports for the year 2022 remains buoyant and is projected to be around Rs. 100 billion, 22 percent above the 2021 values. Total exports for the first quarter of 2022 stood at Rs. 22 billion compared to Rs. 17.3 billion for the first quarter of 2021, representing an increase of 27 percent. Similarly, total imports for the year 2022 is anticipated to be around Rs. 270 billion, 25.6 percent higher compared to the year 2021. Total imports for the first quarter of 2022 amounted to Rs. 62 billion, representing an increase of 40 percent compared to the first quarter of 2021. Total trade is expected to increase by 24.6% percent in 2022.
INFLATION

World inflation is expected to loiter around 7.4 percent for the year 2022 compared to 4.8 percent for its preceding year (WEO, April 2022) with Emerging and Developing Europe anticipated to register a two-digit inflation rate of 27.1 percent, Middle East and Central Asia 12.8 percent and the Sub-Saharan Africa 12.2 percent. The WEO report argues that the main factors explaining the elevated inflationary pressure include the conflict between Russia and Ukraine, triggering supply shortages of fuel, metals, and food.

IMF inflation projection for Mauritius stands at 8.4 percent for the year 2022. Headline inflation rate for the 12-months ending May 2022 stood at 7.7 percent, in line with IMF projection. Despite being an open economy subjected to imported inflation, the inflation rate in Mauritius is currently below the world average and much lower than the rate in the Sub-Saharan region.

![Projected World Inflation Rates (2022)]

*Source: IMF, Mauritius Statistics*
SECTOR ANALYSIS

The main contributor to GVA for the year 2021 is the manufacturing sector (13 percent), followed by the wholesale and retail trade (13 percent) and the financial and insurance activities (12 percent) sectors. The sector witnessing the highest growth rate is the construction industry with a growth rate of 25 percent for the year 2021. The manufacturing industry witnessed a growth rate of 10.2 percent, while the agricultural sector grew by 9.5 percent. On the other hand, accommodation and food service activities suffered the highest contraction (-11.2 percent) due to low tourist arrivals for the year.

![Percentage Contribution to GVA by industry](image)

Source: Statistics Mauritius
Like most countries, Mauritius is facing several economic challenges amid the Covid-19 pandemic and the conflict between Ukraine and Russia. This budget is an important one which requires bold measures to offset the negative economic forces exerted on our economy and to create an economic environment conducive to sustainable and inclusive growth. The measures announced in this budget aim to achieve that. Several measures are announced on the social side to help with the recent cost of living crisis due to high prices, promote renewable energy production to achieve our target of 60% renewable energy mix and to support our basic food industry in the Agro-industrial sector. This analysis will cover these three broad areas and highlight how they achieve the objective of boosting economic growth at the same time.

**COST OF LIVING**

The budget provides for an increase in the income tax threshold for the lowest income group from Rs 650,000 to Rs 700,000 and a reduction in the income tax rate for middle income group from 15% to 12.5%. This will increase the after-tax income for around 100,000 income earners which will partly alleviate the burden due to higher prices on the lower income households and improve income redistribution between the poor and the rich, reducing inequality. Lower income tax rate is also growth enhancing as it will increase the incentive to work, increase the inflow of domestic and foreign workers and increase consumption due to higher after-tax income. The reduction in income tax rate for the lower income bracket could potentially boost GDP by half a percent.

There is a range of other measures aiming to help the low-income segment of the population to cope with the recent surge in cost of living. These include:

- A grant of Rs 1,000 per month for all individuals with a gross income of less that Rs 50,000 per month. Similarly, all individuals above 60 years old will also receive a grant of Rs 1,000 per month irrespective of their gross income. This is equivalent to a lumpsum payment of Rs 12,000 per annum.

- Individuals ages 65 or more will now receive a CSG retirement benefit of Rs 1,000 or more on top of the above benefit of Rs 1,000.

- All individuals aged 15 to 25 will receive a Sports and Culture Voucher of Rs 500.

- Abolishing the municipal tax is equivalent to a lumpsum payment to households living in urban areas.

- Various increases in allowance under the Social Aid and SRM schemes.

- A ‘Prime à l’Emploi’ benefit of Rs 15,000 to all youth and women currently searching for a job on top of the current unemployment benefit.

These measures will add a total of Rs 12 billion to the disposable income of households primarily at the bottom end of income scale which tend to have a high propensity to consume. Accounting for leakages due to imports and financing, the injection of Rs 12 billion in the economy could add up to 1% of GDP.
The electricity mix for Mauritius in 2020 accounted for 23.9 percent of renewables and the remaining 76.1 percent was generated from fossil fuel sources. Demand for electricity has been increasing at an average annual rate of 2.1 percent over the past 10 years (adjusted for the Covid effect in 2020). On the other hand, the price of fossil has been constantly increasing since mid-2020, to hike at US$ 140 per barrel in March 2022. This makes the cost of producing electricity highly volatile. In addition, fossil electricity generation relies a lot on imports, which weighs heavily on our balance of payment deficit. High reliance on imports makes the cost of electricity production highly sensitive to exchange rate movements.

Thus, the move towards renewable energy does not only have an environmental motive, but also an economic one. Renewable energy does not rely on fossil imports which will improve our balance of payment deficit. Cost of production will not be dependent on world oil prices and exchange rate fluctuations and will hence be more stable.

This budget has announced the Green Transformation Package consisting of a range of measures aiming to produce an additional 200 MW from renewable sources by 2025. This will increase our share of energy from renewable mix to 40 percent, two-third of our 2030 target of 60 percent. This program is expected to generate at least Rs 20 billion of private investment over the next 3 years.

The Green Transformation Package is expected to increase GDP by 2.25 percent. The additional investment will give rise to an additional 19 percent of GDP per year over the next three years. The associated reduction in imports will lead to an increase of 0.2 percent to GDP, while the reduction in fossil fuel price volatility would contribute up to 0.15 percent in GDP.

THE AGRO-INDUSTRIAL SECTOR

Covid-19 and the conflict between Russia and Ukraine have severely impacted the agro-industrial sector with rising world commodity prices. At the same time, the resulting issues of food shortages due to supply chain disruptions and shipping issues have emphasised the importance of food security. To reduce dependence on food imports, the budget has allocated Rs 3 billion to farmers, planters, breeders and fishermen. The measures include subsidies on fertilisers to address the rise in cost of production and affordable loans to support innovation and mechanisation covering the fruits and vegetables, tea, apiculture, sugar, livestock, blue economy and fisheries sectors.

The above measures will not only increase production in the agro-industrial sector, but also reduce imports which could potentially increase GDP by up to 1.1 percent.
BUDGET HIGHLIGHTS
**AGRO-INDUSTRY**

**ADDRESSING THE RISE IN COSTS**
- Subsidy of 50% on the cost of fertilisers
- Subsidy of 75% on the purchase of liquid fertilisers, bio-fertilisers and composts produced by cooperatives
- Subsidy of 50% up to a maximum of Rs 500,000 on the purchase of equipment for composting
- Grant of 50% (up to Rs 500,000) for micro propagation and seed production

**MECHANISATION, INNOVATION AND SUSTAINABILITY**
- The Industrial Finance Corporation of Mauritius Ltd (IFCM) to offer:
  - A preferential lease of 2.5% to Cooperatives for the purchase of mini-tractors
  - Leasing facilities of up to Rs 25 million with an annual interest rate of 3.5%
  - Introduction of an Integrated Modern Agricultural Morcellement Scheme on a plot of land exceeding 2 arpents with:
    - An 8-year tax holiday on income
    - An exemption from payment of Registration Duty
    - Conversion of up to 15% of that land for residential or commercial use and exemption from payment of land conversion tax
  - 8-year income tax holiday on sustainable agricultural practices
  - Updated Agricultural Production and Market Information System to allow planters to make informed decisions

**FRUITS AND VEGETABLES**
- Grant of 50% up to a max. of Rs 500,000 to purchase a sheltered farm (applicable for a 2nd sheltered farm as well)
- Increase in the subsidy on Onion, Potato, Garlic and Bean seeds from 50% to 75%
- Introduction of a Minimum Guaranteed Price of:
  - Rs 33,000 per tonne for onions
  - Rs 38,000 per tonne for potatoes
  - Rs 50,000 per tonne for beans
- “Crop Replantation Fund” at the DBM at an annual preferential rate of 2.5%
- Development of an agro-processing park at Henrietta and a fruit processing cluster at Rivière du Rempart
- Grant of 50% up to a maximum of Rs 500,000 to set up fruit ripening facilities
- Grant of up to Rs 100,000 for procurement of planting materials
- Sheltered farming structures above 150 m² to be exempted from the requirement of plans and drawings to be signed by an architect
- Payment of Building and Land Use Permit fees in respect of sheltered farming structures in the dedicated zones will be exempted

**TEA SECTOR**
- Increase in the winter allowance from Rs 1.50 to Rs 2.00 per kg
- Rehabilitation of roads and drainage systems in tea plantations
- Subsidised price of Rs 10 per tea plantlet

**APICULTURE**
- Subsidy of Rs 500 per Bee queen up to a maximum of 10 queens
- AMB sell beeswax to beekeepers at an affordable price
- One-off grant of Rs 150,000 per beekeeper to secure the Bee keeping zones
- Extension of the scheme for acquisition of CCTV camera to bee honey producers
- Introduction of new mellifluous plants
SUGAR SECTOR
- Minimum guaranteed price of Rs 25,000 per tonne for planters producing up to 60 tons of sugar
- Payment of the premium to the Sugar Insurance Fund Board (less than 60 tons of sugar)
- Waiving of CESS in respect of crop 2022
- Increase in the grant under the Cane Replantation Scheme from Rs 35,000 to Rs 50,000 per arpent
- Introduction of a "Cane Replantation Revolving Fund" by the DBM to provide loans at an annual preferential rate of 2.5%

BLUE ECONOMY AND FISHERIES
- Additional hatchery at the Albion Fisheries and Research Centre to increase the production of fingerlings by 100,000 annually
- Stock assessment on the Saya de Malha bank for identification of small pelagic species for local consumption
- Replacement of 7 Fish Aggregating Devices
- Increase in the grant for acquisition of semi-industrial fishing vessels from Rs 4 million to Rs 6 million
- IFCM to offer leasing facilities to cooperatives
- 6 barachois will be made available for the production of crabs & shrimps
- Allocation of 4 new sites for off-lagoon aquaculture
- A new concession framework to allow for in-lagoon pearl oyster and algae culture
- Issue of 500 additional fishermen cards
- Grant of Rs 5,000 per fisherman to construct fish traps
- Increase in the daily Bad Weather Allowance from Rs 475 to Rs 575

LIVESTOCK SECTOR
- 5 Livestock zones by the DBM at Henrietta, Salazie, Mare-d’Albert, Petit-Merlot, and Ex-Tea Belt Road
- Increase in the subsidy on animal feed to Rs 10 per kilogram
- Extension of Cattle Breeding Scheme to importers
- Grant of Rs 15,000 for the purchase calves of less than 1 year
- Rs 100,000 provided to cooperatives for the purchase of cows and construction of cow sheds
- 30 % subsidy on the purchase of equipment for production of pasteurized milk
- Rs 5 million provided for the extension of artificial insemination facilities for pig breeders
- Setting up of waste treatment faciliites at Bassin Requin and St. Martin
- Up to Rs 200,000 for the purchase of goats and construction of sheds
- Organisation of a “Salon de L’Agriculture”

To reduce dependence on imports of food, Rs 3 billion have been allocated to farmers, planters, breeders and fishermen in the Budget 2022/23
SUSTAINABLE AND INCLUSIVE DEVELOPMENT

CLEANER, GREENER RENEWABLE ENERGY

- Introduction of a Green Transformation Package to increase our share of electricity supply from local renewable sources
- Hybrid renewable energy facilities to be set up with private promoters for a total capacity of 140 MW
- Extention of solar PV farm at Henrietta from 2 MW to 10 MW (+8 MW) by February 2023
- A 1 MW solar farm at Grenade in Rodrigues
- DBM Energy Ltd to implement solar PV projects for a total capacity of 6.2 MW
- Airports of Mauritius Ltd to invest in a 14 MW solar photovoltaic system at SSR International Airport and the surrounding airport area
- Installation of a 20 MW battery energy storage system at Amaury
- Installation of 5,000 solar PV kits with a total capacity of 9 MW on rooftops of households, religious bodies, NGOs, and charitable institutions
- A loan facility of up to Rs 250,000 by the DBM to domestic consumers at 2 % per annum for the acquisition of solar PV systems
- Generation of renewable energy up to a maximum of 150 % by consumers
- Feed in tariff of Rs 4.20 Kw/h under the Medium Scale Distributed Generation Scheme (MSDG)
- Waiving of the existing rental fee for production meters of Renewable Energy Schemes

To achieve our target of 60 % energy from renewable sources by 2030, we need an additional 435 MW from renewable sources

CARBON NEUTRAL INDUSTRIAL SECTOR

- Generation of up to 150 % of existing usage by industrial users
- Agreed feed-in tariff of Rs 420 for industrial users by the CEB
- Allowing the setting up of both on-site and off-site PV installations by industries
- Introduction of a Carbon Neutral Loan Scheme by the IFCM over 7 years at a preferential rate of 3 %
- Setting up of Committee chaired by the Prime Minister to fast-track the implementation of Renewable Energy projects
- An additional 200 MW from renewable sources will be produced by 2025, increasing our share of energy from renewable mix to 40 %.

ACCELERATING THE LAND TRANSPORT ELECTRIC VEHICLES TRANSITION

- Metro Express Ltd to implement PV farms at its Richelieu Depot, at Barkly as well as at Ebene Recreational Park to produce its electricity
- IFCM to provide leasing facilities of 3 % p.a over 10 years to transport operators to acquire electric vehicles and charging infrastructure
- NTC to acquire 200 electric buses to renew half of its fleet
- Bus Modernisation Scheme to apply only to electric buses
- IFCM to provide concessionary leasing at 3.5 % p.a to companies renewing their company fleet to electric
- DBM to provide a 0.5 % loan of up to Rs 3 million to taxis and van operators over 7 years for the purchase of EV
- As from 1st July 2022, all hybrid and electric vehicles to be duty-free
- Introduction of a negative excise duty of 10 % for the purchase of electric vehicles up to a maximum of Rs 200,000
ADOPTING AN EFFECTIVE DEMAND MANAGEMENT STRATEGY

- Introduction of mandatory Minimum Energy Performance Standards for air conditioners
- Extend the mandatory energy labelling to television sets and tumble dryers
- Local authorities to replace at least 10% of street lighting in secondary roads by stand-alone electric lamps

GREEN FINANCING

- Environmental, Social and Corporate Governance (ESG) framework will be developed
- Issue of an inaugural Sustainable Bond
- Preparation of a Carbon Credit trading framework

ENERGY SECURITY

- Implementation of a time of use tariff, on a pilot basis, for domestic customers having smart meters

Every 10% increase in energy efficiency enables us to save Rs 1 billion in imports

WASTE MANAGEMENT

- Tipping fee to be paid to local recyclers per tonne of waste, excluding used tyres and PET bottles
- Margin of preference for products manufactured from recycled wastes
- Introduction of framework to encourage composting of Green Wastes from Households, Markets, Parks and Gardens
- Creation of a scrapyard for vehicles declared total loss and beyond their economic life on a PPP basis
- Purchase of oil spill combat equipment
SECTORAL DEVELOPMENT

MANUFACTURING
CONSTRUCTION
TOURISM
ARTS AND CULTURE
FINANCIAL SERVICES
ICT
HEALTHCARE, MEDICAL DEVICES
PHARMA AND BIOTECHNOLOGY
FREEPORT
MANUFACTURING

PROMOTING LOCALLY MANUFACTURED PRODUCTS
- Operationalisation of a Virtual Exhibition Platform as from October 2022
- Organisation of a “Semaine de l’Industrie Locale”
- EDB to identify products for geographical indication and their label

PROMOTING EXPORTS
- Extension of the Freight Rebate Scheme and the Trade Promotion and Marketing Scheme up to June 2023
- SMEs to benefit from the Freight Rebate Scheme for South Africa
- Exporting agents of locally manufactured products to benefit from TPMS
- 50 % reduction in port charges on exports
- Freeport operators to benefit from the SME International Fairs Refund Scheme
- Chartering of two regional feeder vessels to service the South Asian and Eastern African markets as follows:
  - Phase 1 “La Route de l’Inde” will start in September 2022 and service the South Asian route including India, Sri Lanka and Seychelles
  - Phase 2 “La Route de l’Afrique Orientale” will be launched in November 2022 and service the Eastern African countries notably Madagascar, Tanzania, and Kenya

CONSTRUCTION

IMPROVING CAPACITY
- Setting up of a Construction Industry Training Council (CITC)
- Merger of the Construction Industry Development Board (CIDB) and the Building Control Advisory Council (BCAC) into the Construction Industry Authority

INCREASING COMPETITIVENESS OF LOCAL ENTERPRISES
- Public contracts below Rs 20 million to be reserved for small contractors
- Reinstating the margin of preference for local contractors
- Loan facility of up to Rs 25 million at a concessional rate of 3.5 % per annum by DBM

BUILDING BETTER COMMUNITIES
- Introduction of a Transit Oriented Scheme (TOS) for vibrant, walkable and mixed-use areas near metro stations
  - Exemption from payment of registration duty on lease or acquisition of land
  - Accelerated annual allowance on “green technology equipment” expenditure
- Committee will be set up to review the sustainability of urban planning and framework in relation to the issuance of Building and Land Use Permit, including guidelines
- Introduction of a framework for sustainable public procurement starting with vehicles and IT equipment. Furthermore, PPO will work on a framework for sustainable public procurement for the construction sector

SUSTAINABLE COMMUNITIES
- Introduction of a Sustainable City Scheme
- Organisation of an International Sustainable City Summit by the EDB
TOURISM
- Increase in the marketing budget of the MTPA from Rs 360 million to Rs 400 million
- Personalized facilities for UHNWI by Airport Holding Ltd, including handling of private jets and transfers from the airport to hotels by helicopter
- Extension of the 50% lease rent waiver for hotels under renovation up to June 2023
- Minimum of 50 participants instead of 100 to benefit from VAT refund under the MICE scheme
- Rejuvenation of the SSR Botanical Garden
- Rs 200 voucher per incoming passenger of Air Mauritius to be spent on arrival at MFDP
- Preparation of a 10-year blueprint for the tourism sector

PREMIUM VISA SCHEME
- The foreign employer of the holder of a Premium Visa will not, in respect of that employee, be subject to the payment of:
  - Corporate tax under the Income Tax Act; and
  - Social contribution under the Social Contribution and Social Benefits Act

ARTS AND CULTURE
- Introduction of an Artist Incubator Scheme, a scheme to facilitate the participation of local talents in international award ceremonies, and a scheme for local artists to participate in international competitions
- Setting up of a National Arts Centre, including a recording studio
- Revamping of the Centre de Formation Artistique
- Modernisation of the Serge Constantin Theatre and the Pointe Canon Open Air Theatre
- The Côte D’Or National Sports Complex to be equipped to host major concerts
- Launching of an Expression of Interest to encourage private operators to renovate, maintain and operate historical buildings and landmarks including the ‘Chateau Bénaires’ and the Citadelle on a commercial basis
- Organisation of 12 Fêtes Nationales in the context of the 55th anniversary of the independence at Curepipe, Trou d’eau Douce, Mahebourg, Souillac, Flic-en-Flac, Rose-Hill, St-Pierre, Flacq, Goodlands, Triolet, Port Mathurin and Port-Louis
- Organisation of the 1st Mauritius Arts Expo with a grant of Rs 5,000 to all participating artists
- Purchase of local works to make them accessible to Mauritians in public libraries

1.4 million tourists
in financial year 2022/23
FINANCIAL SERVICES

- Launching of a regional Renminbi Clearing Centre by the BOM with the Bank of China
- Issuance of 'RuPay' cards and Indian QR Code in Mauritius
- Introduction of a National Payment Card
- Revamp of the FSC framework to enable re-insurance companies to set up operations in Mauritius by the FSC
- Convergence of the domestic and the global business regime
- Introduction of a top up tax to ensure that resident companies of large MNCs are having a global annual revenue of 750 million euros are taxed at a minimum rate of 15 %
- Issuance of a 5-Year Emerald Jubilee Bond by the BOM at an annual interest rate of 4 %
- The Financial Services Institute to become an awarding body
- Renewal of the one-year graduate training programme on AML, targeting 100 graduates with a monthly stipend of Rs 15,000 by BOM and FSC
- Setting up of a Financial Crime Commission
- To consolidate the position of Mauritius as an international financial centre:
  - The current requirement for high-net worth individuals and families will be reviewed to a minimum portfolio of USD 5 million per management family office; and
  - Holders of Global Headquarters Administration licence will be provided work and residence permits for 5 executives and the latter’s dependents
- Introduction of in-principle approval for application of banking license under the Banking Act

ICT

- The Digital Industries Academy to:
  - Provide training to 1,000 individuals in Data Communications, 5G, Cloud Computing, Artificial Intelligence and Cyber-Security
  - Set-up a DIA Incubator for high-end ICT product development
    - Partner with telco providers, banks and international players to mentor and finance 50 incubatees
  - Provision of a 2nd connection for the Government Online Centre
  - New online government services:
    - Application for Certificate of Character
    - Payment of Road traffic fines
    - Application for social benefits
  - Preparation of a 5-year blueprint
- HRDC to refund 50% of the cost incurred to train trainers in new fields such as Artificial Intelligence (AI), blockchain and new technologies
HEALTHCARE, MEDICAL DEVICES
PHARMA AND BIOTECHNOLOGY

- Introduction of the Medical and Healthcare Products Bill to:
  - Facilitate the setting up of pharmaceutical manufacturing plants;
  - Set out the legal framework for the development of the pharmaceutical products, medical devices and health supplements industry;
  - Provide better control on health supplements and complementary medicines, medical devices as well as cosmetics; and
  - Ensure compliance with Good Manufacturing Practices and Distribution Practice Standards for products manufactured in Mauritius.

- Review of the existing framework for licensing of laboratories and issue guidelines for setting up of specialty test laboratories involved in stem cells, genetic, specialized molecular test

- Comprehensive Digital Health Law and Strategy to provide legislative framework for e-Health and telemedicine

- Revamping of the Clinical Trials Act to align with international standards to expand the range and broaden the scope of activities for clinical trials

- Ministry of Health and Wellness to develop a legal framework for clinical trials for medical devices

- Development of a framework for the setting up of Healthcare University spin-offs to promote Research and Development in the development of new healthcare products

- Broadening of the mandate of the Mauritius Institute of Biotechnology (MIB) to cater for the production of pharmaceutical products, development of new medical devices, technology-based applications for pharmaceuticals, nutraceuticals and research and development centres for testing

FREEPORT

- An 8-year income tax holiday will be granted to a newly set up freeport operator or developer making an investment of at least Rs 50 million and provided it:
  - Starts its operations on or after 1 July 2022; and
  - Conforms with the substance requirements set by the Organisation for Economic Co-operation and Development (OECD)

- The Freeport Act will be amended to make it mandatory for freeport developers to install CCTV system within the freeport zone and provide online access to MRA Customs

- The SME International Fairs Refund Scheme will be opened to Freeport operators
PRODUCTIVITY & COMPETITIVENESS

- DOING BUSINESS
- OPENNESS
- TRAINING
- SMALL AND MEDIUM ENTERPRISES
- IMPROVING INFRASTRUCTURE
**DOING BUSINESS**

- Waiving of the fee to start a business and incorporate a company
- Bank accounts to be opened within 1 week for both an individual or a business
- Setting up of an Inter-Ministerial Committee, chaired by the Prime Minister, to streamline licenses and permits in the construction, tourism, healthcare, and logistics sectors
- Introduction of a Business Regulatory Reform Bill as an apex legislation on business facilitation
- 50% reduction in port charges at export maintained
- Validity period of pre-shipment inspection certificate extended from 2 to 4 months
- Clearance process in respect of imports requiring testing certificates will be simplified

**OPENNESS**

- Recruitment of talents under the young professional occupation permit
- Students completing their studies to benefit from the premium visa
- Organisation of the Mauritius International Silver Economy Festival by EDB to attract foreign retirees
- Setting up of a Work Permit Committee to be chaired by the Prime Minister
- Residence Permits holders to be eligible to acquire a residential property of a minimum of USD 350,000 outside existing schemes, subject to a 10% contribution made to the Solidarity Fund
- A residential property acquired by more than one non-citizen under ‘fractional ownership’ will provide eligibility to apply for the status of residency provided that the investment by each non-citizen exceeds USD 375,000

**TRAINING**

- Monthly Prime à l’Emploi of Rs 15,000 for the first year of employment of 10,000 youths between 18 and 35 years and women up to 50 years
- Stipend of Rs 8,000 for those under the National Apprenticeship Programme and the National Skills Development Programme
- Rs 10,000 for the Graduate Training for Employment Scheme
- Doubling of the period of placement under the Back to Work programme to two years
- An e-register of skills for workers in the manufacturing and construction sectors will be launched to facilitate job search and recruitment of these registered workers
- Introduction of framework for pre-registration training for medical students both in the public and private sectors to allow for 24/7 training

**SMALL AND MEDIUM ENTERPRISES**

- Amendment of SME Act to review definition of SMEs, whereby companies with a turnover of up to Rs 100 million will be categorised as SMEs
- New definition for SMEs
  - Micro-Enterprise from a turnover of Rs 2 million to Rs 10 million
  - Small Enterprise from a turnover above Rs 10 million and up to Rs 30 million
  - Medium Enterprise from a turnover above Rs 30 million and up to Rs 100 million
- Introduction of a Mid-Market Enterprise with a turnover up to Rs 250 million as a new category under the SME Act
- Allocation of Rs 5 billion by DBM to support SMEs, Mid-Market Enterprises and entrepreneurs.
- Setting up a Venture Capital Fund of Rs 5 billion by MIC
Under the new definition, all companies with a turnover of up to Rs 100 million will henceforth be categorised as SMEs instead of Rs 50 million

Extension of the SME interest free loan scheme and the Covid-19 Special Support Scheme up to June 2023

3 new DBM branches to be opened at St Pierre, Rivière des Anguilles and Bambous

50% grant up to Rs 500,000 for the purchase of recycling equipment and transportation vehicle from local suppliers for cooperatives

Deduction of 125% by a large manufacturer on amount incurred to purchase locally manufactured products from a small enterprise compared to 110%

Angel investors providing seed equity financing to SMEs will benefit from a tax allowance on their investment

Waiver of income tax penalties for SMEs

To promote women entrepreneurship at grassroot level, some 50 women will be provided with 3 months mentoring and paid a monthly stipend of Rs 11,500

IMPROVING INFRASTRUCTURE

FLOOD MANAGEMENT

Allocation of Rs 3.8 billion to continue the National Flood Management Programme

ROAD NETWORK

Rs 2.6 billion over the next financial year to implement road construction works:

Some Rs 1.1 billion for completion of:

The Palmerstone Road by September 2022

The A1-M1 Bridge by December 2022

La Vigie - La Brasserie Link Road by February 2023

Rs 15 billion for the completion of the Verdun Bypass by March 2023

5 new flyovers at Quay D, Terre Rouge, St Pierre, Wooton, and Ebene

3 new bypasses at Flic-en-Flac connecting Pierrefonds to Avenue Radar, at Bois Cheri from Avalon to Grand Bois and at Hermitage along Cote D’Or Road

A New Link Road from La Brasserie to Beau Songs

A New Link Road from Dubreuil to Melrose

Upgrading and enlargement of the road from Beau climat to Tyack

SOCIAL HOUSING AND COMMUNITY DEVELOPMENT

Construction of 12,000 social houses to start in two months across 50 sites across the island

485 housing units at Wooton and Mare D’Albert by June 2023

Construction of 1,273 units at Mon Gout, Malherbes and La Valette

Rs 1.4 billion for the construction and upgrading of community development facilities

WATER DISTRIBUTION

Rs 1 billion will be invested in water distribution projects

Rs 1.1 billion will be provided for the implementation of sewerage infrastructure projects, refurbishment of the wastewater treatment plants, extension of sewer lines
INVESTING IN PEOPLE

- Making essential products accessible
- Employment
- Home ownership and affordable housing
- Sale by levy reform
- Social register of Mauritius
- Social aid
- Improving the lives of people with a disability
- Improving the lives of the elderly
- For people
MAKING ESSENTIAL PRODUCTS ACCESSIBLE

- Maintaining the retail price of pain maison at Rs 2.60, with a provision Rs 1.4 billion for a subsidy of Rs 591.25 on a pack of 25 kg of flour to bakers
- Rs 2 billion to keep the price of a 12 kg cylinder of cooking gas at Rs 240 instead of Rs 680
- Rs 370 million to maintain the price of rice at Rs 10.80 instead of Rs 26.20
- Rs 500 million to the STC to supply essential products such as milk, edible oil and pulses at a subsidised rate
- Price control on pasta, wheat cereal, infant food, as well as baby and adult diapers
- Regressive mark-up regime for pharmaceutical products
- Products to be sold at a discount of at least 50% of the original price after their best before date but prior to their expiry date

SALE BY LEVY REFORM

- The mise à prix not to be less than 90% of the value of the “logement familial” of the borrower
- Lender to recover only the capital and interest due from a sale, while penalties will be waived
- Any amount recovered from the sale exceeding the amount due to the lender to be remitted totally to the borrower
- All sale by levy process to be conducted solely through a sealed bid process
- A lender to be legally obliged to erase a charge once a debt has been repaid
- Provision relating to ‘contrainte par corps’ to being repealed

EMPLOYMENT

- Monthly Prime à l’Emploi of Rs 15,000 for the first year of employment of 10,000 youths between 18 and 35 years and women up to 50 years
- New employment opportunities for some 8,353 people in the public sector
- Waiving of MITD examinations fees for all students
- Recruitment of 2,000 employees at Mauri-Facilities Ltd for cleaning services

SOCIAL REGISTER OF MAURITIUS

- Increase in the minimum monthly subsistence allowance from Rs 500 to Rs 1,000
- Increase in the monthly child allowance from Rs 957 to Rs 1,046
- Waiving of the administration fee for full time courses at the MITD and other recognized public tertiary institutions
- Free diapers to be provided for infants aged up to one year
- The Basic Invalidity Pension will not be accounted in the income eligibility threshold

HOME OWNERSHIP AND AFFORDABLE HOUSING

- Maintaining of the Home Ownership and Home Loan Schemes with a 5% refund up to Rs 500,000 for another year
- Enabling each spouse married under the regime “corps et bien” to benefit from the exemption of registration duty for first time buyers
- Abolishing of the municipal tax on the family home as from the 1st of July 2022

EDB BUDGET NEWSLETTER 2022/2023
SOCIAL AID

- Increase in the benefits under Social Aid by at least 20% as from 1st July 2022
- For the head of a family, increase in the monthly allowance:
  - For the Claimant and the Spouse from Rs 1,527 to Rs 1,832
  - For a child under the age 3 years old from Rs 594 to Rs 713
  - For a child between 3 and 10 years from Rs 570 to Rs 713
  - For a child between 10 and 15 years from Rs 699 to Rs 839
  - For a child between 15 and 20 years and with a disability, from Rs 1,527 to Rs 1,832
  - For a child between 15 and 23 years and in full time education, from Rs 872 to Rs 1,046
  - For those suffering from a serious illness from a maximum of Rs 906 to Rs 1,087
  - For the payment of rent up to a maximum of Rs 1,345 instead of Rs 1,121
- For a single mother, the monthly allowance is being increased from:
  - For herself from Rs 1,597 to Rs 1,916
  - For a child under the age 3 years old from Rs 622 to Rs 746
  - For a child between 3 and 10 years from Rs 599 to Rs 746
  - For a child between 10 and 15 years from Rs 728 to Rs 874
  - For a child between 15 and 20 years and with a disability, from Rs 1,597 to Rs 1,916
  - For a child between 15 and 23 years and in full time education, from Rs 914 to Rs 1,097
  - For those suffering from a serious illness from a maximum of Rs 953 to Rs 1,144
  - For the payment of rent up to a maximum of Rs 1,414 instead of Rs 1,178
- Increase the Funeral Grant from Rs 10,300 to Rs 12,360
- Under social aid, increase in the daily allowance:
  - for residents at private or charitable institutions by 20% up to Rs 864
  - for cyclone and flood victims from Rs 188 to Rs 250
  - for fishermen in case of bad weather from Rs 475 to Rs 575
- For households with a monthly income of less than Rs 30,000, increase in the financial assistance for the purchase of:
  - Spectacles from Rs 2,000 to Rs 5,000
  - Wheelchairs from Rs 5,000 to Rs 10,000
  - Hearing aids from Rs 5,000 to Rs 10,000

IMPROVING THE LIVES OF PEOPLE WITH A DISABILITY

- Monthly Incontinence allowance of Rs 1,500 for bedridden and severely disabled inmates of charitable institutions
- Monthly CSG Disability Allowance of Rs 2,500 for those who suffering from a disability of between 40 to 59%

IMPROVING THE LIVES OF THE ELDERLY

- Increase in the Basic Retirement Pension, the Basic Widow’s Pension, and the Basic Invalid Pension from Rs 9,000 to Rs 10,000 as from the 1st of July 2022
- Increase in the Basic Orphan’s Pension by Rs 1,000
- Monthly child allowance of Rs 1,700 for dependent children up to 23 years attending university for beneficiaries of basic pensions
- Extension of the basic widow pension to Muslim widows through tardy registration of religious marriage before the Muslim Family Council

- Additional Rs 1,000 to all individuals aged 65 and above under the CSG Retirement Benefit

**FOR PEOPLE**

- Baby bonus of Rs 1,000 to parents of every new-born as from 1st July 2022

- Up to 10 days of their sick leaves for parents to take care of their children with healthcare related issue

- Increase in tax allowances and decrease in the tax payable by individuals:
  - Increase in the maximum tax exemption in respect of a child pursuing tertiary education from Rs 225,000 to Rs 500,000
  - Increase in the maximum deduction for medical insurance premiums from:
    - Rs 20,000 to Rs 25,000 for an individual and his first dependent
    - Rs 15,000 to Rs 20,000 for every other dependent
  - Increase in the exemption in respect of donations made to an approved religious body or charitable NGO from Rs 30,000 to Rs 50,000
  - Increase in the exemption in respect of an individual pension scheme from Rs 30,000 to Rs 50,000
  - Reduction in income tax rate from 15% to 12% for those earning more than Rs 53,846 and up to Rs 75,000 monthly, that is Rs 975,000 annually
  - Increase in petrol and travelling allowance by 10% up to a maximum of Rs 2,000

- The exemption of travelling allowances deductible from income tax to be increased from Rs 11,500 to Rs 20,000

- Provision of a direct monthly CSG income allowance of Rs 1,000 to those earning a gross income of up to Rs 50,000
INCOME TAX
- Increase in tax allowances and decrease in the tax payable by individuals:
  - Increase in the maximum tax exemption in respect of a child pursuing tertiary education from Rs 225,000 to Rs 500,000
  - Increase in the maximum deduction for medical insurance premiums from:
    - Rs 20,000 to Rs 25,000 for an individual and his first dependent
    - Rs 15,000 to Rs 20,000 for every other dependent
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  - The exemption of travelling allowances deductible from income tax to be increased from Rs 11,500 to Rs 20,000

EXCISE
- As from 1st July 2022, all hybrid and electric vehicles to be duty-free
- Introduction of a negative excise duty of 10% for the purchase of electric vehicles up to a maximum of Rs 200,000
- Excise duty on alcoholic products and cigarettes to increase by 10 percent
- Extension of the current excise duty rebate scheme on motor vehicles or a further period of one year up to 30 June 2023. The rebate scheme is applicable as follows:
  - A motor car up to 1000 cc: 40% rebate on the excise duty payable on the motor car; and
  - A motor car above 1000 cc, double/single space cabin vehicle, van and an electric vehicle: 30% rebate on the excise duty payable on the motor vehicle
  - Tax of Rs 2 will be applicable on all beverages in cans
- The implementation of the excise duty of 6 cents per gramme of sugar on locally manufactured and imported non-staple sweetened products to be deferred to 1 July 2025
- Customs duty, excise duty and VAT exemption on cars (and spare parts) and automobile imported for the purpose of exhibition in a motor museum

CORPORATE TAX
- Introduction of a top up tax to ensure that resident companies of large MNCs are taxed at a minimum rate of 15%
- 8-year income tax holiday on sustainable agricultural practices
- Convergence of the domestic and the global business regime