

Supplementary Appropriation (2015-2016) Bill

SECOND READING

Madam Speaker,

I move that the Supplementary Appropriation (2015-2016) Bill (No VII of 2016) be read a second time.

2. The Bill provides for the appropriation of an additional sum of four billion and one hundred million rupees (Rs 4,100,000,000) in respect of services of Government for the current fiscal year 2015-2016.

Madam Speaker,

3. 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 30th June 2016.

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

5. 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.

6. Opportunity is also 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.

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

Implementation of the 2016 PRB Report

8. First, an amount of Rs 1.4 billion is required for meeting the cost of implementation of the 2016 PRB Report for the six-month period from 1st January to 30th June 2016.

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

10. 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.

11. The House will note that only 7 officers have not opted for the new PRB Report.

12. For practical reasons, the supplementary provision required for the first six months is being appropriated under 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 Para-statal Bodies covered by PRB.

13. The House will note that implementation of the PRB Report, inclusive of the end-of-year bonus is costing some Rs 3 billion annually to Government. An amount of Rs 1.4 billion is required for the first six months, as the end-of-year bonus will be paid in the second half of the year.

Basic Retirement Pension

14. Second, an additional amount Rs 1.0 billion is required for meeting the payment of basic retirement pension up to the end of the current fiscal year.

15. In the 2015/16 Budget, a provision of Rs 12.1 billion was made for payment of basic retirement pension. An amount of Rs 11 billion has already been paid out from July 2015 to April 2016. A further sum of Rs 2.1 billion is expected to be disbursed for the months of May and June 2016. Thus, an additional amount of Rs 1 billion will be required for fiscal year 2015/2016.

16. The need for the additional Rs 1.0 billion is mainly due to a combination of two factors:

- i. an increase in expenditure of Rs 285 million as a result of the increase of Rs 250 in the monthly old age pension; and
- ii. an under-provision of Rs 715 million for financial year 2015/16

17. Concerning the under-provision of Rs 715 million, at the time of the budget preparation exercise 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 carried out by the IMF. However, the IMF submitted its report on Pension Reform in Mauritius: Fair and Fast-Balancing Social Protection and Fiscal Sustainability only in June 2015 and therefore the reform measures could not be taken on board in the 2015/16 Budget speech. This explains the under-provision of Rs 715 million.

Equity Investment in MauBank

18. Third, as the House is aware, in the reply to PQ B/277 of 26th April 2016, it was stated that Government had made a total equity investment of 3 billion and 53 million rupees (Rs 3.053 billion) in NCB, MPCB, and MauBank Holdings Ltd as follows:-

(A) During the Six-Month Budget (January to June 2015)

i. Former National Commercial Bank Ltd

- On 13th April 2015: Rs 200 million
- On 30th June 2015: Rs 500 million

ii. Former MPCB Ltd

- On 30th June 2015 : Rs 753 million

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

iii. MauBank Holdings Ltd

- On 29 October 2015 : Rs 300 million (to be invested in the MPCB ltd)
- On 13 January 2016 :Rs 1.3 billion (to be invested in MauBank Ltd.)

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

Elections

20. Finally, a provision of Rs 100 million to cater for expenses incurred for the holding of Municipal Council Elections on 14 June 2015.

21. 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 4th May 2015.

Madam Speaker

22. To sum up, although we are appropriating an additional amount of Rs 4.1 billion, we are confident that we would be able to contain Government expenditure within the aggregate authorised limit of Rs 92 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.

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