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Mauritius Monthly Briefing June 2023

Mauritius Summary 30 June 2023

Finance minister Renganaden Padayachy presents the Mauritius National Budget 2023/2024 to parliament, under the guiding principle of “to dare and to care”. Padayachy describes the budget as people-centric and focused on investing in citizens’ purchasing power and welfare, decreasing inequality, and making the fiscal regime fairer and more equal. Several political parties, civil society organisations and individuals launch legal challenges with the supreme court against the national assembly’s passing of the Local Government (Amendment Bill) on 24 May, which postpones municipal elections to 2025. State-owned Mauritius Telecom (MT) reports record sales and net profit results for 2022, despite changes in leadership amid allegations of corruption over the past year.

2023/2024 finance budget

Finance minister **Renganaden Padayachy** presented the **Mauritius National Budget 2023/2024** to parliament on 2 June, under the guiding principle “to dare and to care”. Padayachy describes the budget as people-centric and focused on investing in citizens’ purchasing power and welfare, decreasing inequality and making the fiscal regime fairer and more equal.¹

Key policies under the budget are the introduction of a new minimum wage of Rs 15,000 (\$329.83), maintenance of subsidies on flour, rice and liquefied petroleum gas (LPG) at a cost of Rs 4.7 billion (\$103.03m), a reduction in the price of mogas from Rs 74.10 (\$1.63) to Rs 69 (\$1.52) and a **Contribution Sociale Généralisée (CSG)** (social contribution) income allowance of Rs 1,000 (\$21.99) for individuals earning up to Rs 50,000 (\$1,099.43) per month, and Rs 2,000 (\$43.98) for individuals earning up to Rs 25,000 (\$549.72) per month.²

Padayachy also announced changes to the tax regime. As of the upcoming financial year, all personal income will be taxed incrementally and divided into revenue brackets with a specific tax rate for each bracket. The tax rates start at 0% and are capped at 20%.

Padayachy’s budget forecasts revenue to reach Rs 179 billion (\$3.93 billion) in the 2023/2024 financial year, predominately financed through taxes and social contributions, against an expenditure of Rs 200 billion (\$4.39 billion), creating a budget deficit of 2.9% of GDP.³ This low budget deficit is significant, as the government aims to reduce public sector debt to 60% of GDP by 2030, supported by robust economic growth and a reduced budget deficit.⁴ Public debt soared due to the **Covid-19** pandemic and has slowly declined, reaching an estimated 86.1% in June 2022 to 79% in June 2023, and 71.5% in June 2024.⁵ Economic growth is expected to reach 8% in the 2023/2024 financial year, and 5% in the following financial year.

Key investments from the budget include Rs 2 billion (\$43.97m) for the agricultural sector, Rs 15.7 billion (\$345.22m) for health services and an increased Rs 500m (\$10.99m) budget for the **Mauritius Tourism Promotion Authority (MTPA)**.

¹ Le Matinal, 11 Jun 2023

² Le Matinal, 3 Jun 2023

³ Dentons, 7 Jun 2023

⁴ Bloomberg, 3 Jun 2023

⁵ PwC, 11 Jun 2023

The context of the budget is important as the general election takes place in 2024 and the ruling political party will be seeking another term. To this point, an interesting addition to the budget is the “*Independence scheme*”, which Padayachy says is intended to celebrate Mauritius’ 55 years of independence. The scheme will see a once-off disbursement of Rs 20,000 (\$439) to every individual turning 18 from 1 January 2023.⁶ Padayachy supported the scheme by noting that the money could be used for several ventures:

“Going to university, getting a job or placement, starting a small business, learning how to drive, buying new sports equipment. These are all genuine aspirations of an 18-year-old as he reaches adulthood.”⁷

Critics of the scheme describe it as a government ploy to garner support ahead of the elections, while other observers claim it is a rebalancing of society; Mauritian political parties have traditionally focused on supporting pensioners. In 2004, despite warnings from the **International Monetary Fund (IMF)** and the **World Bank**, the government introduced the **Basic Retirement Pension (BRP)**. The BRP was a significant focus of discussion in the 2014 election and the latest budget has increased it by Rs 1,000 (\$21.99). The independence scheme is the new BRP but aimed at the youth vote.⁸

Legal challenges to municipal election changes

Several political parties, civil society organisations and individuals have presented legal challenges to the national assembly’s passing of the **Local Government (Amendment Bill)** on 24 May, which postponed municipal elections to 2025. **Capital Media** chief editor **Rajen Valayden** confirmed on 11 June that he had lodged a case with the **Supreme Court** on 2 June.⁹ The case was heard on 22 June and following another appearance on 29 June, postponed to 13 July. Valayden noted that postponement without a valid explanation is not acceptable in a democratic society. **Linion Pep Morisien** leaders **Rama Valayden**, **Jean-Claude Barbier** and **Raouf Khodabaccus** followed suit and filed a constitutional complaint on 12 June, claiming that the postponement violates their right to vote and run for office.¹⁰ Opposition **Parti Travailleiste (PTTr)** member **Ashley Ramdass** filed a complaint on the same day.

Opposition **Mouvement Militant Mauricien (MMM)** leader **Paul Bérenger** confirmed in a press conference on 17 June that the MMM would also be filing a constitutional complaint to challenge the postponement of the municipal elections.¹¹ On the same day, opposition **Rassemblement Mauricien (RM)** leader **Nando Bodha** confirmed that he, together with RM members **Raja Ratnam** and **Kailash Trilochun**, had lodged a complaint with the supreme court on 16 June calling for judicial review of the decision.¹²

The supreme court will hear constitutional complaints throughout July on the matter. **Antoine Domingue** is the applicants’ lawyer in three of these cases and may ask for consolidation of these three cases. While it is unclear if the applicants have a strong case or not, the judiciary in Mauritius is a strong and independent institution that would not be swayed by political interference. The case will be ruled upon fairly; however, given the number of cases and their high profile, it is likely to be a lengthy process.

⁶ L’Express, 11 Jun 2023

⁷ L’Express, 11 Jun 2023

⁸ L’Express, 11 Jun 2023

⁹ L’Express, 12 Jun 2023

¹⁰ Le Mauricien, 27 Jun 2023

¹¹ Le Matinal, 18 Jun 2023

¹² Le Matinal, 17 Jun 2023

Mauritius Telecom corruption exposure continues

State-owned **Mauritius Telecom (MT)** reported on 8 June that it had posted record sales and net profit results for 2022, despite changes in leadership amid allegations of corruption. MT CEO **Kapil Reesaul** and chairman **Maxime Sauzier** announced at a press conference that MT had posted record sales of Rs 11.4 billion (\$250,25m) in 2022, up 5.3% from 2021, and net profit of Rs 1.1 billion (\$24.14m) in 2022, up from Rs 594m (\$13.03m) recorded in 2021.¹³

Reesaul noted that MT has faced several challenges over the past year, but that he has implemented several new initiatives to make the company more ethical and responsible. Some of these include an updated code of conduct and the reinforcement of the principles of good governance to ensure transparency and accountability.¹⁴ This is in response to the unfolding corruption allegations, among others, against former MT CEO **Sherry Singh**. Following his resignation, Singh told a local radio channel that prime minister **Pravind Jugnauth** had pressured him to allow a third party to install equipment to monitor internet traffic at the landing station of the **South Africa Far East** submarine cable in **Baie Jacotet**. Jugnauth has denied the allegations. The **Central Criminal Investigation Department** launched investigations into Singh in August for disseminating false news and violating the **Information and Communication Technology Act**.¹⁵ The investigations uncovered information linking Singh to **Chinese** telecommunications giant **Huawei** – Singh allegedly used a selective bidding process to help Huawei gain a stronghold in the Mauritian telecommunications industry while he was CEO between 2015 and 2022.¹⁶

The **Major Crime Investigation Team (MCIT)** arrested senior information system officer **Salima Raja** on 22 June after an audit, ordered by MT's new management, revealed that Raja had deleted data linked to Singh on MT's main server while he was MT's chief human resource officer.¹⁷ The MCIT confirmed that the data breach happened in June 2022, the same month Singh resigned. Singh also served as a special advisor to Jugnauth between 2017 and 2021.

Investigations are ongoing, but recent reports from June indicate that a company called **Ergomax** is now also under investigation for being awarded high-value contracts during Singh's tenure. The **Special Striking Team (SST)** arrested Ergomax director **Vidarmen Payen** on 7 June for questioning. Media reports on 8 June cited a source who said Payen had great influence within MT during Singh's tenure and could regularly access restricted areas and give employees instructions.¹⁸ The SST arrested Singh and his wife on 30 May in connection with an alleged sale of 22 tonnes of copper, which belonged to MT, to smelting company **Tradeway International LTD Smelter**. Singh and his wife allegedly kept the proceeds of the sale.¹⁹

¹³ Le Matinal, 10 Jun 2023

¹⁴ Le Matinal, 10 Jun 2023

¹⁵ Le Matinal, 4 Aug 2022

¹⁶ www.thesocialtalks.com, 2 Aug 2022

¹⁷ Le Matinal, 24 Jun 2023

¹⁸ Defi Media, 8 Jun 2023

¹⁹ Le Express, 30 May 2023

Planner

Aug 2023 **Port Louis (Mauritius)** Maritime Security Conference

2024 **(Mauritius)** General election

2025 **(Mauritius)** Municipal elections

Chronology

29 Jun 2023 **Arsenal (Mauritius)** *Le Matinal*. **GreenYellow Indian Ocean Green**, a subsidiary of **French** company **GreenYellow**, inaugurate a 13.86-megawatt solar power plant in Arsenal;

29 Jun 2023 **Port Louis (Mauritius)** *IOL*. **Air Belgium** and **Air Mauritius** announce a new partnership that will see an increase in frequency of flights between **Johannesburg (South Africa)** and **Brussels (Belgium)** via Mauritius;

26 Jun 2023 **Port Louis (Mauritius)** *Le Matinal*. **Bank of Mauritius** (central bank) cautions the public against using the company **Royal Investment Consortium**, noting it is not licensed or regulated to operate as a bank in Mauritius;

26 Jun 2023 **Port Louis (Mauritius)** *Le Matinal*. **United States**-headquartered think tank **Atlantic Council** ranks Mauritius 1st in **Africa** in its new **2023 Freedom and Prosperity Indexes**;

26 Jun 2023 **Port Louis (Mauritius)** *Business Insider*. **Uganda** and Mauritius reach an agreement to modify their 2015 bilateral **Double Taxation Agreement (DTA)** after several months of negotiations,

23 Jun 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Bank of Mauritius** (central bank) governor **Harvesh Seegolam** announces foreign currency reserves reached \$6.4 billion at the end of May, enough to cover ten months of imports;

23 Jun 2023 **Port Louis (Mauritius)** *Le Matinal*. Prime minister **Pravind Jugnauth** hosts special envoy to **South Korea's** president, **Sang Jick Yoon**, to discuss hosting the **World Expo 2030**, for which South Korea is campaigning;

17 Jun 2023 **Port Louis (Mauritius)** *Government of Mauritius*. Prime minister **Pravind Jugnauth** reiterates the government's commitment to fighting for sovereignty over the **Chagos Archipelago**;

16 Jun 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Bank of Mauritius** (central bank) governor **Harvesh Seegolam** forecast that tourist arrivals will reach 1.3 million in 2023, also confirming that tourism earned Rs 28.9 billion (\$634.46m) between January and April this year;

15 Jun 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Bank of Mauritius** (central bank) maintains the key rate at 4.5% during the Monetary Policy Committee's first meeting of the year, while submitting a forecast that inflation will ease to 6.8% by December;

8 Jun 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Statistics Mauritius** reports annual inflation fell from 8.3% in April to 7.9% in May;

3 Jun 2023 **Port Louis (Mauritius)** *Le Mauricien*. Government introduces a guaranteed minimum income of Rs 15,000 (\$329.25) from 1 July;

1 Jun 2023 **Port Louis (Mauritius)** *Le Mauricien*. **Statistics Mauritius** forecasts imports will cost Rs 320 billion (\$7.03 billion) in 2023, against export earnings of Rs 110 billion (\$2.41 billion), resulting in a trade deficit of Rs 210 billion (\$4.61 billion), up from the 2022 deficit of Rs 187 billion (\$4.11 billion);

30 May 2023 **Port Louis (Mauritius)** *Le Matinal*. **United States** deputy secretary for management and resources **Richard Verma** visits Mauritius to discuss bilateral relations and strengthening US cooperation with Mauritius and in the region.

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