



REPUBLIC OF MAURITIUS

# BUDGET SPEECH 2026 - 2027

***“The future depends on what we do in the present”.***

***Mahatma Gandhi***

**Dr the Hon Navinchandra RAMGOOLAM, GCSK, FRCP**

*Prime Minister,*

*Minister of Defence, Home Affairs and External Communications,*

*Minister of Finance,*

*Minister for Rodrigues and Outer Islands*

19 June 2026

## **Budget Speech: 2026-2027**

**Madam Speaker,**

1. I move that the Appropriation 2026-2027 Bill No. IX of 2026 be read a second time.

**Madam Speaker,**

2. ***“You can’t go back and change the beginning; but you can start where you are and change the ending.”***

This does not come from me but from Clive Lewis, a famous British author and literary scholar.

**Madam Speaker,**

3. Immediately upon taking office in November 2024, we had to make fundamental and difficult choices.

4. We could have chosen the path of least resistance. But we did not.

5. Instead, we chose the most challenging path of reform to rebuild our economy and society and secure the future of the next generation.

6. There has been steady and tangible progress. In 2025:

(1) The unemployment rate declined from 6 percent to 5.7 percent.

(2) Inflation, which averaged 7 percent annually over the period 2022 to 2024 with a peak of 11.3 percent, fell to 3.7 percent.

- (3) Our gross official foreign currency reserves have reached USD 10.3 billion, the highest level in decades, both in absolute terms and in terms of import cover.
- (4) Tourist arrivals exceeded 1.4 million while tourism earnings reached Rs 103 billion, both at record levels.
- (5) The ICT and financial services sectors maintained their long-term growth path, expanding by 4.5 percent and 5 percent, respectively.
- (6) GDP expanded by 3.2 percent, with most major sectors recording positive growth and per capita GDP rose by 3.3 percent.

7. Furthermore, since we took office:

- (1) democracy as well as freedom of expression has been restored;
- (2) municipal elections have resumed after 10 years of tyranny;
- (3) constitutional reform, long debated and deferred for several years, is now being delivered by this Government;
- (4) we have ushered in a new era of representation and inclusion for women. Women are not just participating:
  - They are in leading roles.
  - Let me give some examples, the Chief Justice, the Deputy Prime Minister, the Speaker of the National Assembly, the Governor of the Bank of Mauritius and seven out of ten

Mayors and Deputy Mayors, including the Lord Mayoress and the Deputy Lord Mayoress of Port Louis;

- (5) Mauritius has regained its rightful place in the international arena. Economic diplomacy is once again at the core of our national strategy;
- (6) the independence and integrity of major institutions like the Office of DPP, the Bank of Mauritius, and Statistics Mauritius have been restored; and
- (7) we have achieved a major milestone in fiscal and statistical transparency, with the graduation of Mauritius to SDDS+. Mauritius is the first country in Africa to attain that level.

8. The facts speak for themselves. The reconstruction of our nation is firmly on track.

9. Yet, I must be candid.

**Madame la Présidente,**

10. J'ai toujours dit que je ne dispose pas d'une baguette magique capable de transformer notre pays et notre société du jour au lendemain.

Le progrès durable repose inévitablement sur:

- la vision;
- le temps;
- la persévérance; et
- un travail constant.

11. Despite the progress we are making, the rebuilding of our economy and society cannot be achieved in a single year or through one budget.

12. It requires sustained effort. Besides the catastrophic situation we have inherited, we are facing more frequent external shocks in a world fraught with military conflicts and other geopolitical tensions. We are also having to grapple with the mounting threats of climate change, our growing exposure to natural disasters such as cyclones, droughts and floods and the disrupting impact of demographic shifts.

13. To achieve our objectives, we will adhere strictly to our four guiding principles which I mentioned recently:

- (1) Responsabilité,
- (2) Solidarité,
- (3) Efficacité économique; et
- (4) Justice sociale.

14. In a world which is in total disarray, defined by the fog of uncertainty and unpredictability, Mauritius must stand prepared.

- Mauritius must be future ready.
- Our actions should be underpinned by principles of good governance and responsibility.

#### **A. FUTURE READY ECONOMY**

15. Let me therefore turn to our policies for a Future Ready Economy centered on a forward looking, inclusive higher growth path.

16. We have a strategy anchored on the following seven pillars:

First, Leveraging AI and Digitisation

Second, Unleashing a Start-Up Revolution and SMEs Potential

Third, Expanding and Modernising our Economic Space

Fourth, Reengineering the Major Existing Sectors

Fifth, Unleashing the Potential of our Blue Economy

Sixth, Addressing Investment Constraints

### **Pillar 1 - Leveraging AI and Digitisation**

17. I will speak about our strategy on AI and Digitisation. The AI revolution must not be something that happens to Mauritius. It must be something that Mauritius prepares for, participates in, and benefits from. This is why Government is acting on three fronts.

18. First, following my request to Prime Minister of India Shri Narendra Modi at the recent AI impact Summit in New Delhi, he used his good offices so that Mauritius could benefit from participation in Google's America-India Connect initiative. This is a major international subsea connectivity programme that can add a new layer of resilience to our existing submarine cable systems and strengthen strategic routes towards South Africa, India and Singapore.

19. Second, we are positioning Mauritius as a trusted base for AI and cloud services. Government is engaging with leading American and European AI and cloud companies to explore opportunities for AI infrastructure and AI-enabled services serving Mauritius, the Indian Ocean and the SADC region.

20. Third, and most importantly, we are investing in our people.
21. Following the successful MyT-GPT Education pilot project in 10 schools, Government will now scale up AI-enabled learning across our education system in a safe and responsible manner.
22. Over the next year, all 8,000 secondary school teachers in Mauritius will be trained and enabled with access to a personalised AI teaching tool to support them in lesson preparation, classroom teaching, assessment, feedback and student support.
23. In parallel, 12,000 Grade 9 students will be supported with access to AI-enabled learning tools. Government will also undertake carefully designed pilot projects across other grades, in both secondary and primary schools to ensure that AI is deployed safely, responsibly and effectively in education.
24. This is how we will begin transforming education for a generation of AI-native students already growing up in our schools.
25. Government, together with the private sector, will also train 25,000 Mauritians in practical AI skills over the next year, including developers, entrepreneurs, SME owners, professionals and workers whose jobs are being transformed by AI.
26. In addition, 5,000 public officers will be trained to use AI safely and responsibly to improve productivity and public service delivery.
27. In total, 50,000 Mauritians will be enabled or trained in practical AI use over the next year.

28. Our goal is clear:

- new skills,
- better jobs,
- stronger public services, and
- a Mauritius that is ready for the AI economy.

29. With the collaboration of the Indian Government, we will launch a 'Champion of AI' Programme. The Programme is about developing and supporting a network of AI leaders who drive responsible AI adoption, training, and transformation across organisations.

30. I am providing Rs 25 million for the establishment of a National AI Learning Platform. It will offer structured training and certification as well as an AI Innovation Start-Up Programme to support youth entrepreneurship.

31. I am also providing for the upgrading of the Digital Interactive Virtual Assistant platform.

### ***Responsible AI***

32. As we promote AI, we must also retain firm oversight and control over its development and use.

33. Government will issue a National Artificial Intelligence Guideline for governance and responsible use of AI in higher education and in the civil service.

34. I am providing Rs 13 million for:

- (1) a Cyber Forensic laboratory to strengthen investigative capabilities;
- (2) a national cybersecurity survey to assess preparedness and improve resilience; and
- (3) setting up Information Security Management Systems across Government.

## **Pillar 2 - Unleashing a Start-up Revolution and SMEs' Potential**

**Madam Speaker,**

35. The second pillar is about unleashing a Mauritius Start-up revolution, key to democratise our economy, open new doors for innovators, and empower them to turn their ideas into jobs and opportunities.

36. We will bring about a Mauritius Start-up revolution by creating a strong eco-system comprising:

- (1) a dedicated Start-Up Act;
- (2) a Hub at the upcoming Special Economic Zone at Côte d'Or;
- (3) a high-level public-private Start-Up Council to oversee implementation and coordination;
- (4) an Accelerator Scheme at the EDB;
- (5) a digital patent management system;

- (6) a dedicated start-up labour framework that draws on international best practices; and
- (7) an income tax holiday of 10 years for start-ups, applicable from the day of operations.

37. Government will award an Innovation Scholarship of up to Rs 500,000 in seed funding to ten university students so they can turn their ideas into commercially viable projects through the National Research and Innovation Institute.

### ***SMEs***

38. This Start-up revolution will further consolidate the important role played by SMEs in our economy.

39. As most Start-Ups would qualify as SMEs, they will also benefit from our existing and new policies to support SMEs. The new policies include:

- (1) an SME Bill to create a more conducive business environment;
- (2) an extension of custom duty exemption on eligible utility vehicles to registered SMEs operating in transformative sectors; and
- (3) a single digital platform to be developed by SME Mauritius sharing information on all schemes, grants, tax incentives, and financing facilities.

## **Pillar 3 - Expanding and Modernising our Economic Space**

### ***Setting up a Special Economic Zone***

**Madam Speaker,**

40. To be future ready, our economy must also be more diversified, with robust new industries providing much wider investment space and opportunities for local and foreign entrepreneurs.

41. A new high-tech Special Economic Zone is being set up on 83 arpents of land at Côte d'Or. This also follows my participation at the recent AI Summit in New Delhi.

42. Infrastructure works for the SEZ at Côte d'Or are being completed and an SEZ incentive scheme is being implemented.

43. We expect the SEZ to attract significant high impact investment in AI, digital sectors and advanced manufacturing over the next five years. This will give a major boost to our export sector. Government is hereby setting an ambitious target of increasing exports of goods from USD 1.5 billion today to USD 3 billion within the next five years.

### ***Investment in Strategic Infrastructure***

44. As part of the masterplan to modernise the port, enhance its competitiveness, and transform Mauritius into a premier port in the region Government is implementing the Island Container Terminal Project. This high impact project worth USD 1 billion is being undertaken under a G-to-G arrangement with the Government of India. The Mauritius Ports Authority will provide a second licence to an international operator for container handling, bunkering and transshipment.

45. In addition, the Mauritius Ports Authority and the Cargo Handling Corporation Ltd have already embarked upon the implementation of a series of strategic projects representing a total investment of around Rs 7 billion.

46. Government is also considering a new project over 41 arpents of land adjoining the Cruise Terminal. This project will cut across most key sectors of our economy, from residential to tourism to commerce, entertainment and leisure, to a Digital Finance Centre, among others. Together with the Harbour Bridge, it will be a major urban regeneration project.

47. We are investing Rs 2.7 billion to expand, modernise and enhance efficiency and effectiveness of our airports. We are putting in place a digital Border Control System, comprising biometric e-Gates to reduce waiting time for passengers at the airport and to strengthen border security against threats such as identity fraud, terrorism, and organised crime.

48. A well-connected island is a must for the development of our nation. To this end, it is imperative that we have an inter-connected road network from the north-to-south and east-to-west. Government is therefore providing Rs 2 billion for the M4 Motorway project connecting Forbach to the airport, which will further open up access to the villages in that corridor and provide economic opportunities.

**Madam Speaker,**

49. Capitalising on waste to create wealth is clearly a game changer with huge benefits to the economy and society. It is turning costs into value and liabilities into assets. I am therefore providing Rs 150 million

for a programme to strengthen national waste management from a circular economy perspective. We will also introduce a Circular Economy Bill and set up a strong regulatory framework for waste-to-wealth activities.

#### **Pillar 4 – Re-Engineering the Major Existing Sectors**

**Madam Speaker,**

50. Our fourth strategic pillar will be to re-engineer our traditional sectors and enhance their competitiveness.

##### ***Manufacturing***

51. To address the challenges faced by our manufacturing sector, Government is actively working on an innovative industrial policy. An Industry Bill will be introduced to provide for a modern legislative architecture to rebuild the country's industrial and export base, and reposition Mauritius as a globally competitive manufacturing hub and export platform.

##### ***Agriculture***

52. To increase sugar production to attain the target of 250,000 tonnes by 2030, I am providing Rs 100 million yearly over the next three years for the rehabilitation of 500 hectares of land owned by small and medium planters.

53. To enhance the production of tea, a grant of 50 percent of replantation cost up to a maximum of Rs 25,000 per arpent will be made available to small tea growers. This should result in an increase in the production of tea by 50 percent by the year 2029.

54. To promote agroforestry while building climate resilience for our forests, a Forest Bill will be introduced. An agroforestry project will be implemented. This will act as a resource centre for researchers and farmers while producing safe foods for the local market and further strengthen our food security policy.

55. To further boost our agricultural sector, Government is investing to increase livestock production.

### ***Livestock***

56. I am providing:

- (1) Rs 45 million for upgrading farm buildings, goat reproduction farms and scale up cattle and sheep reproduction farms to increase the supply of breeding stock.
- (2) Rs 75 million to subsidise the purchase of animal feed by breeders.
- (3) Rs 27 million under the livestock development scheme for incentives for purchase of animals, equipment and assistance for veterinary services.
- (4) Rs 50 million for the construction of a modern, state-of-the-art veterinary hospital.

### ***Banking and Financial Services***

57. I now turn to our policies to consolidate the banking and financial services sector.

58. We are accelerating our policies to adapt to fintech and digital finance while strengthening resilience and regulatory oversight.

59. Our immediate priority is to consolidate the reputation of Mauritius as a trusted International Financial Centre and to ensure full readiness for the 2027 Mutual Evaluation by ESAAMLG.

60. To this end:

- (1) a National Crime Agency will be set up to, among others, consolidate and strengthen investigations into serious fraud, corruption, money laundering and complex transnational crimes;
- (2) the Mauritius Police Force will deploy specialised investigative tools to support investigations involving virtual assets, financial crime and forensic accounting;
- (3) the Computer Emergency Response Team of Mauritius (CERT-MU) will establish a national fraud reporting and response mechanism to better protect citizens and businesses from cyber fraud and scams; and
- (4) the Bank of Mauritius will roll out a Threat Intelligence Sharing Platform to facilitate real-time exchange of cybersecurity intelligence among banks.

61. At the same time, we are laying the foundations for the next generation of financial services by introducing clear rules for the issuance of an investment in stablecoins, and the tokenisation of real-world assets. In the same vein, an Open Banking Framework will be introduced to

enable the secure sharing of customer financial data between licensed banks, virtual asset service providers and authorised fintech providers.

**Madam Speaker,**

62. Our banking legislations date back to 2004. Over the past two decades, the banking sector has changed beyond recognition. Our laws must keep pace.

63. To this end, I will introduce, before the end of this year, a new Bank of Mauritius Bill, a new Banking Bill, and an appropriate Resolution Regime. These three pieces of legislation will strengthen governance, sharpen prudential regulation and supervision, enhance consumer protection, and bolster financial stability, while fostering innovation in the delivery of financial services.

***Construction Industry: Shaping a New Future and Boosting its Growth***

64. I will now outline policies for our construction industry.

65. Our construction industry must evolve in lockstep with our energy and environmental imperatives.

66. Buildings should increasingly function as power producers, and not merely as power users.

67. We are therefore amending the relevant legislation to enforce a Green Building Code.

### ***Tourism: Adapting to New Trends***

68. I now turn to the tourism industry. The tourism industry is performing well. But there are powerful new global trends and exigencies facing the industry challenging our traditional model.

### ***Sustainable Tourism Development***

69. We, therefore, now need to accelerate the implementation of the tourism diversification and sustainability recommendations outlined in the Blueprint for tourism development.

70. Protecting our lagoons, beaches, biodiversity and natural resources must remain at the heart of our tourism strategy while supporting the development of new tourism experiences beyond the traditional coastal model.

71. Greater emphasis will be placed on nature-based tourism, cultural tourism, wellness tourism and community tourism, ensuring that growth is both environmentally responsible and economically inclusive.

72. The uniqueness of Rodrigues as a tourist destination will be preserved and at the same time further enhanced through the construction of the new runway.

### ***Development of Eco-Integrated Tourism Villages***

73. In line with our objective to diversify the tourism product and increase local participation, Government will support the development of eco-integrated tourism villages across different regions of Mauritius. These villages will showcase the country's cultural heritage, local cuisine, handicrafts, history, agriculture and natural attractions while offering

visitors authentic experiences beyond the traditional resort environment. This will also encourage tourists to discover the interior of the island and spend more time within local communities, creating new economic opportunities outside the traditional tourism zones.

### ***Strengthening Destination Marketing and Visibility***

74. To support this transformation, increased investment in destination marketing will be essential. Mauritius will continue to strengthen its presence in traditional markets while expanding its reach in emerging markets with high growth potential. Promotional campaigns will place greater emphasis on the island's unique culture, sustainability initiatives, eco-tourism experiences, inland attractions and authentic Mauritian way of life.

75. By repositioning Mauritius as a diverse, year-round destination offering much more than sea, sun and sand, the country will attract higher-value visitors, increase average visitor spending and reinforce its competitiveness on the global tourism stage.

76. I am allocating Rs 1 billion to support this tourism policy transformation, including Rs 490 million to the MTPA.

77. I am also providing for the revamping of the École Hotelière Sir Gaetan Duval in order to address both shortages and skills gap in the tourism industry.

78. We will introduce a digital system to enable all non-citizens to apply for an E-Visa prior to travelling to Mauritius and thus reduce queues at the arrival terminal and consolidate national security.

## ***A New Era for Creative Industries***

79. I now turn to our policies to usher in a new era of development for the Creative Industry – making it another key pathway to higher levels of investment and growth.

80. We are putting artists first. We are amending the appropriate legislation to give them the proper recognition as cultural workers.

81. Government will promote the establishment of an Artistic and Cultural Hub. That Hub will house a National Museum bringing together collections currently scattered across our islands under one roof. It will also comprise an Artistic and Cultural zone and an interpretation centre. The Hub will be implemented with private sector participation.

82. We will put in place a one-stop-shop to deliver permits for events within 15 days.

83. A Creative Arts and Cultural Development Programme will be launched, backed by an initial allocation of Rs 30 million from the Lotto Funds. This programme will support artists at all levels to create, perform, and access new markets.

84. The Ministry of Arts and Culture will initiate preparations for the hosting of a Biennale de l’Océan Indien in September 2027. This event will serve as a regional platform for artistic exchange while boosting the visibility of our local artists.

85. Government will also strengthen cultural assets. To this end:

- (1) We will undertake a complete rehabilitation of the National History Museum at Mahébourg which will be financed from the proceeds of national lottery for a total amount of Rs 100 million;
- (2) I am earmarking Rs 124 million, over three financial years, for the upliftment of the Le Morne Cultural Landscape to enhance visitors' experience;
- (3) A new vehicle dedicated to the rehabilitation, management and promotion of heritage sites will be created. Government will mobilise additional funding both locally and from friendly countries to ensure professional management of heritage sites.
- (4) We will revamp the National Heritage Fund to improve its regulatory functions and oversight mechanism.

## **Pillar 5 - Unleashing the Potential of the Blue Economy**

**Madam Speaker,**

86. I now come to the fifth pillar which is about unleashing the potential of the blue economy. There is no doubt that the economy that will be under the stewardship of our children and their children will be dominated by the blue economy. We must therefore set the stage today.

## ***Oceanic Research***

87. Research is the foundation we build today to create future prosperity. We are investing to make oceanic research a growing sector in its own right, driving marine innovation and jobs.

88. An International Centre for Ocean Studies (ICOS) will be set up at the University of Mauritius.

89. The National Research and Innovation Institute (NRII) will coordinate the research functions currently undertaken by the Mauritius Oceanography Institute and the Albion Fisheries Research Centre.

90. To support oceanic research, a comprehensive regulatory framework for hydrography - the mapping and measuring of our seas, seabed, and coastal waters will be formulated.

91. A Mauritius Ocean Technology Incubator will be established at this institute.

## ***Fisheries and Aqua-Farming***

92. As regards our fisheries sector, I am providing for the expansion of semi-industrial fleet expansion and artisanal support to transition traditional fishers to high-yield waters. The EDB will issue international Expressions of Interest for the development of 28 fish farming zones comprising 20 in-lagoon zones and 8 off-lagoon zones, in addition to 6 barachois.

93. With a view to strengthening the fisheries sector Government will give further consideration to the development of a new fishing port. This would provide modern landing, storage, and processing facilities, and

thus improve operational efficiency, reduce post-harvest losses, and enhance seafood quality standards.

94. In line with Government's objective to build up food security, incentives will be given to encourage:

- (1) bank fishery;
- (2) expansion of the semi-industrial fishing fleet;
- (3) increase in the deployment of smart Fish Aggregating Devices; and
- (4) investment in industrial banks and tuna fisheries.

95. These measures and other policies being implemented by Government are expected to significantly increase local fish production from 5,000 tons to 15,000 tons, over the next three years.

96. Government will implement a dedicated programme to accelerate the production of high-value aquaculture species and seaweed farming for domestic and export markets. The programme will support both large-scale commercial investments and SMEs through access to seed stock, technical assistance, financing, demonstration farms, and market development support.

97. To encourage aquaculture operators:

- (1) I am introducing a 30 percent Freight Rebate Scheme, up to a maximum of USD 200 per container, on approved imported aquaculture feeds; and

- (2) I am also allocating Rs 41 million for the immediate construction of 2 new high-capacity hatcheries at the Albion Fisheries Research Centre.

## **Pillar 6 – Addressing Investment Constraints**

98. I now turn to pillar six which is about addressing investment constraints. Our vision for the economy, centered on an investment-led growth model must be supported by a conducive doing business environment and responsive labour market.

99. The EDB will undertake a comprehensive review to streamline the delivery of existing procedures for business licensing and permits.

100. A new Business Facilitation Bill will be introduced to address bottlenecks and facilitate the ease of doing business. The principle of silent agreement will be introduced.

101. We will leverage AI technologies to enhance effectiveness of investment policies:

- (1) A multilingual chatbot and other AI powered automation tools will be deployed on the National Electronic Licensing System Platform to provide 24/7 support to investors and businesses.
- (2) A similar AI tool will be introduced at the Financial Services Commission.

## ***Reforming our Labour Market Strategies***

102. Our labour market policies will close gaps, boost supply, and align skills with demand.

103. First, Government will formulate a comprehensive migration policy to attract foreign talents, address labour shortage and skills mismatch.

104. Second, a National E-Diaspora Platform will be established by the EDB to harness diaspora expertise in support of national development priorities. The Public Procurement Act will be amended to allow public bodies to directly engage qualified diaspora experts for specialised services on mutually agreed terms and conditions.

105. Third, to tackle skills mismatch at its source we are improving trainer quality. The Mauritius Qualifications Authority (MQA) Act will be amended to make it mandatory for the registration of all trainers at the Technical and Vocational Education and Training (TVET) to be based on competency, teaching skills and industry experience.

106. Fourth, micro-credentials will be integrated into the National Qualifications Framework to enable rapid, just-in-time upskilling, reskilling and to better match training to labour-market needs.

107. Fifth, the HRDC will launch a Skills-Interface platform to coordinate employers, training providers and Government in priority sectors. It will also commission sectoral and national skills intelligence for these same sectors.

108. Sixth, to encourage enrolment in training programmes, we are increasing trainee monthly stipends as follows:

- (1) For the National Skills Development Programme: from Rs 8,000 to Rs 10,000 for unemployed trainees up to Diploma level; and

- (2) For the Graduate Training for Employment Skills the total support will be raised from Rs 100,000 to Rs 120,000 with a cap on the monthly stipend raised from Rs 10,000 to Rs 12,000.

## **B. FOUR PRIORITY NATIONAL FLAGSHIP PROJECTS FOR FUTURE MAURITIUS**

**Madam Speaker,**

109. There are challenges that are weighing heavily on the well-being of our people. We need to deal with them squarely and meaningfully as the concerns of our people are the priorities of this Government.

110. I will now present four flagship projects:

- (1) the Purchasing Power Shield projects;
- (2) the 25by35 food security initiative;
- (3) Access to Water for All; and
- (4) the Energy Secure Mauritius project.

### **Flagship One: Purchasing Power Shield**

111. The first of these flagship projects is the purchasing power shield to halt and reverse the erosion of the purchasing power, especially for low- and middle-income families.

112. Where the market fails, Government should intervene and lead.

113. As pledged in our Government Programme, the State Trading Corporation (STC) will bulk-purchase essential consumer goods to lower

living costs. These products will be sold nationwide with capped profit margins resulting in significant price reduction on a large number of essential consumer goods.

114. Following the establishment of the Price Stabilisation Fund of Rs 10 billion announced in last year's budget, I am again providing a contribution of Rs 2 billion in this Budget.

115. We are also extending subsidies to more consumer goods. They include: corned mutton, corned beef, canned tuna, infant food, macaroni, black lentils, red lentils, red beans and luncheon meat. The new lower prices will be effective as from first July this year.

116. A new law to crack down on abusive pricing as well as a clear framework for the parallel imports will be introduced.

117. Government will review the framework for the retail sector including trade fairs, shopping mall practices and hawker issue.

118. An e-commerce bill will be introduced.

### **Flagship Two: The 25by35 Food Security Project**

119. I now turn to the 25by35 Food Security project. The central aim of this project is for Mauritius to be able to produce at least 25 percent of its food requirements with minimum dependence on imported inputs by the year 2035.

120. Food insecurity is an existential risk. It is a serious threat to the well-being of people. We are, therefore, confronting it now.

121. We are amending the Food and Agricultural Research and Extension Institute Act 2013 to empower the Institute to implement and deliver the '25by35' Food Security flagship project in a coherent and holistic manner.

122. We will also introduce a Food Security and Nutrition Bill, promote contract farming, double the amount of land devoted to food production to 25,000 arpents by 2035, and fast-track the recruitment of foreign labour across all skill levels in agriculture.

123. STC will invest in a "National Food Reserve" Storage Facility to increase the reserves of grains, pulses, and other essential commodities.

### **Flagship Three: Improve Access to Water for All**

124. The third flagship project aims at improving water access for everyone. I am allocating this year Rs 175 million to provide some 11,000 households with facilities such as tanks and fittings for continuous water supply. At the same time, we are investing in the long-term sustainability and resilience of water system.

125. I am earmarking Rs 6.4 billion over the next three years to expand the national water catchment capacity and improve the water delivery system. Construction of the Rivière des Anguilles dam is scheduled to start later this year. In addition, there will be investment in the drilling of 20 more boreholes, pipe replacement, and the construction of 15 more containerised pressure filtration units.

### **Flagship Four: Building Energy Secure Mauritius**

126. The fourth flagship project is about Building Energy Secure Mauritius with a clear goal to achieve 60 percent renewable energy mix

by 2035. Our strategy is anchored on expanding storage capacity, inclusivity, efficiency and grid stability.

127. The CEB has invited bids for 220 megawatts of Solar PV generation integrated with battery storage.

128. Under the new net metering arrangements and the carbon neutral schemes, households and businesses are further incentivised to invest into their own renewable energy projects.

129. To enhance the inclusiveness of our renewable energy policy, the CEB will transfer ownership of the solar PV kits installed on the rooftop of 1,000 beneficiary households, enabling them to benefit from 100 percent of the electricity generated, compared to 50 percent currently. These families will benefit more savings on their monthly electricity bills.

130. The CEB will increase its feed-in tariff payable to households exporting to the grid by 15 percent that is from Rs 4.20 to Rs 4.83 per unit. This will allow beneficiaries to reduce their net monthly electricity bill further.

131. To accelerate the deployment of rooftop solar photovoltaic systems paired with battery storage for all segments of our society, eligible households will be provided a grant of 25 percent of the cost of acquisition of a rooftop solar PV, up to a maximum of Rs 75,000 per application, under the Household Rooftop Solar PV Scheme.

## **C. STRENGTHENING THE SOCIAL COMPACT FOR A FUTURE READY MAURITIUS**

**Madam Speaker,**

132. I now turn to our social policies and how we will shape them to empower our citizens to play a still more proactive role in our inclusive society.

**Madam Speaker,**

133. Families are the bedrock of a stable and prosperous society. We are therefore adding building blocks to the new social compact we set out last year with a focus on families, more particularly low- and middle-income families. Our policies are anchored on the following.

- (1) Inclusive Education
- (2) Healthcare: Investing in Wellbeing and Better Services
- (3) Housing for Low- and Middle-Income Families
- (4) Ageing with Dignity
- (5) Poverty Reduction
- (6) Youth Empowerment
- (7) Strengthening the Nation through Sport
- (8) Upgrading Public Services
- (9) Law and Order
- (10) Gender Equality, Empowerment and Child Protection
- (11) Environment Enhancement

## **Anchor 1: Inclusive Education**

134. I will speak first about our policies on education.

135. Education is about preparing ourselves and our children for the new world. It equals upward social mobility and breaking cycles of exclusion. Since assuming office, we have made good progress. We have listened to stakeholders, we have made the system more inclusive and invested to improve the standard and relevance of education. Today, we go further.

136. In spite of the pressures of fiscal consolidation, I am increasing the combined budgets allocated to the Ministry of Education and Human Resource and the Ministry of Tertiary Education, Science and Research by Rs 2.6 billion.

137. Our deep conviction is that no child should be left behind. Guided by our values of equity, dignity, and opportunity, we are therefore further strengthening the Foundation Programme - an effective, inclusive approach that ensures every student can live up to his/her full potential.

138. I am allocating Rs 133 million for the acquisition of textbooks and learning materials and the setting up of three new MITD multi-sector Training centres to deliver the Foundation practical programmes for children in Grades 7 to 9.

139. To the same end, Government is coming up with a Basic Literacy and Numeracy Programme for Grades 1 and 2 to address Learning Gaps at an early stage.

### ***Special Education Needs Sector***

140. The Special Education Needs (SEN) is yet another sector where this Government's compassion and inclusiveness policy converge.

141. I am providing for:

- (1) the creation of a specialized early intervention unit in primary schools for children aged 3-5 years old;
- (2) recruitment of occupational therapists, speech therapists and physiotherapists to be posted in SEN institutions;
- (3) acquisition of specialized equipment and upgrading of classrooms;
- (4) an increase of 20 percent in the sessional fee for Specialist Support Services attending to SEN learners; and
- (5) additional SEN Regional Development Centres.

### ***Secondary Education***

142. As regards secondary education, Government will introduce a Technical Education Applied Pathway in Grades 10 and 11. It will provide practical, competency-based subjects aligned with labour market needs and help reduce disengagement and dropout risks.

143. To tackle bullying in our schools, I am providing Rs 10 million to roll out an anti-bullying campaign in all our schools.

### ***Tertiary Education***

144. I now turn to our policies and measures for the tertiary education sector.

145. Our National Strategy for Higher Education, Science and Research 2025-2035 is centered on transforming Mauritius into a globally connected, innovation-driven knowledge economy. To put our tertiary education system firmly on that path:

- (1) a new framework will be introduced to allow world class universities to operate domestically with full university status from day one;
- (2) a Centralised “Study in Mauritius” Portal will be launched to streamline and facilitate the application and admission process for domestic and international students;
- (3) foreign students will be allowed to take up employment on a part time basis for up to 30 hours a week during school holidays instead of 20;
- (4) foreign graduates will be encouraged to remain in Mauritius and contribute to development through post-study work visas to address the skills gap;
- (5) I am making provision for the organisation of higher education fairs in targeted countries by the Ministry in collaboration with the Economic Development Board and our Embassies/Consulates; and
- (6) an Online Student Visa is being developed on the National Electronic Licencing System of the EDB.

146. Government will also invest to upgrade the learning environment. I am providing Rs 824 million for improvement and expansion of infrastructure and amenities in schools from pre-primary to tertiary. This

is a crucial investment in forming confident, responsible citizens who feel proud of their schools and their country.

## **Anchor 2: Healthcare: Investing in Wellbeing and Better Services**

147. The provision of free, high-quality and accessible healthcare will always be a priority for Government.

148. Government spends billions of rupees of tax payers money every year on healthcare. Yet, we witnessed a dramatic deterioration in the health services under the previous Government.

149. We share the legitimate concerns of the population. We are also not insensitive to the distress calls of our doctors, nurses and other healthcare workers, who continue to serve under difficult conditions.

150. It is deeply concerning that during the period 2019-2024, life expectancy in Mauritius stagnated, while healthy life expectancy according to WHO data, actually regressed.

151. These adverse trends must now be urgently addressed through decisive, prevention-focused and outcome-driven reforms.

152. Since November 2024, the Ministry of Health and Wellness has successfully started the reversal of the decade long decline, putting considerable efforts and devoting a lot of resources to improve quality of service delivery in the public health care system. However, there is still a lot to do.

153. Today, we are proposing further steps to address the concerns of patients and improve working conditions in the public healthcare system.

### ***Investing in Key Healthcare Workforce***

154. I am providing for the recruitment of 2,220 medical and paramedical staff, including nurses.

155. Our public health system has not kept up with advanced and novel treatment. To this effect, I am launching a Visiting Doctor Scheme with the allocation of Rs 40 million, to enable international high calibre consultants/ specialists to work in our public healthcare services in scarcity fields, thus avoiding the need to send patients abroad for treatment, unless absolutely necessary.

156. Furthermore, I am providing for the training of:

- (1) 26 Medical Practitioners in Anaesthesia, Reanimation, and Radiology.
- (2) 30 Medical Practitioners in Emergency Medicine.
- (3) 62 Medical Technologists.
- (4) 154 nurses in Midwifery, Oncology, Intensive Care, Community Based Rehabilitation, Diabetes amongst others as specialised nurses.

157. To strengthen delivery of healthcare services and customer care:

- (1) The Regional Health Advisory Boards in regional hospitals will be re-engineered to include patient representation.
- (2) Hospital administration will now be managed by Hospital Managers to provide a more effective and efficient service and cut wastage.

- (3) Medical staff engaging in management will be trained in Hospital Management and Health Policy Management.

### ***Promoting Prevention and Healthy Living***

158. We are investing to make prevention an integral part of our health care system:

- (1) A Comprehensive Health Literacy Programme will be implemented in our schools.
- (2) Government will launch a national programme to promote healthy nutrition, physical activity, stress management from childhood through older age.

159. We are investing Rs 40 million in order to re-engineer Diabetes Prevention and Treatment.

### ***Infectious Diseases and Better Border Protection***

160. Disease threats anywhere around the globe are also a threat to Mauritius. More specifically, global health security risks related to the increasing globalization of trade and travel, emergence and spread of new infectious diseases cannot be overlooked.

161. To protect our population from these health risks the Sterile Insect Technique Facility at Sir Seewoosagur Ramgoolam National Hospital will scale up production and release of sterile mosquitoes from 100,000 to 400,000 weekly. This solution is safer, more effective and sustainable than fogging.

162. To deal with the outbreak of leptospirosis, the Public Health Act will be amended to introduce fixed penalties for illegal or improper disposal and storage of wastes that create breeding grounds for rodents, mosquitoes, and other public health pests.

163. Government is also strengthening surveillance in the community and at airports and seaports.

### ***Investing in Better Health for Every Mauritian***

164. An investment of Rs 1.5 billion will be made to modernise and expand our healthcare infrastructure -

- (1) Through the construction of the new SSRN Hospital including research facilities at Pamplemousses.
- (2) The establishment of Africa's first AYUSH Centre of Excellence, it will be the first one outside India.
- (3) A modern National Health Laboratory.
- (4) A dedicated dialysis unit at ENT Hospital.
- (5) An interventional neuroradiology service for acute stroke and aneurysm.

165. To position Mauritius as a regional hub for the treatment of obesity, diabetes and cardiovascular disease, a Centre of Excellence in Cardiometabolic Care and Research will be established.

166. The Centre will provide advanced diagnostic services for the early detection and prevention of heart disease and establish dedicated

Women's Health services for hormonal and metabolic conditions, including Polyendocrine Metabolic Ovarian Syndrome.

167. A national clinical trials network will be established across the public healthcare system, improving access to innovative treatments and technologies. In this respect, through my personal initiative, the Hatter Institute of the University College Hospital, London has given us Rs 29 million.

168. To strengthen evidence-based healthcare, an additional Rs 30 million will be invested in research focused on the major health challenges affecting Mauritius' multi-ethnic population.

169. To prepare our healthcare system for the future, healthcare professionals and future clinical leaders will receive training in Artificial Intelligence. A dedicated Healthcare Innovation and Artificial Intelligence Unit will be established to evaluate and safely implement new technologies, improving efficiency and strengthening healthcare delivery.

### **Anchor 3: Housing for Low- and Middle-Income Families**

170. I now turn to our housing policy.

171. To strengthen social resilience, we are weaving in our social fabric a fair housing policy. A decent home is the foundation of dignity. Such dignity must become a reality for every low- and middle-income household.

172. For low-income social housing, I am providing Rs 2 billion for off-site infrastructure under Phase one of the 8,000 social housing project.

173. I am also providing Rs 25 million for critical drainage infrastructure at Highland and Riche Terre.

174. Furthermore, Government will partner with the private sector to deliver mixed-income housing projects on privately owned land. A proportion of these units will be reserved at preferential rates for both low and middle-income families through the National Housing Development Company Ltd and New Social Living Development Ltd.

175. State land will be made available for the development of around 1,000 housing units for middle-income families. This will be in partnership with the private sector on a pilot basis.

176. I am providing Rs 150 million for the implementation of 100 serviced plots with essential infrastructure on a pilot basis for middle-income families.

177. I am raising the threshold of first-time buyer exemption provided on Registration Duty. A first-time buyer acquiring a bare land will henceforth be exempted from Registration Duty on the first Rs 3 million of the value of the property instead of the first Rs 2.5 million.

178. Additionally, a first-time buyer acquiring an apartment or a house will henceforth be exempted on the first Rs 6 million of the acquisition price instead of the first Rs 5 million.

179. We are also correcting an injustice under this scheme. Currently, an owner of an agricultural land is not entitled to this benefit. Such individuals will henceforth also benefit from the scheme.

**Madam Speaker,**

180. Government will no longer grant, under the G+2 Scheme, leases authorising the sale of apartments constructed on state lands and Pas Géométriques, and will accordingly not authorise the sale of such apartments to foreigners.

181. The restriction will not apply to leases already approved that authorised the sale or disposal of such apartments, nor to the disposal by a person who already holds ownership of such an apartment.

182. In addition, a special levy of 10 percent will be imposed on the sale of such apartments payable by the vendor. This levy will not apply to notarial reservation contracts that have already been signed.

**Anchor 4: Ageing with Dignity**

183. I now turn to our policies to support ageing with dignity in our society. We will not leave the well-being of our elders to chance. We are reshaping our systems with care and foresight so that every elder in our country can age with security, dignity, and peace of mind.

184. First, we will support our elderly as they plan their financial security - especially the hard-working middle-income families. It is not fair that our middle-income families have to deposit their savings in low interest-bearing deposits, often at negative real interest rate.

185. Government will, therefore, introduce a Retirement Savings Bond, offering an attractive annual interest rate of up to 6 percent for individuals who are saving for retirement.

186. Second, I am providing Rs 10 million to improve the infrastructure and facilities in the Recreation Centres so that our elders can receive better and more services.

187. Third, to ensure that our elderly get the healthcare they deserve, each regional hospital will have two geriatric wards dedicated for acute care of the elderly.

### **Anchor 5: Poverty Reduction**

188. Madam Speaker, to ensure greater effectiveness of our policies to support the most vulnerable of our citizens, we are reviewing the poverty threshold for SRM to reflect the impact of rising prices.

189. The threshold for eligibility under the SRM system will be raised from Rs 14,000 to Rs 16,400 as from first of July 2026 and Rs 17,500 as from first of July 2027.

### ***Review of Disability Allowance***

190. We will also review the disability allowance to improve fairness, efficiency and effectiveness. For that purpose, a High-Level Technical Committee, comprising relevant Ministries and experts, will be set up and will be required to submit its report within its first six months.

### **Anchor 6: Youth Empowerment**

191. The National Initiative for Civic Education (NICE) was introduced in 2012 to promote a sense of national belonging, social cohesion discipline and inter-cultural dialogue. Unfortunately, the previous government decided to put an end to it. I am making provision in this Budget for this flagship national programme to be re-established under

the aegis of the Prime Minister's Office demonstrating our resolve to invest in the moral, civic and physical development of our youth.

### **Anchor 7: Strengthening the Nation through Sport**

192. I now turn to our policies to strengthen social resilience through sports. Sport underlies unity, discipline and opportunity, especially for our youth.

193. To support our athletes as they live their dreams and persevere in world competitions, I am providing Rs 110.5 million for their preparation and participation in four major international games:

- (1) the Indian Ocean Islands Games 2027;
- (2) the Youth Olympic Game;
- (3) the Commonwealth Games; and
- (4) the African Games 2027.

194. We are also expanding access to quality sports facilities across our country. To this end, I am providing funds for two new swimming pools, one each at Triolet and Flacq; and the upgrading of Maryse Justin and Auguste Vollaire Stadiums.

195. In all, I am allocating Rs 1.2 billion to the Ministry of Youth and Sports.

## **Anchor 8: Upgrading Public Services**

**Madam Speaker,**

196. I now turn to another crucial feature of our new social compact: restoring the rundown buildings and facilities where essential public services are provided to our population.

197. The Government will launch a comprehensive public asset upgrade programme to modernise our courts, post offices, police stations, and other facilities - many of which are run down or in decrepit condition. I am allocating Rs 10 million for an assessment on how to enhance access to public services through a comprehensive upgrade of vital facilities and equipment across our country.

## **Anchor 9: Law and Order**

### ***Combating Drug Proliferation to Protect Families***

198. I now turn to our unwavering commitment to decisively address the law-and-order situation.

199. The Mauritius Police Force has a comprehensive Strategic Plan to address evolving security challenges. This includes drug trafficking, organised crime, gender-based violence, and road safety. Implementing this plan requires significant investment.

200. First, I am earmarking Rs 14.2 billion to uphold law and order.

201. Second, Government is providing Rs 125 million to modernise the fleet of vehicles and an additional amount of Rs 531 million for the acquisition of equipment to strengthen the operational capacity of the Mauritius Police Force.

202. Third, Rs 200 million is being earmarked for the setting up of the National Crime Agency which will revolutionise policing in Mauritius. It will strengthen and entrench the independence and effectiveness of law enforcement in this country.

### ***Enhancing Public Safety and Community Security***

203. Fourth, Mauritius Police Force will restructure Community Policing to forge stronger trust between police and citizens, with Neighbourhood Officers maintaining direct contact with parents, elders, and children to educate them on the devastating harms of drug abuse and related social issues.

204. Fifth, the police, including the Special Mobile Force, will intensify preventive patrols, expand Safe City surveillance and launch targeted operations to crackdown on larceny, illegal road racing, illegal betting, and public nuisance.

205. Sixth, we will launch comprehensive awareness campaigns on cyber-related crimes.

206. Our fight against the drug scourge will be three-pronged: prevention; dismantling of systems entrenched by the drug lords; and healing.

### ***Prevention***

207. Our prevention policies will focus on keeping our young people away from the drug trap.

**Madam Speaker,**

208. We are providing another Rs 80 million for the National Agency for Drug Control (NADC) to:

- (1) First, roll out a nationwide awareness campaign to educate the public on the dangers of drug abuse and trafficking, the legal consequences of drug-related offences, and the treatment and rehabilitation services available.
- (2) Second, introduce an Early Warning System which will connect hospitals, laboratories and law enforcement agencies in real time to quickly identify and inform the community on new psychoactive substances; and
- (3) Third, provide Government with information and intelligence to make informed decisions and respond quickly to emerging drug trends.

209. The fight against drugs should not be limited to Police Force only. We need concerted efforts. We are, therefore, uniting law enforcement agencies, Government institutions, NGOs, and all stakeholders in a cohesive, holistic, and relentless war against this scourge. Each one must play its role fully.

210. Government will ensure that all public sector bodies and institutions contribute to our fight against drug. I am, therefore, allocating a sum of Rs 50 million to be used by every Ministry for integrating the fight against drug trafficking and substance abuse across their policies and operations.

211. The law will be amended to criminalise a broader range of synthetic drugs. Regarding the use of cannabis, an island-wide consultation is currently being undertaken by NADC, following which Government will come up with a proposal.

### ***Dismantling of Systems***

**Madam Speaker,**

212. It is the firm intention of Government to dismantle the network that supports the activities of drug smugglers and dealers.

213. To sustain the actions already initiated to revamp the Anti-Drug and Smuggling Unit (ADSU), I am allocating an amount of Rs 436 million.

214. ADSU will further strengthen its operational capacity in collaboration with local stakeholders such as MRA, NADC and FCC, and in cooperation with regional and international partners.

215. Besides focusing on street level dealers, ADSU will strengthen financial intelligence and use advanced analytics to track suspicious financial flows, with a view to eliminating drug trafficking networks at their source.

216. ADSU will also be provided with additional tools and equipment to improve surveillance and detection, including the deployment of drones.

217. Government is increasing the incentive given to ADSU officers by raising the ad-hoc allowance from Rs 2,000 to Rs 5,000 per month as their duty involves significant inherent risks.

218. An amount of Rs 85 million is being provided for advanced drug analysis equipment to strengthen the capacity of the Forensic Science

Laboratory. Consideration will be given to outsource tests to local and international private laboratory.

219. The Mauritius Revenue Authority, will invest Rs 72.5 million for the acquisition of a fast interceptor boat and a vehicle scanning machine to enhance maritime surveillance, drug detection and combat drug trafficking in the region.

### ***Healing***

#### **Madam Speaker,**

220. We must see the drug addicts as victims who need a helping hand to escape the drug trap. To this end, Government is strengthening rehabilitation programmes.

221. First, the NADC, in collaboration with the Ministry of Health and Wellness, will roll out a National Prevention and Rehabilitation Programme to ensure a coordinated and comprehensive care approach, encompassing prevention, harm reduction, treatment, rehabilitation and social reintegration.

222. Second, the Ministry of Health and Quality of Life is converting one wing of the old Flacq Hospital into a rehabilitation centre to provide therapeutic and support services, including family and group therapy, cognitive behavioural therapy, emotion management, sports, music and life skills development.

223. A 24/7 National Drug Hotline will be established under the NADC to provide immediate assistance, counselling and referral services for individuals and families affected.

## **The Judiciary**

224. The Judiciary plays a pivotal role in upholding the rule of law, safeguarding constitutional rights and ensuring the effective administration of justice. To enable the Judiciary to fulfil its mandate efficiently and effectively, we are taking the following measures.

225. First, we are providing Rs 15 million for the appointment of additional court officers, administrative and technical staff. Consideration will also be given to the alignment and equivalence of posts within the Judiciary.

### ***Modernisation of Judicial infrastructure***

226. Second, the former Supreme Court building will be revamped and will house the new Court of Appeal. We will also upgrade the other Court buildings.

### ***Streamlining the Justice System***

227. Third, the law will be amended to provide for new procedures to ensure for the early disposal of minor criminal matters.

228. Fourth, we will be setting up a criminal court to expedite hearings when the defendant has pleaded guilty to reduce backlog in the courts.

229. Fifth, an e-judiciary platform will be set up to strengthen the resilience of the justice system, ensure continuity of judicial services during emergencies, enhance data security and improve management and strategic planning.

## ***Securing our Borders***

**Madam Speaker,**

230. Mauritius commands a vast Exclusive Economic Zone and is increasingly exposed to illegal fishing, drug trafficking, and transnational crimes. To deal with these issues our surveillance capacity will be stepped up.

231. First, a National Maritime Information Sharing Centre is being set up with the collaboration of the Government of India to improve surveillance, intelligence sharing and inter agency coordination.

232. Second, an amount of Rs 2.3 billion is being provided to enhance maritime surveillance and reinforce our territorial integrity and economic security.

233. Third, a Coastal Surveillance Radar System, an Offshore Patrol Vessel, four heavy-duty boats and four light utility helicopters will be acquired for the Police Force, with the assistance of the Government of India, France and the USA.

## **Anchor 10: Gender Equality, Empowerment and Child Protection**

**Madam Speaker,**

234. To rebuild social resilience, we must also promote gender equality and strengthen women empowerment. We must also better protect every child from violence and abuse.

235. To advance gender equality, we are extending the National Gender Policy across all sectors to ensure gender is fully integrated into decision-making.

236. I am providing Rs 5 million for a dedicated incubator for Women under the SME scheme.

237. We will also legislate for a minimum of 25 percent female representation on boards of parastatal bodies.

238. Women applying for loans will no longer need spousal consent. The appropriate law will be amended.

239. A She-Invents Programme will be set up to further promote women in research and innovation.

**Madam Speaker,**

240. There can be no equality without safety.

241. Breaches of protection orders will become a criminal offence. A new Domestic Abuse Bill will strengthen protection orders.

242. A Gender-Based Violence Coordination Committee will be set up to ensure rapid, multi-agency response.

243. Victims of gender violence will also be supported through training for financial independence.

244. To better protect vulnerable children:

(1) A new National Adoption Bill will establish a modern legal framework for adopting children while providing for the setting up of a dedicated Adoption Authority.

(2) I am providing for reinforcing the Foster Care Advisory Unit.

- (3) The foster care regulations will be reviewed to establish a streamlined assessment for prospective foster parents and build a more robust network of qualified foster families across the island.
- (4) I am providing Rs 10 million for new shelters, specialised caregiver training, and a half-way home.

## **Anchor 11: Environment Enhancement**

### ***Protecting Our Coastlines and Building Climate Resilience***

**Madam Speaker,**

245. I now turn to our policies to secure environmental sustainability. This is central to our new social compact and efforts to build resilience. As a small island, Mauritius faces acute climate change risks. While we cannot halt global warming, we must take responsibility to adapt and protect our people and economy.

246. I am therefore earmarking Rs 4 billion under the Coastal Erosion Adaptation Programme.

247. Over the next five years, more than 11.5 kilometres of severely eroded shoreline will be rehabilitated across 17 priority sites around the island.

248. Government will complement coastal protection works with nature-based solutions, including reforestation programmes, wetland conservation, dune restoration and the rehabilitation of coastal vegetation.

249. I am providing for the development of a National Shoreline Management Strategy.

250. The Maurice Ile Durable project, which was widely acclaimed internationally, will be revived as part of our green transition strategy.

**Madam Speaker,**

251. It is clear that our country needs a profound socio-ecological transition. It is our responsibility to create the conditions conducive to making our policies effective and foster a more harmonious relationship between peoples and nature. I am, therefore, providing for the setting up a Just Transition Commission which will lay the foundations, promote alternatives and visions for a just transition: transition towards an ecological and just society, including the democratisation of the economy.

## **FOSTERING THE DEVELOPMENT OF RODRIGUES AND OUTER ISLANDS**

252. I now turn to more policies and measures to foster the development of Rodrigues and outer islands.

253. We are providing necessary support to Rodrigues to develop resilient infrastructure. This includes the new runway at Plaine Corail, and access road to accelerate the operation of the Technopark at Baladirou.

254. For FY 2026-2027, Government is allocating Rs 5.5 billion for recurrent expenditure and Rs 825 million for capital expenditure for the Rodrigues Regional Assembly. Overall Government expenditure for Rodrigues will reach Rs 11.2 billion.

255. I am providing for the finalisation of a comprehensive Master Plan focused on housing, infrastructure, healthcare, education, renewable energy, food security, climate resilience and eco-tourism for Agalega.

### **Agreement with the UK Regarding the Chagos Archipelago**

**Madam Speaker,**

256. A major diplomatic milestone in 2025 was the signature of an Agreement between Mauritius and the UK on the Chagos Archipelago. Under this Agreement, the UK recognizes the sovereignty of Mauritius over the entirety of the Chagos Archipelago, including Diego Garcia.

257. Pending the completion of the necessary procedures in the UK for the ratification of the Agreement, the Government of Mauritius reiterates that the Chagos Archipelago is, and has always formed an integral part of the territory of Mauritius. This was confirmed by the International Court of Justice in its Advisory Opinion of 25<sup>th</sup> February 2019, United Nations General Assembly Resolution 73/295, and the Award of 18<sup>th</sup> March 2015 of the Arbitral Tribunal set up under the UN Convention on the Law of the Sea, in the case which I had initiated against the UK Government. Mauritius is thus the only State lawfully entitled to exercise sovereignty over the Chagos Archipelago. Because of the delay of the UK Government to ratify the Agreement, we are short of around Rs 10 billion in this Budget. However, I am confident that a final solution will be found soon.

## **RESPONSIBLE FISCAL CONSOLIDATION**

**Madam Speaker,**

258. I now come to the imperative of fiscal consolidation. We are rebuilding the kind of resilience that was handed over to the country in 2014 when I was at the helm - a debt to GDP ratio below 60 percent and a budget deficit of 3 percent of GDP – an ideal of prudent economic management to be rebuilt. Both ratios, were in line with the OECD norms and that of the European Union.

259. From 2014 to 2024, that legacy has been totally destroyed, abused and mismanaged to the point that the country ended up with a 9.3 percent budget deficit and nearly 90 percent debt to GDP ratio in Financial Year 2024 - 2025. This fiscal situation is now the major constraint to our development and it is not something that can be reversed overnight.

260. However, I can reassure the House and the population that our resolve to rebuild fiscal resilience is unwavering. We are continuing our task of fiscal consolidation with the conviction that we will succeed. We must succeed - we owe it to the next generation.

261. Let me stress that despite severe external shocks, we are pursuing fiscal consolidation - not austerity.

262. The arithmetic is clear: you don't have to be a rocket scientist to understand this - when expenditure exceeds revenue, deficits rise, borrowing increases, and debt rises. But the laws of economics are more complex with higher interest rates, debt servicing rises, and this debt is now placing significant pressure on our fiscal space. In Budget 2025/26,

interest payments alone reached Rs 26.9 billion, accounting for 10.7 percent of total Government expenditure.

263. To restore fiscal sustainability, we must curb spending and raise revenue. Continuing the unsustainable and reckless mismanagement of the economy as in the past would drive our economy into deeper distress and risk prolonged austerity. That is precisely what any responsible Government must and should avoid at all cost.

264. The bulk of fiscal adjustments must be on reducing and even eliminating waste while maintaining Government transfers that are absolutely necessary to protect the most vulnerable.

265. Our plan is to put more emphasis on expenditure reduction and control.

266. A Steering Committee on Public Sector Efficiency to identify areas of duplication, inefficiency and wastage will be chaired by me. Every Ministry and Department will have to submit to that Committee a concrete plan to improve efficiency without compromising service delivery.

267. A Committee will be set up to examine the expenditure of each Ministry and ensure that we act on the findings of the Director of Audit Report. The Committee will be chaired by a Deputy Financial Secretary.

268. Today, we take immediate actions on this critical endeavour.

- (1) First, members of Parliament will, henceforth, be eligible for one duty free car for personal use per mandate, instead of every 3 years.

- (2) Second, the Mauritius Institute of Training and Development, the Institute of Technical Education and Technology, and the Skills Development Authority will be merged into one institution to avoid wasteful duplication.
- (3) Third, the Ministry of Arts and Culture currently oversees 34 parastatal and affiliated bodies, with overlapping mandates, fragmentation and weak coordination. A major reorganisation and rationalisation exercise will be carried out by that Ministry.

## **Budget Outturn**

### **Madam Speaker,**

269. Before speaking about our tax policies, let me sketch the picture of the budget outturn for this fiscal year, that is FY 2025 – 2026. Total revenue would be Rs 203.6 billion and total expenditure would amount to Rs 250.1 billion. As a result, the budget deficit is estimated at Rs 46.5 billion. As a percentage of GDP, the deficit works out to 6.0 percent.

270. If we had received the Rs 10 billion from Chagos, the budget deficit would have been 4.7 percent. This would have been marginally lower than the initial forecast of 4.9 percent.

271. Public sector debt would amount to Rs 681.9 billion as at end June 2026, equivalent to 87.8 percent of GDP – a reduction from 88.5 percent in June 2025.

## **Taxation**

272. Now I come to our tax policies.

273. The rates of excise duty on tobacco products and hard liquor will be increased by 10 percent, whereas that of liqueur will be realigned with effect from 20th June 2026. I am happy to announce that there will be no increase in the rates of excise duty on wine and beer.

274. The excise duty on the sugar content of sugar sweetened products will be increased from 12 to 15 cents per gramme of sugar with effect from 20th June 2026. These rates will be extended to other sugary products such as sweets, fruit jellies, jams, crystallised fruits, biscuits, waffles, wafers and chewing gums, with effect from first October 2026.

275. I will move for Financial Resolution regarding the increase in the rate of excise duty for tobacco, strong alcoholic drinks and sugar-sweetened products.

276. Currently, the excise duty of Rs 2 levied per PET bottle is limited to bottles containing beverages. This will be extended to all plastic bottles regardless of their content as from first October 2026.

277. An Insurance Premium Tax will be introduced, with effect from first January 2027, at a rate of 5 percent on short-term general insurance. This will apply to new and renewed policies.

278. I am introducing an annual fee payable by an owner of a motor vehicle who has opted for the assignment of an old registration mark or acquired a personalised mark.

279. I am limiting the deduction allowed against the Corporate Climate Responsibility Levy.

280. Regarding personal income tax, we are introducing a new tax band. The 20 percent tax rate will be applicable on the portion of chargeable income exceeding Rs 1 million up to Rs 12 million. Any chargeable income in excess of Rs 12 million will be taxed at the rate of 35 percent and this tax band will replace the fair share contribution for individuals.

**Madam Speaker,**

281. I am setting up a High-Level Committee under the aegis of the Ministry of Finance to fundamentally review our tax system with a view to enhancing its fairness, efficiency and international competitiveness. The Committee will include tax experts and will be supported by the IMF and other international experts.

282. Let me now come to our policy on Value Added Tax. Despite our efforts to redress our public finance, we are still in a tight budgetary situation. However, as a caring Government, and after careful consideration, I am pleased to announce that we are NOT increasing the VAT rate.

**Budget Outlook 2026 – 2027**

283. For FY 2026 -2027, we are expecting total revenue, inclusive of receipts from Chagos, to reach Rs 235.5 billion and the total expenditure of Rs 266.7 billion. This would translate into a budget deficit of 3.7 percent of GDP.

284. The public sector debt is projected to continue its downward trajectory reaching 85.5 percent of GDP by end June 2027. Through our continued commitment to restore fiscal sustainability, balance with inclusive growth, we expect public sector debt to fall below 80 percent of GDP by June 2029.

285. Despite this downward trend, we must remain mindful that our debt level is still significantly higher than that of our peers and continues to be closely monitored by the rating agencies. We cannot afford a downgrade.

286. Contrary to what some may believe, the consequences would extend far beyond the business sector. A fall into speculative, or “junk” status would weaken our currency, raise the cost of imports, and place additional pressure on household budgets through higher prices. It would also lead to higher borrowing costs for households.

287. This is why we must remain vigilant and stay the course on fiscal prudence, ensuring that we continue to strengthen our economic resilience and safeguard our long-term prosperity.

## **PENSION REFORMS – BALANCING FAIRNESS AND SUSTAINABILITY**

### **Madam Speaker**

288. I will now speak about pension reforms.

289. We made a solemn pledge to the electorate in November 2024 to be a Government of change and we are delivering on that pledge.

290. As we looked at repairing the damages we have inherited from the previous Government it was hard not to miss the elephant in the

room - that is - a broken and bankrupt pension system no longer fit for purpose. We could have turned a blind eye to it – pretend it was not there – but as a responsible Government entrusted with a clear mandate for change, we chose to deal with the problem head on.

291. Where systems fail Government must lead. Government must protect the population both present and future generations.

292. To ignore the problem would have been a betrayal of the trust people have placed in us – a shirking from our responsibility. It would have been totally unfair to leave to our children and their children the task we are supposed to do.

293. There were many flaws in the BRP system – some of them fortuitous and others structural – both severely undermining its sustainability.

294. First of all, being an unfunded- a pay-as-you-go system it was financed totally by taxpayer money.

295. Secondly, it had become an increasingly weighty component of Government budget, accounting for nearly 25 percent of expenditure in 2024/2025 fiscal year more than the budgets for education, health and social housing put together.

296. Thirdly, the eligibility age was 60 years – five full years below the statutory retirement age of 65 – a unique and anomalous case.

297. Fourthly, the dependency ratio measured as the number of workers per pensioner above the age of 65, was fast declining – deteriorating from 16 in 1962, to 4.7 in 2025 and projected to decline to 3.0 in 2049 and 2.5 in 2064, because of an ageing population.

298. Fifthly, the structural flaws in the system were aggravated by the introduction of the CSG by the previous Government in 2020 compounding its deficits and unsustainability.

299. The situation had clearly become beyond alarming and unsustainable.

300. We therefore took the decision to restore the fairness and sustainability of the BRP system. In this regard, the reform process we initiated last year in the Budget Speech was guided by the fundamental principle that a pension system must be founded on the twin pillars of equity within and across generations.

301. But we did not want the reform to be sudden. Accordingly, we announced a progressive realignment of the eligibility age for BRP with the statutory retirement age of 65. In the same Speech, I announced the setting up of a Commission of Experts to conduct an in-depth, holistic and comprehensive review of the entire pension landscape of the country and make recommendations for fair and sustainable reforms.

302. After conducting wide ranging consultations with all stakeholders and inviting submissions for proposals from the wider public, which took an active part in the process, a month ago, the Commission presented its interim report to the Steering Committee, which I chair.

303. Due to the urgency of the situation, Government has decided to act immediately on the policy options recommended by the Commission in its interim report.

304. Today, I am announcing the package of reforms of our pension system.

## **Regulation and Administration**

305. Firstly, a unified Independent Pensions Regulatory Authority will be established which will decide on general and specific pensions policy.

306. Secondly, a Central Pensions Administration Bureau will regroup all state sponsored schemes into one place to digitalise and facilitate service to members and pensioners.

## **State Non-Contributory Pensions**

307. Thirdly, the following changes to the BRP will take effect from first January 2027.

308. There was unanimity amongst deponents that only those people not in employment should qualify for drawing BRP, as is the case in almost all countries. However, as a compassionate Government, we acknowledge that it represents a significant part of total earnings of low-income earners above 60 years old.

309. Accordingly, I am pleased to announce that employment status will not be a criterion of state pension eligibility, but solely qualifying age. Therefore, BRP will henceforth be renamed State Age Pension, or SAP for short.

310. The transitional measures announced in 2025 remain in place for the phased eligibility between the ages of 60 and 65 to the state pension.

311. All so-called CSG pension allowances will be consolidated into SAP.

312. A universal means test will apply individually to eligible beneficiaries based on their taxable income above a threshold of Rs 14,000. This threshold of Rs 14,000 is the World Bank relative poverty line of 50 percent of median income of Rs 28,000 in 2025. In effect, every eligible individual with income below the threshold of Rs 14,000 will receive their full SAP.

313. Individuals with taxable income above the threshold will also receive a SAP top-up entitlement, gradually adjusted through a tapering mechanism. An individual above the age of 60 earning up to but not exceeding Rs 50,000 per month in taxable income will therefore qualify for a SAP regardless of whether they are working or not. The minimum SAP will be Rs 1,000 representing a de minimis benefit.

314. In effect, the pension is a top up of the income of eligible beneficiaries. It phases out gradually as their income rises above the threshold of Rs 14,000 until it reaches the cut-off amount of Rs 50,000. This ensures that scarce resources are channelled equitably towards protecting low-income earners who are the most in need of financial assistance from the state.

**Madam Speaker,**

315. We are talking here exclusively of the elderly and of pensioners. A person earning a pension of Rs 50,000 was likely to have had a relatively comfortable salary exceeding Rs 100,000 before his retirement.

316. And a couple both aged 60 and above, with total monthly taxable income less than Rs 100,000 will receive some amount of SAP. It is worth noting that 90 percent of households have a monthly income less than Rs 100,000.

317. Recognising that a couple have shared costs and therefore fewer expenses than two single individuals living alone, a reduction of up to 25 percent of their combined SAP will apply, subject to a combined means test, again to protect low earners. This measure is aligned with international best practice and with the recommendations of our multilateral partners, such as the World Bank, a specialist in social pensions.

### **Flexible Eligibility Age for State Pensions**

318. Fourthly, a significant dose of flexibility is being introduced in the SAP to make it fairer to our elderly citizens, especially those engaged in arduous, hazardous and onerous occupations. I am very pleased to announce that eligibility to SAP from age 60 is restored electively to all citizens, subject to income calibration and actuarial adjustments. Consequently, the transitional income support will no longer be relevant.

319. Moreover, under the new SAP system, it will be possible to postpone drawing the benefit up to age 70 and consequently benefit from an actuarially augmented SAP.

### **National Contributory Retirement Scheme**

320. Fifthly, we are also improving the second tier of the national pension architecture, namely the mandatory national contributory retirement scheme.

321. The successor scheme to the defunct National Pension Fund will pay out a monthly pension and an optional lump sum at retirement. It will be renamed the National Pension and Provident Fund (NPPF).

322. Largely because of the low contribution rates and earnings ceiling, NPF paid out modest pensions, hardly sufficient to afford a decent living to its members and pensioners

323. The average monthly pension paid out by the NPF at December 2025 was a mere Rs 2,625 with some 40 percent of recipients receiving Rs 605 or less monthly.

324. Starting 01 July 2027, the NPPF in which each member will have an individual account, will be a more robust, unified, meaningful and sustainable national retirement scheme, eventually subsuming the National Savings Fund and the Portable Retirement Gratuity Fund.

325. There will be special provisions for the registered self-employed, household employees, contractual and expatriate workers, housewives and students.

326. The accumulated pension points of active members in NPF will be converted to their monetary equivalent and transferred to their individual accounts in NPPF. Pensions in payment under the NPF will continue as before.

327. The third and last tier of the integrated and revamped pension system comprises private occupational pensions schemes and personal pension plans. These arrangements play a critical role in supplementing retirement income and fostering long term security. The Pension Regulator will carefully examine this pillar with a view of identifying opportunities for reforms, strengthening regulatory oversight, and ensuring that the pension products remain efficient, transparent and responsive to the evolutionary needs of the ageing population.

## **Pensions of Civil Service, Statutory Bodies and Public Officials**

328. The pensions and pension provisions of public officers, employees of statutory bodies and public officials are not in sync with other sectors. Relevant reforms will be looked into by the Pensions Regulator.

329. In regard to serving Members of the National Assembly, they will henceforth be put on an equal footing with public officers, that is they will contribute to their individual accounts in the NPPF. The standard pension payment age for Members of the National Assembly will be 65 to coincide with the statutory retirement age and not simply on completion of two terms as is the currently the case.

330. For public officials, that is President, Vice President, Prime Minister and Deputy Prime Minister, we are putting an end to entitlement to multiple non-contributory state pensions. These pensions will be limited to a maximum of 2/3rds of their highest salary, less any private pensions and contributory state pensions, if any.

331. For such public officials whose pensions are either in payment or paused, the pension will be immediately delinked from PRB. Future increases will be aligned with what is being proposed for public officers and workers at large.

332. With effect from 01 July 2026, the emoluments of the serving President and Vice-President and pensions of retiring Presidents and Vice Presidents, and wherever applicable the pensions of surviving spouses will become fully taxable.

333. In relieving pressure on distressed public finance, public officials are also being made to contribute towards fiscal relief and the consolidation effort. Such public officials as stewards of the public trust

will, therefore, lead by example, accepting immediate cutbacks in their benefits and demonstrating solidarity with the rest of the nation.

334. To sum up the headlines of the pensions reform package, as a caring Government, we have been attentive, receptive and responsive to the representations made by, and expectations of, stakeholders and the general public by:

- (1) Enabling eligible beneficiaries' flexibility to decide when to draw their pension between the ages of 60 and 70;
- (2) Directing scarce resources to those who most need it, namely low-income earners, regardless of employment status;
- (3) Reinstating a meaningful national contributory retirement scheme which will pay out decent benefits; and
- (4) Ensuring the treatment of public officials is substantially on par with other sectors.

**Madam Speaker,**

335. Just to make it clear.

336. Out of the 263,200 currently eligible pensioners, over 90 percent will still benefit from State Age Pension, including over 75 percent for full pension.

337. Before concluding, I am announcing several measures to better protect the most vulnerable.

338. First, I am increasing the monthly Carer's allowance from Rs 3,500 to Rs 4,250.

339. Second, Government will refund taxi fares for children with disabilities attending registered pre-primary schools.

340. Third, I am raising the budget for Special Education Needs learners from Rs 562 million to Rs 619 million.

341. Fourth, I am providing for the recruitment of 15 more psychologists for our hospitals to offer more regular services to children suffering from dyslexia and similar disabilities.

342. Fifth, Domiciliary medical visits, currently available to those aged 90 and above, will be extended to individuals aged 85 and above. To this end, I am providing Rs 58 million.

343. Sixth, elderly persons aged 80 and above will be eligible, on request, for once-a-month visits by a social worker to monitor their well-being. To support this initiative, 100 young people will be provided with the appropriate training, over the next three years.

344. Seventh, Maternity leave is being extended to 12 months. The first 6 months will be paid at full salary and the remaining 6 months will be optional at half pay.

345. Eighth, paternity leave is also being extended from 4 to 6 weeks.

346. Ninth, where a public holiday falls on a Sunday, the immediately following Monday will be declared a public holiday.

347. Tenth, every young person in Mauritius deserves equal hope and opportunity - yet our education and training system does not give vocational students the recognition that they deserve. Their skills are

undervalued and their dreams constrained in contrast to what mainstream students benefit from. Closing this recognition gap isn't just policy fairness; it's a moral imperative to honour hard work, unlock talent across our islands, and build a future where every path to contribution and dignity is respected. I am therefore introducing two more scholarships for students in the vocational stream.

**Madam Speaker,**

348. I would like now to express my gratitude to all my colleague Ministers, the Junior Minister of Finance, Members of the National Assembly, and other stakeholders for their contribution. I would also like to thank the Financial Secretary and the staff of the Ministry of Finance, the Chief Economic Adviser and my other Advisers as well as the staff at the Prime Minister's Office who have worked diligently on this Budget.

**CONCLUSION**

**Madame la Présidente,**

349. Au terme de cet exercice, il nous faut regarder la vérité des comptes avec la lucidité qu'exige le moment. Ce budget n'est pas celui de la facilité;

il est celui du devoir

le devoir de vérité!

350. Nous avons fait le choix difficile mais nécessaire de la consolidation fiscale, parce qu'une nation ne saurait bâtir durablement sa prospérité sur le sable mouvant de l'endettement perpétuel.

351. Chaque roupie dépensée engage non seulement le présent, mais aussi l'avenir de nos enfants, qui hériteront soit de nos imprudences, soit de notre courage.

352. Restaurer l'équilibre de nos finances publiques n'est pas un renoncement à l'ambition : c'est au contraire la condition même de notre liberté d'agir, la garantie que l'Etat conservera demain les moyens de protéger les plus vulnérables, d'investir dans nos infrastructures et de soutenir la création de valeur.

353. La responsabilité que nous assumons aujourd'hui n'est pas une contrainte subie, mais un acte de confiance envers le peuple, à qui nous devons la vérité plutôt que des promesses sans lendemain.

354. La discipline budgétaire est l'expression la plus haute du respect que nous portons à ceux qui travaillent et produisent.

355. Que nul ne s'y trompe : la rigueur que nous nous imposons n'a d'autre finalité que la pérennité de notre modèle de développement et la souveraineté économique de notre pays.

356. C'est en gérant les deniers publics avec la même prudence qu'un foyer responsable gère son patrimoine que nous honorons le mandat qui nous a été confié.

357. Qu'il me soit permis, pour conclure, de rappeler l'avertissement intemporel d'un grand économiste français - Frederic Bastiat - qui démasquait voici près de deux siècles, en 1848, la plus tenace des illusions.

Je cite :

**« L'Etat, c'est la grande fiction à travers laquelle tout le monde s'efforce de vivre aux dépens de tout le monde. »**

*Fin de citation.*

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