**2.1 Accounts of the Government of the Republic of Mauritius**

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The Finance and Audit Act requires the Accountant General to sign and submit to the Director of Audit, within six months of the close of every fiscal year, statements presenting fairly the financial transactions and financial position of Government on the last day of such financial year.

The set of statements of the Government of the Republic of Mauritius for the fiscal year ended 30 June 2017 includes a Statement of Financial Position showing the assets and liabilities, a Statement of Financial Performance, and other Statements as prescribed by Section 19(3) of the Act.

**2.2 Statement A - Statement of Financial Position as at 30 June 2017**

Prior to 2016-17, a Statement of Assets and Liabilities was being prepared on a cash basis comprising financial assets and liabilities. Government is now embarking on the adoption of the International Public Sector Accounting Standards (IPSAS) based accrual accounting and financial reporting.

The International Monetary Fund (IMF) provided technical assistance to Government for the implementation of the IPSAS based accrual accounting and financial reporting and submitted a Report entitled “Towards Accrual Accounting and the Adoption of International Standards” in December 2016.

The Report provided a road map for the implementation of IPSAS based accrual accounting which would be implemented on a phased basis. The first accrual based financial statements, with non-financial assets still being reported on a cash basis, should be produced for 2017-18 for the Budgetary Central Government. Non-financial assets are to be reported on an accrual basis from 2018-19, and the coverage of the statements should expand to Central Government (2018-19), General Government (2019-20), and the Public Sector (2020-21).

Furthermore, paragraph 19(3A)(b) of the Finance and Audit Act provides that the Annual Statements of the Government shall, for the financial year 2022-23 and onwards, be prepared in compliance with IPSAS.

In line with the above, as from fiscal year 2016-17, the Statement of Assets and Liabilities was replaced by the Statement of Financial Position showing the assets and liabilities of Government. Consequently, the following assets and liabilities which were not recognised previously in the Statement of Assets and Liabilities were being recognised for the first time:

* Loans;
* Property, Plant and Equipment;
* Intangible Assets;
* Long Term Borrowings (included in Government Debt).

All transactions were accounted for on a cash basis except for ‘Cost of Borrowings’ and ‘Carry-Over of Capital Expenditure’ which were accounted for on an accrual basis.

***2.2.1 Five Financial Periods Summary of Assets and Liabilities***

Assets and liabilities for the past five financial periods are shown in Table 2-1.

*Table 2-1 Summary of Assets and Liabilities for Past Five Financial Periods*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Financial periods ended** | | | | |
|  | **31.12.2013**  **(Rs m)** | **31.12.2014**  **(Rs m)** | **30.06.2015**  **(Rs m)** | **30.06.2016 (Restated)**  **(Rs m)** | **30.06.2017**  **(Rs m)** |
| **Assets** |  |  |  |  |  |
| Cash and Bank Balances | 9,645.8 | 17,396.7 | 15,551.3 | 27,854.1 | 25,841.7 |
| Advances | 2,424.7 | 2,523.1 | 2,813.3 | 3,036.2 | 3,450.7 |
| Investments | 19,216.8 | 16,380.2 | 17,695.6 | 17,345.9 | 22,091.5 |
| Loans | - | - | - | 11,790.9 | 11,004.8 |
| Property, Plant and Equipment | - | - | - | 277,247.4 | 283,010.9 |
| Intangible Assets | - | - | - | 2,284.7 | 2,480.0 |
| IMF-SDR Deposit | 3,762.2 | 3,725.1 | 3,998.6 | 3,518.7 | 3,398.7 |
| IMF-Reserve Tranche Position | - | 1,767.6 | 1,586.3 | 2,036.4 | 1,205.6 |
| **Total Assets** | **35,049.5** | **41,792.7** | **41,645.1** | **345,114.3** | **352,483.9** |
| **Liabilities** |  |  |  |  |  |
| Accounts Payable | 4,406.9 | 4,603.1 | 4,431.6 | 4,528.9 | 4,968.6 |
| Government Debt | 68,683.1 | 75,519.1 | 76,304.1 | 242,608.6 | 256,668.8 |
| Deposits and Deferred Income | 1,408.2 | 1,369.0 | 1,458.5 | 1,790.0 | 2,171.8 |
| IMF-SDR Allocations | 4,492.9 | 4,448.6 | 4,775.3 | 4,803.7 | 4,639.8 |
| **Total Liabilities** | **78,991.1** | **85,939.8** | **86,969.5** | **253,731.2** | **268,449.0** |
| **Net (Liabilities)/Assets** | **(43,941.6)** | **(44,147.1)** | **(45,324.4)** | **91,383.1** | **84,034.9** |
| **Represented by:** |  |  |  |  |  |
| Special Funds | 10,963.8 | 7,783.0 | 7,480.8 | 7,099.8 | 7,739.9 |
| Consolidated Fund | (54,905.4) | (51,930.1) | (52,805.2) | 84,283.3 | 76,295.0 |

*Source: Statement A - Statements of Assets and Liabilities/ Financial Position*

***2.2.2 Consolidated Fund***

The Consolidated Fund was established by Section 103 of the Constitution of the Republic of Mauritius.

In accordance with Section 3 of the Finance and Audit Act, the Consolidated Fund was credited with all revenues collected on behalf of Government and all other monies properly accruing to it, and charged with expenses on the authority of warrant issued by the Minister to whom the responsibility for the subject of finance is assigned.

The Consolidated Fund, which showed accumulated deficits as at 31 December 2013,   
31 December 2014, 30 June 2015 and 30 June 2016, recorded accumulated surplus of   
Rs 76,295 million as at 30 June 2017, with the first time recognition of Loans, Property, Plant and Equipment, Intangible Assets and Long Term Borrowings.

Furthermore, the accumulated deficit in the Consolidated Fund as at 30 June 2016 amounting to Rs 48,439.7 million has been restated at a surplus of Rs 84,283.3 million, with the recognition of Loans, Property, Plant and Equipment, Intangible Assets and Long Term Borrowings as from financial year 2015-16.

* + 1. ***Property, Plant and Equipment***

Property, Plant and Equipment (PPE) owned by Government have been recognised at some Rs 283 billion, for the first time in the Statement of Financial Position as at   
30 June 2017.

The accounting policies adopted by the Treasury for the accounting of PPE have been based on the historic cost concept, except for State Lands which have been recognised at the value estimated by the Valuation Department.

As per the IMF Report issued in December 2016, a road map for implementation of accrual accounting in accordance with IPSAS, and Asset Register was identified. The road map has been systematically designed and caters for a well-structured and methodic way of proceeding.

As such, reporting of assets figures in the financial statements has been set for the year 2018-19. Nevertheless, the Treasury proceeded with the implementation of the recognition of PPE as from 2016-17 without giving due consideration to the completeness, valuation and existence of the PPE.

*Completeness*

The PPE figure did not include all the assets owned by Government as detailed below:

* All acquisition values for assets from a defined period of time as disclosed in Notes 7(a) and (b) to the Accountshave been captured and aggregated (for example Infrastructure Assets as from 1 July 1990, Ships/Vessels as from 1 July 1992, Aircrafts/Helicopters as from 1 July 1997, Other Vehicles as from 1 July 2007 and Other Machinery and Equipment as from 1 July 2007), and the assets were categorised. As regards existing assets at the level of Ministries/Departments outside the defined range, no identification and valuation were made, and were not included as PPE or Intangible Assets in the annual statements;
* The value of State Lands was estimated at Rs 202.1 billion by the Valuation Department. This figure did not represent the value of whole extent of State Lands owned by Government, but comprised the values of the different categories of lands as disclosed at Note 7 (b) to the Accounts. Among the various categories of State Lands accounted for, commercial and residential sites were not included;
* Assets received as donation were not accounted for.

*Valuation*

* All assets (except specific State Lands) have been stated at the original cost/purchase price, and have not been depreciated;

* No depreciation has been charged on the assets;
* The Valuation Department provided the indicative values of the State Lands based on the assumption that the properties were in vacant possession and free from encumbrances and charges. The valuation exercise was also subject to limitations as it had been carried out based on the lists provided by the Ministry of Housing and Lands, and the properties had not been inspected. Any improvement on the sites were excluded in the value.

*Existence*

* Existence of the reported assets could not be ascertained as a reconciliation exercise between acquisition and actual physical existence was not carried out. There may be the risk that assets acquired since the defined periods are no more in use, obsolete and even stolen/lost;
* For State Lands, the Valuation Department provided the indicative value without all location plans, zoning status, lease agreements and other details regarding the above sites made available to it.

The above assumption and limitations could have a material impact on the indicative value as provided by the Valuation Department.

***Department’s Reply***

We are in the very first phase of implementing the new accounting system, which includes the recognition of Property, Plant and Equipment owned by Government. The figure recognised in the Statement of Financial Position for the financial year ended   
30 June 2017 has been based on the best available information. It is expected that, with the recording of the stock of existing assets in the Government Assets Register by Ministries and Departments, coupled with a more precise inspection and valuation of assets, this figure will gradually be firmed up in the following financial years.

The aim of recognizing Property, Plant and Equipment in 2016-17 instead of 2018-19 was to set the basis for the recognition of non-financial assets at an early stage and pave the way for gradual improvement so as to meet the target of moving to full accrual based IPSAS in 2022-23.

***2.2.4******Government Debt - Rs 256,668,767,016***

No appropriate disclosures with regard to risk management for Government debt, such as risks pertaining to liquidity, interest rate, currency, rollover and market risks have been made in Notes to the Account.

**2.3 Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund**

The transactions for the financial year ended 30 June 2017 closed with a deficit of   
Rs 7,447,788,349 compared to a surplus of Rs 1,919,613,281 for financial year ended   
30 June 2016.

Table 2-2 shows the revenue and expenditure for the past five financial periods.

*Table* *2-2 Revenue and Expenditure for the Past Five Financial Periods*

|  |  |  |  |
| --- | --- | --- | --- |
| **Period** | **Revenue**  **(Rs)** | **Expenditure**  **(Rs)** | **Surplus/(Deficit)**  **(Rs)** |
| Year 2013 | 105,033,770,981 | 102,924,073,475 | 2,109,697,506 |
| Year 2014 | 107,636,866,249 | 106,693,317,662 | 943,548,587 |
| Jan to Jun 2015 | 55,500,075,726 | 57,973,968,343 | (2,473,892,617) |
| July 2015 to June 2016 | 114,753,385,991 | 112,833,772,710 | 1,919,613,281 |
| July 2016 to June 2017 | 123,053,995,739 | 130,501,784,088 | (7,447,788,349) |

*Source: Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund*

The deficit for the financial year ended 30 June 2017 was due mainly to Capital Repayments of long term Government Debts and external loans totalling some Rs 17.4 billion as compared to Rs 5.9 billion in 2015-16.

***2.3.1 Sources of Government Revenue***

The major source of Government revenue was from taxes where some Rs 84.1 billion were collected during the financial year ended 30 June 2017. Other sources of Government revenue included Borrowings, Grants, Social Contributions, and Other Revenue (Interest, Dividends, Withdrawals from Quasi Corporations, Rent and Royalties, Sales of Goods and Services and Other Receipts) as shown in Table 2-3.

*Table 2-3 Sources of Government Revenue*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **6 months**  **to 30.06.2015** | | **12 months to 30.06.2016** | | **12 months to 30.06.2017** | |
|  | **(Rs m)** | **%** | **(Rs m)** | **%** | **(Rs m)** | **%** |
| Taxes | 36,569 | 65.9 | 78,224 | 68.2 | 84,148 | 68.4 |
| Borrowings | 14,637 | 26.4 | 22,629 | 19.7 | 25,883 | 21.0 |
| Grants | 1,196 | 2.1 | 333 | 0.3 | 2,904 | 2.4 |
| Social Contributions | 659 | 1.2 | 1,375 | 1.2 | 1,377 | 1.1 |
| Other Revenue | 2,439 | 4.4 | 12,192 | 10.6 | 8,742 | 7.1 |
| **Total Revenue** | **55,500** |  | **114,753** |  | **123,054** |  |
| **Total Expenditure** | **57,974** |  | **112,834** |  | **130,502** |  |
| **Surplus/(Deficit)** | **(2,474)** |  | **1,919** |  | **(7,448)** |  |

*Source: Statement B - Abstract Account of Revenue and Expenditure of the Consolidated Fund*

As shown in Table 2-3, Government was highly dependent on borrowings to finance its expenditure during the last three financial periods. Borrowings ranked second as a source of Government revenue, and represented some 21 per cent of total revenue for the year ended 30 June 2017.

During 2016-17, some Rs 28.4 billion were spent towards Government debt servicing, comprising Capital Repayments, Interests and Management/ Service Charges, and excluding redemption of Treasury Bills and Treasury Notes. This sum represented some 22 per cent of total Government expenditure.

**2.4 Statement of Investments**

The Statement of Investments gives details of all investments made out of monies standing to the credit of the Consolidated Fund and Special Funds. The investments comprised Shares in Quoted and Unquoted Companies, Equity Participation and Other Investments. As of 30 June 2017, the total investments (at cost) were Rs 22,091,490,633 as shown in Table 2-4.

*Table 2-4 Investments as of 30 June 2016 and 30 June 2017*

|  |  |  |
| --- | --- | --- |
|  | **Cost** | |
| **Details** | **30.06.2017** | **30.06.2016** |
|  | **(Rs)** | **(Rs)** |
| Quoted Shares | 140,251,221 | 140,251,221\* |
| Unquoted Shares | 13,985,729,669 | 12,073,250,362\* |
| Equity Participation | 4,088,315,060 | 4,225,315,060\* |
| ***Sub Total*** | ***18,214,295,950*** | ***16,438,816,643\**** |
| Other Investments | 3,877,194,683 | 907,054,310\* |
| **Total** | **22,091,490,633** | **17,345,870,953\*** |

*Source - Statement F – Detailed Statement of Investments as at 30 June 2017*

*\*Figure restated*

Other Investments comprised long term placement with the Development Bank of Mauritius (DBM) Ltd of Rs 833,495,000, EURO placement with MauBank Ltd of   
Rs 37,699,683, Fixed Deposit of Rs 3 billion with State Bank of Mauritius (SBM) Ltd and Fixed Deposit of Rs 6 million in respect of the Morris Legacy Fund with Mutual Aid Ltd.

***2.4.1 New Investments***

During financial year ended 30 June 2017, Government invested Rs 1,941,820,323 in seven Unquoted Companies. Details of the new investments are shown in Table 2-5.

*Table* *2-5 New Investments during the Year Ended 30 June 2017*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Company** | **Approved Estimates 2016-17** | **Virement 2016-17** | **New Investments 2016-17** | **New Investments 2015-16** |
|  | **(Rs)** | **(Rs)** | **(Rs)** | **(Rs)** |
| Airport of Rodrigues Ltd | 40,000,000 | - | 40,000,000 | 50,000,000 |
| Cargo Handling Corporation Ltd | 255,000,000 | - | 254,659,189 | 175,000,000 |
| Mauritius Africa Fund Ltd | 100,000,000 | (20,300,000) | 59,980,000 | 20,000,000 |
| MauBank Holdings Ltd | - | 6,000,000 | 6,000,000 | 1,600,100,000 |
| Metro Express Ltd | 2,300,000,000 | (348,600,000) | 1,410,296,250 | - |
| Polytechnics Mauritius Ltd (ex-Knowledge Parks Ltd) | 85,000,000 | 30,600,000 | 115,567,296 | 184,344,814 |
| SME Equity Fund Ltd | 150,000,000 | **-** | 55,317,588 | - |
| Business Parks of Mauritius Ltd | - | - | - | 191,300,000 |
| Mauritius Post Ltd | - | - | - | 255,000,000 |
| National Transport Corporation | - | - | - | 90,630,000 |
| Other Quoted and Unquoted companies | - | - | - | 1,438 |
| **Total** |  |  | **1,941,820,323** | **2,566,376,252** |

*Source: Statement D1 Vote 28-1 – Centrally Managed Initiatives of Government*

During financial years 2016-17 and 2015-16, Government invested additional funds of   
Rs 476,206,485 and Rs 2,029,444,814 respectively in five Unquoted Companies, namely Airports of Rodrigues Ltd, Cargo Handling Corporation Ltd, Mauritius Africa Fund Ltd, MauBank Holdings Ltd, and Polytechnics Mauritius Ltd (ex-Knowledge Parks Ltd).No return/dividends have been received from these entities in the past, as well as during 2016-17.

The total investments in these five entities as at 30 June 2017 was Rs 4,834,752,900.

***Department’s Reply***

The primary objective of the investments in the entities mentioned was not to generate cash return or dividend in the short to medium term, but to enable the entities to sustain their operations, undertake capital investments and improve service delivery.

***2.4.2 Investment not Supported by Share Certificates***

Share certificates in respect of the following two investments could not be produced:

* New investments in Polytechnics Mauritius Ltd (Ex- Knowledge Parks Ltd)of   
  Rs 272,942 made on 21 June 2017;
* Investment of Rs 105,317,588 in SME Equity Fund Ltd following the amalgamation of the NRF Equity Investment Ltd and the SME Partnership Fund Ltd.

***Department’s Reply***

A request has been made to the companies to provide the share certificates, and these will be made available for audit inspection upon receipt.

***2.4.3 Return on Investments***

*Dividends Received*

Total cost of investments in shares in quoted and unquoted companies amounted to   
Rs 14,125,980,890. During 2016-17, dividends received amounted to Rs 298,024,518, representing a return of some two per cent only. A sum of Rs 1,238,500,000 was budgeted as dividends receivable.

The budgeted and actual dividends received from investments during the past five financial periods are given in Table 2-6.

*Table* *2-6 Dividend Received during Financial Periods 2013-2017*

|  |  |  |
| --- | --- | --- |
| **Period** | **Budgeted**  **(Rs)** | **Actual**  **(Rs)** |
| January to December 2013 | 2,272,000,000 | 1,418,431,315 |
| January to December 2014 | 1,295,000,000 | 942,836,943 |
| January to June 2015 | 303,000,000 | 295,187,828 |
| July 2015 to June 2016 | 1,519,000,000 | 319,268,338 |
| July 2016 to June 2017 | 1,238,500,000 | 298,024,518 |

*Source: Statement D – Detailed Statement of Revenue of the Consolidated Fund for the financial year   
2016-17*

There has been a significant decrease in the dividend received over the past three financial periods when compared to financial years ended 31 December 2013 and 2014 as shown in Table 2.6.

Details of dividends received for years ended 30 June 2017 and 2016 are shown in   
Table 2.7.

*Table* *2-7 Dividends received during Financial Years ended 30 June 2016 and 2017*

| **Details** | **Investment at Cost**  **30.06.2017**  **(Rs)** | **Dividend**  **Received**  **01.07.2016 to 30.06.2017**  **(Rs)** | **Dividend**  **Received**  **01.07.2015 to 30.06.2016**  **(Rs)** |
| --- | --- | --- | --- |
| ***Quoted Shares*** |  |  |  |
| Air Mauritius Limited | 99,178,348 | 8,564,658 | - |
| Alteo Ltd | 1,140 | 379 | 361 |
| Excelsior United Development Companies Ltd | 37 | 29 | - |
| IBL LTD | 125 | 3 | 2 |
| Lux Island Resorts Ltd | 401 | 9 | 8 |
| Medine Ltd | 300 | 51 | 71 |
| New National Investment Trust | - | - | 2,427,246 |
| New Mauritius Hotels Ltd | 240 | - | 24 |
| SBM Holdings Ltd | 41,058,573 | 44,857,845 | 59,810,460 |
| Societé de Development Industriel & Agricole Ltée | - | 1 | 40 |
| The Bee Equity Partners Ltd | 16 | 171 | - |
| The United Basalt Products Limited | 415 | 16 | 15 |
| The Mauritius Development Investment Trust Co Ltd | 2 | 5 | 6 |
| ***Units*** |  |  |  |
| NMF General Fund | - | - | 592,711 |
| NMF Property Trust | - | - | 400,313 |
| ***Unquoted Shares*** |  |  |  |
| AfrAsia Bank Limited | 197 | 3 | - |
| African Export-Import Bank | 20,524,620 | 241,684 | 2,665,760 |
| Airports of Mauritius Co. Ltd | 1,307,774,970 | 211,529,150 | - |
| African Reinsurance Corporation | 31,471,084 | 1,925,818 | 1,771,516 |
| Mauritius Housing Company Ltd | 59,161,634 | 23,892,370 | 23,341,450 |
| Mauritius Telecom Ltd | 63,625,174 | - | 220,779,354 |
| PTA Reinsurance Company (ZEP-RE) | 4,665,930 | 815,053 | 791,615 |
| Sugar Investment Trust | 19,999,980 | 763,933 | - |
| The State Informatics Ltd | 32,800,000 | 5,433,340 | 6,687,386 |
| **Total** |  | **298,024,518** | **319,268,338** |

*Source Treasury Abstract for 2016-17 – Item Code 1412 – Dividends*

***Department’s Reply***

Actual dividend is dependent upon the financial situation of the institutions/enterprises concerned. Furthermore, the primary objective of the investment in various entities is not to generate dividend or other returns, but to enable them to sustain their operations and improve service delivery.

*Investments Yielding No Returns during Financial Year 2016-17*

Investment (at cost) totalling Rs 3,726,146,927 did not yield any return during 2016-17. Details of these investments are given in Table 2-8.

*Table* *2-8 Investments Yielding no Returns during 2016-17*

|  | **Year of**  **Investments** | **Cost Price**  **(Rs)** |
| --- | --- | --- |
| ***Quoted Shares*** |  |  |
| New Mauritius Hotels Ltd | Prior 2001 | 240 |
| United Docks Ltd | Prior 2001 | 9,600 |
| ***Unquoted Shares*** |  |  |
| Air Mauritius Holding Ltd | Prior 2001 | 87,354,608 |
| Cargo Handling Corporation Limited | 1983-2017 | 630,259,189 |
| COVIFRA Ltee | Prior 2001 | 2,052,356 |
| Development Bank of Mauritius Ltd | Prior 2001 and  2005 – 2009 | 216,250,000 |
| Editions de L’Ocean Indien Ltee | 2000 and 2001 | 1,140,000 |
| Film Confluences Co. Ltd | 2013 | 1,000,000 |
| Mauritius Shipping Corporation Ltd | Prior 2001 and 2011 | 135,493,000 |
| Mauritius Telecom Ltd | 2000 | 63,625,174 |
| National Real Estate Ltd | 30.06.09 | 500,000,000 |
| Overseas Telecommunications Services | Prior 2001 | 28,858 |
| Shelter- Afrique | 2013 | 3,933,886 |
| Stafford Mayer Company South Africa Limited | Prior 2001 | 16 |
| The State Investment Corporation Limited | 2001 and 2012 | 85,000,000 |
| ***Equity Participation*** |  |  |
| Bank of Mauritius | 2005 and 2011 | 2,000,000,000 |
| **Total** |  | **3,726,146,927** |

*Source: Statement F – Detailed Statement of Investments as at 30 June 2017 and Investment Register*

*Investments not Yielding any Return Since Acquisition*

Investments (at cost) totalling Rs 11,160,815,001 and representing some 50 per cent of total investments, did not yield any return at all since they have been acquired. Details are given in Table 2-9.

*Table* *2-9 Investments not Yielding any Return since Acquisition*

|  | **Year of Investment** | **Cost of Investment**  **(Rs)** |
| --- | --- | --- |
| ***Quoted Shares*** |  |  |
| Blue Life Ltd | 2013 | 1,976 |
| United Investment Ltd |  | 48 |
| **Unquoted Shares** |  |  |
| African Development Bank | 1992-1993 | 577,072,384 |
| Airports of Rodrigues | 2000-2008 | 628,310,200 |
| Discover Mauritius Ltd | 2006-2007 | 500,000 |
| Eastern and Southern African Trade & Development Bank Ltd | 1990-1991 | 200,154,009 |
| Enterprise Mauritius | 2004-2005 | 79,782,747 |
| Events Mauritius Ltd | 2006-2007 | 1,800,000 |
| Landscope (Mauritius) Ltd | 2009-2016 | 3,167,566,278 |
| MauBank Holdings Ltd | 2001-2005 and 2015-2016 | 3,196,266,400 |
| Mauritius Africa Fund Ltd | 2016 | 79,980,000 |
| Mauritius Educational Development Company Ltd | 2000-2001 | 16,000,000 |
| Mauritius Road Infrastructure Finance Ltd | 2014 | 100,000 |
| Multi Carrier Mauritius Ltd | 2001-2004 | 134,000,000 |
| National Housing Development Company Ltd | 2007-2008 | 200,000,000 |
| National Insurance Co Ltd | 2015 | 30,000,000 |
| NIC General Insurance Co Ltd | 2015 | 30,000,000 |
| Polytechnics Mauritius Ltd (Ex-Knowledge Parks Ltd) |  | 299,937,111 |
| SME Equity Fund | 2006-2017 | 105,317,588 |
| The Mauritius Post Ltd | 2001-2016 | 626,111,200 |
| ***Equity Participation*** |  |  |
| Central Electricity Board | 1992-2016 | 396,856,197 |
| Central Water Authority | 1993-2012 | 962,250,913 |
| Civil Service College | 2012 | 15,000,000 |
| Mauritius Cooperative Livestock Marketing Federation | 1992-1993 | 450,000 |
| Mauritius Cane Industry Authority (ex-Mauritius Sugar Authority and ex-Mauritius Sugar Terminal Corporation) | 2013 | 173,803,732 |
| National Transport Corporation | Prior 01.07.01-2016 | 140,630,000 |
| Rodrigues Educational Development | 2001-2002 | 80,000 |
| Rose Belle Sugar Estate | 1987-1996 | 98,844,218 |
| **Total** |  | **11,160,815,001** |

*Source: Statement F – Detailed Statement of Investments as at 30 June 2017 and Investment Register*

***2.4.4 Withdrawals from Income of Quasi Corporations***

Government also received income from Quasi Corporations. During 2016-17, a sum of  
Rs 1,809,541,915 was received compared to Rs 2,289,254,666 for 2015-16 as shown in Table 2-10.

*Table* *2-10* *Original Estimates and Actual Revenue Received from Quasi Corporations*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Year ended** | | |
|  | **30.06.2017** | | **30.06.2016** |
| **Quasi Corporations** | **Original Estimates of Revenue** | **Actual Revenue** | **Actual Revenue** |
|  | **(Rs)** | **(Rs)** | **(Rs)** |
| Information & Communication Technology Authority | 190,000,000 | 190,000,000 | 40,000,000 |
| Financial Services Commission | 950,000,000 | 732,449,915 | 699,254,666 |
| Mauritius Ports Authority | 100,000,000 | 100,000,000 | 100,000,000 |
| State Trading Corporation | 1,700,000,000 | 787,092,000 | 1,450,000,000 |
| **Total** | **2,940,000,000** | **1,809,541,915** | **2,289,254,666** |

*Source Treasury Abstract for financial year 2016-17 – Item Code 1413 – Withdrawals from Income of Quasi Corporations*

* + 1. ***Interest Received on Other Investments***

A total amount of Rs 16,445,613 has been received as interests during 2016-17 as shown in Table 2-11.

*Table* *2-11 Interest Received on Other Investments during 2016-17*

|  |  |  |
| --- | --- | --- |
|  | **Investment as at 30.06.2017** | **Interest Received** |
|  | **(Rs)** | **(Rs)** |
| ***Consolidated Fund - Long-Term Placements with DBM Ltd*** |  |  |
| Fixed Deposits | 420,000,000 | 8,379,000 |
| Fixed Deposits | 200,000,000 | - |
| Line of Credit to Madagascar | 150,000,000 | 3,232,500 |
| Line of Credit to Comores | 25,600,000 | Interest free |
| Education Reform Loan Scheme | 37,895,000 | 3,412,532 |
| ***Sub Total*** | ***833,495,000*** |  |
| MauBank Ltd – Euro placement | 37,699,683 | 1,421,325 |
| Morris Legacy Fund – Fixed Deposits with Mauritius Civil Service Mutual Aid Association | 6,000,000 | Credited to Morris Legacy Fund |
| State Bank of Mauritius Ltd | 3,000,000,000 | Payable on maturity |
| **Total** | **3,877,194,683** | **16,445,613** |

*Source: Treasury Abstract for financial year 2016-17 – Item Code 14110051 – Investment of Surplus Balances*

*Fixed Deposit – Rs 200 million*

A sum of Rs 200 million was placed in a Fixed Deposit with DBM Ltd in October 2014 for a period of 12 months, and thereafter, renewed every year. For 2016-17, the Fixed Deposit carried interest at Repo rate payable half yearly on 3 November 2016 and   
3 March 2017.

Interest has never been received on the above Fixed Deposit.

***Department’s Reply***

Since 2015, DBM Ltd has embarked on an internal restructuring exercise aimed at redressing its financial situation. The restructuring exercise is expected to enable the DBM Ltd to generate operating profits in the near future. Furthermore, a Turnaround Plan for DBM Ltd is being worked out and aims at enabling the company, inter alia, to meet its payments obligations to the Government, including interests.

**2.5 Special Funds**

Section 9 of the Finance and Audit Act provides for the creation of Special Funds. Special Funds are monies which are not raised or received for general public purposes, but deposited with the Government for specific purposes.

Special Funds are built up in different ways as follows:

* Donations and legacies;
* Money transferred from expenditure;
* Monies levied from other sources.

The characteristics of the Special Funds are that:

* they do not form part of the Consolidated Fund;
* they are administered in the manner specified in the enactments or instruments creating them;
* in the absence of any such provision in the enactment or instrument, the Minister to whom the responsibility for the subject of finance is assigned, may by regulations, provide for the administration of such Special Fund, or for the better administration of such Special Fund, as the case may be;
* money standing to the credit of Special Funds may be invested and any interest or dividend received is to be credited to the accounts of that Special Fund and becomes in all respect part of that Special Fund.

All Special Funds are either regulated by an Act or a Regulation made under the Finance and Audit Act. The Director of Audit is responsible for the audit of 24 Special Funds which are differently regulated as shown in [Appendix IIA](24_Appendix_IIA.docx). Some are required to submit accounts not later than three months after the end of each financial year, while for others there is no such deadline.

Special Funds are required to prepare

* annual statements of the receipts and payments for a financial year; and
* a balance sheet made up to the end of that financial year showing the assets and liabilities of the Fund.

As of 23 February 2018, a total of 16 financial statements in respect of nine Special Funds have not yet been submitted for audit purposes. Details are at [Appendix IIB](25_Appendix_IIB.docx).

41 financial statements in respect of 15 Special Funds were already certified but not yet laid before the National Assembly as shown in [Appendix IIC](26_Appendix_IIC.docx).

**2.6 Statement of Public Sector Debt**

The Public Sector Debt (PSD) comprised debts of the Central Government raised both internally and externally for financing development projects, debts of Public Enterprises guaranteed by Government and debts of Public Enterprises not guaranteed by Government. All these debts are detailed in Statement J - Statement of Public Sector Debt.

As of 30 June 2017, the PSD amounted to Rs 290.1 billion, compared to Rs 274.4 billion as of 30 June 2016, representing an increase of 5.7 per cent.

Details are given in the Table 2-12.

*Table* *2-12 Public Sector Debt*

|  |  |  |
| --- | --- | --- |
| **Debt Category** | **30 June 2017** | **30 June 2016** |
|  | **(Rs)** | **(Rs)** |
| **Government Debt** |  |  |
| Domestic | 219,200,600,000 | 197,797,100,000 |
| External | 46,232,523,856 | 53,462,818,352 |
|  | ***265,433,123,856*** | ***251,259,918,352*** |
| **Guaranteed by Government** |  |  |
| Agencies Extra Budgetary Units | 113,841,680 | 138,660,675 |
| Public Enterprises | 18,963,493,108 | 16,082,238,851 |
|  | ***19,077,334,788*** | ***16,220,899,526*** |
| **Not Guaranteed by Government** |  |  |
| Public Enterprises | 5,592,503,875 | 6,914,211,368 |
| **Total** | **290,102,962,519** | **274,395,029,246** |

*Source: Statement J - Statement of Public Sector Debt as at 30 June 2017*

Domestic Debt was made up of obligations which include proceeds from issues of Treasury Bills, Treasury Notes, Government of Mauritius (GoM) Bonds, Mauritius Development Loan Stocks, GoM Savings Notes, and GoM Savings Bonds.

External Debt referred to Loans from Foreign Governments and Institutions, Government Securities held by Non Residents and IMF SDR Allocations[[1]](#footnote-1).

***2.6.1 Domestic Government Debt***

*Maturity Structure of Domestic Government Debt*

Domestic Government Debt, excluding Government Securities issued for the mopping up of excess liquidity and for liquidity management of Rs 14.43 billion, represented 70.6 per cent of total public sector debt figure as at 30 June 2017. Domestic debt composition by instrument comprised Treasury Bills of Rs 25.80 billion, Treasury Notes of   
Rs 51.92 billion, Mauritius Development Loan Stocks (MDLS) of Rs 3.08 billion and Government of Mauritius Bonds of Rs 123.98 billion.

An indication of the years of maturity of the outstanding Domestic Government Debt as at30 June 2017 is given in Table 2-13.

*Table 2-13 Maturity Structure of Domestic Government Debt*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Years of Maturity** | **Treasury Bills** | **Treasury Notes** | **MDLS** | **Bonds** | **Total** | **Percentage** |
| **(Rs m)** | **(Rs m)** | **(Rs m)** | **(Rs m)** | **(Rs m)** |
| 2017-18 | 25,797.4 | 17,721.5 | 368.5 | 7,190.0 | 51,077.4 | 24.94 |
| 2018-19 | - | 19,308.9 | 1,610.1 | 10,120.0 | 31,039.0 | 15.16 |
| 2019-20 | - | 14,890.0 | 1,098.5 | 11,461.6 | 27,450.1 | 13.41 |
| 2020-21 | - | - | - | 13,641.6 | 13,641.6 | 6.66 |
| 2021-22  and Onwards | - | - | - | 81,563.0 | 81,563.0 | 39.83 |
| **Total** | **25,797.4** | **51,920.4** | **3,077.1** | **123,976.2** | **204,771.1** | **100.00** |

*Source: Ledger of Respective Securities*

The above figures exclude GoM Securities issued for the mopping up of excess liquidity of Rs 1,503.7 million and for liquidity management of Rs 12,925.8 million.

According to the maturity profile of the Domestic Government Debt, 24.9 per cent of total debt will mature within one year, and Rs 51.1 billion will be required to settle these debts. Additionally, some 15.2 per cent amounting to Rs 31.0 billion of the outstanding debts will fall due for repayment in the financial year ended 30 June 2019.

As shown in Table 2-13, there was a concentration of maturities in the near term and then spread thereafter.

***Department’s Reply***

Government securities are issued in line with the debt management strategy as outlined in the Budget Estimates document 2017-18 which takes into account the need to minimise cost and risk of the debt portfolio. Over the years, the stocks of Treasury Bills have been reduced while those of medium and long term securities have been increased.

The concentration is an obvious outcome because it takes into account short term issuances for meeting cash flow requirements in a particular financial year and the mismatch between flows of revenue and expenditure. It may be also noted that interest on longer term securities is more costly than that paid for Treasury Bills.

*Government of Mauritius Securities Issued for Mopping up of Excess Liquidity*

The Bank of Mauritius (BoM) intervened for mopping up excess liquidity in the economy. Accordingly, BoM issued securities on behalf of Government. The balance of these securities stood at Rs 14.43 billion (Nominal Value) as at 30 June 2017 and comprised GoM Treasury Bills, GoM Savings Notes, and GoM Savings Bonds.

Total proceeds of Rs 14.24 billion from the issue of the above instruments, were deposited with BoM and included in the Statement of Assets and Liabilities under ‘Cash and Bank Balances’.

As from May 2017, GoM Treasury Bills were no longer issued for mopping up of excess liquidity. Some Rs 12.9 billion, representing Treasury Bills issued for Liquidity Management will be fully repaid by the end of June 2018.

***2.6.2 Public Sector Debt Figures for Past Five Financial Periods***

The Public Sector Debt for the past five financial periods to 30 June 2017 is given in Table 2.14.

*Table* *2-14 Public Sector Debt for Financial Periods 2013 to 2017*

|  |  |  |  |
| --- | --- | --- | --- |
| **Financial period ended** | **Public Sector Debt**  **(Rs)** | **Increase over the previous year**  **(Rs)** | **Increase over the previous year**  **%** |
| 31.12.2013 | 219,867,268,241 | 25,380,334,811 | 13.05 |
| 31.12.2014 | 237,700,464,181 | 17,833,195,940 | 8.11 |
| 30.06.2015 | 251,788,430,234 | 14,087,966,053 | 5.93 |
| 30.06.2016 | 274,395,029,246 | 22,606,599,012 | 8.98 |
| 30.06.2017 | 290,102,962,519 | 15,707,933,273 | 5.72 |

Over the past five financial periods, Public Sector Debt has been increasing. The figure for 30 June 2017 has increased by Rs 70.2 billion when compared to Rs 219.9 billion recorded for 31 December 2013.

***2.6.3 Government Debt Servicing***

(i) The Government debt servicing comprised capital repayments and interest payments on Domestic and External Debts, as well as management service charges.

Total Government debt servicing during the past five financial periods is shown in Table 2-15.

*Table 2-15 Government Debt Servicing for Financial Periods 2013-2017*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year ended** | | **6 months ended** | **Year ended** | |
| **Particulars** | **31.12.2013 (Rs m)** | **31.12.2014 (Rs m)** | **30.06.2015 (Rs m)** | **30.06.2016 (Rs m)** | **30.06.2017 (Rs m)** |
| **\*Interests** |  |  |  |  |  |
| External Debt | 540.6 | 643.3 | 348.4 | 668.9 | 720.6 |
| Domestic Debt | 9,088.9 | 9,474.3 | 4,522.6 | 9,354.1 | 10,153.6 |
| Management Service Charges | 25.6 | 16.1 | 9.4 | 11.6 | 7.2 |
| ***Sub Total*** | ***9,655.1*** | ***10,133.7*** | ***4,880.4*** | ***10,034.6*** | ***10,881.4*** |
| Capital Repayments External Debt | 1,089.6 | 2,831.2 | 1,120.6 | 2,579.0 | 6,695.2 |
| \*\*Capital Repayments Domestic Debt | 55,336.4 | 60,466.7 | 32,268.0 | 70,386.9 | 90,261.5 |
| **Total** | **66,081.1** | **73,431.6** | **38,269.0** | **83,000.5** | **107,838.1** |

*Source Treasury Accounting Systems*

\* Interest is computed on an accrual basis

\*\*including redemption of Treasury Bills and Treasury Notes.

Interest payments on Public Debt amounted to some Rs 10.9 billion for the financial year ended 30 June 2017, and some Rs 7.2 million were incurred in respect of management service charges.

1. It was the Treasury policy to include capital repayments in respect of domestic long term debt and external debt only in the Detailed Statement of Expenditure of the Consolidated Fund (Statement D1), whilst issue and redemption of Treasury Bills and Treasury Notes during financial year 2016-17 were not included, but were accounted for as “Below the Line” transactions.

New issues of Treasury Bills, Treasury Notes and GoM Bonds for the financial year ended 30 June 2017 amounted to Rs 67.7 billion, Rs 19.1 billion and Rs 24.8 billion respectively. There was no issue of Mauritius Development Loan Stocks (MDLS). Redemption of Treasury Bills, Treasury Notes and GoM Bonds were Rs 63.4 billion, Rs 16.1 billion and Rs 10.2 billion respectively. As for MDLS, Rs 526 million were redeemed during the same period.

Table 2-16 shows Government debt servicing as a percentage of total Government expenditure for the past five financial periods 2013 to 2017. The Government Debt Servicing and the total expenditure have been adjusted to include the redemption of Treasury Bills and Treasury Notes to arrive at the total cost for Government debt servicing.

*Table 2-16 Government Debt Servicing as a Percentage of Total Government Expenditure*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Period** | **Government Debt Servicing\***  **Rs m** | **Total Expenditure\***  **Rs m** | **Government Debt Servicing**  **as a % of Total Expenditure** | |
| January to December 2013 | 66,081.1 | 153,874.1 | 42.9 |
| January to December 2014 | 73,431.6 | 157,203.8 | 46.7 |
| January to June 2015 | 38,269.0 | 82,111.9 | 46.6 |
| July 2015 to June 2016 | 83,000.5 | 179,922.5 | 46.1 |
| July 2016 to June 2017 | 107,838.1 | 210,026.0 | 51.3 |

*\*including redemption of Treasury Bills and Treasury Notes.*

Government debt servicing to the tune of Rs 107,838.1 million for the financial year ended 30 June 2017, represented an increase of 29.9 per cent when compared to last year figure of Rs 83,000.5 million. This was the highest recorded debt servicing figure during last five financial periods.

Some 51.3 per cent of the total Government expenditure for financial year ended 30 June 2017 were on Government debt servicing.

Furthermore, as per Statement A - Statement of Financial Position as at 30 June 2017, Government debt stood at Rs 256.7 billion (cost price) and this represented 95.6 per cent of total Government liabilities.

***Department’s Reply***

* “Expenditure Charged Statutorily or by Virtue of the State Obligations” as provided in the Budget Estimates, includes capital repayments in respect of domestic long term debt and external debt only. Accordingly, only long term debt flows (issues and redemptions) are accounted for as transactions under the Consolidated Fund, and thus included in Statement D and D1. On the other hand, Treasury Bills and Treasury Notes are basically issued for cash flow purposes and are not treated as transactions under the Consolidated Fund.
* The cost of debt servicing should be expressed as a ratio of total expenditure, excluding redemption of Government securities from both. The rationale for this is that redemption of Government securities is a financing activity rather than an expenditure.

**2.7 Public Sector Debt and Gross Domestic Product**

Public Sector Debt (PSD) and PSD as a percentage of Gross Domestic Product (GDP) as at 31 December 2013 and 2014 and 30 June 2015, 2016 and 2017 are given in Table 2-17.

*Table 2-17 Public Sector Debt and Gross Domestic Product*

|  |  |  |  |
| --- | --- | --- | --- |
| **As at** | **PSD**  **Rs billion** | **GDP**  **Rs billion** | **PSD as Percentage of GDP %** |
|
| 31 December 2013 | 219.9 | 372.4 | 59.1 |
| 31 December 2014 | 238.0 | 392.1 | 60.7 |
| 30 June 2015 | 251.9 | 400.4 | 62.9 |
| 30 June 2016 | 274.4 | 421.3 | 65.1 |
| 30 June 2017 | 290.1 | 447.2 | 64.9 |

*Source Ministry of Finance and Economic Development Records*

As of 30 June 2017, total PSD stood at Rs 290.1 billion, that is an increase of some   
Rs 15.7 billion compared to 30 June 2016. As at the same date, PSD as a percentage of GDP stood at 64.9 as compared to a percentage of 65.1 recorded at end of June 2016.

For the computation of PSD for the purpose of debt ceiling, in line with the provisions of the Public Debt Management Act, PSD of Rs 290.1 billion as at 30 June 2017 was adjusted by a sum of Rs 38.6 billion to Rs 251.5 billion. The figure of Rs 38.6 billion comprised an adjustment of Rs 14.4 billion for public enterprises’ debts, as well as other adjustments totalling Rs 24.2 billion in respect of Government Securities issued to mop up excess liquidity, Cash and Cash Equivalents and Special Drawing Rights.

The impact of the adjustment would be a decrease of PSD as a percentage of GDP by  
8.7 per cent, that is, from 64.9 to 56.2 per cent.

***2.7.1 Management of Loans***

As previously reported, commitment fees were paid when funds in respect of projects were withdrawn after the scheduled date specified in the loan agreements. During   
2016-17, some Rs 8.8 million were paid as Commitment Fees in respect of six loans, and none in respect of four other loans.

The cumulative amount of Commitment Fees on the ten loans since their respective agreements were signed was some Rs 121.1 million as shown in Table 2-18.

*Table 2-18 Commitment Fees Paid*

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Commitment Fees Paid** | | | | |
| **Funding Agency (Amount) – Initial Period of Withdrawal** | **Project** | **Disbursed up to 30.06.17** | **Up to 31.12.13** | **During 2014** | **During 18 month period ended 30.06.16** | **July 2016 to June 2017** | **Up to 30.06.17** |
|  |  |  | **(Rs m)** | **(Rs m)** | **(Rs m)** | **(Rs m)** | **(Rs m)** |
| Japan International Cooperation Agency (JPY 7,012 million) - 5 Nov 2010 | Grand Bay Sewerage Project | JPY 138,291,560 | 6.49 | 2.02 | 3.00 | 2.26 | **13.77** |
| Exim Bank of India (US $ 48.5 million) - 30 March 2011 | Offshore Patrol Vessel | US $ 48.5 million | 17.04 | 2.29 | 6.00 | - | **25.33** |
| Exim Bank of China (CNY 580 million) – 30 April 2012 | Bagatelle Dam | CNY 580 million | 12.64 | 8.41 | 1.40 | 0.40 | **22.85** |
| Exim Bank of India (US $ 46 million) –  8 July 2014 | Specialised Defence Equipment | US $ 22 million | - | - | 1.80 | 0.31 | **2.11** |
| Exim Bank of India (US $ 18 million) –  8 August 2014 | Fast Attack Waterjet | US $ 18 million |  |  | 2.95 | 1.28 | **4.23** |
| Agence Française de Developpement (€ 27 million) –  26 June 2015 | Restructuring Cargo Handling Corp | € 7,505,867 |  |  | 4.90 | 4.08 | **8.98** |
| Exim Bank of China (CNY 480 million) –  25 Feb 2009 | Plaine Wilhems Sewerage Lot 2 | CNY 480 million | 39.60 | 0.47 | - | - | **40.07** |
| African Development Bank (US $ 420 million and € 186 million) – 30 May 2013 | Public Sector Efficiency Programme | US $ 324 million and € 146 million | - | 0.02 | - | - | **0.02** |
| European Investment Bank (€ 35 million) – 1 Dec 2013 | Plaine Wilhems Sewerage Project | € 27.5 million | - | 3.34 | - | - | **3.34** |
| Loan from IBRD for APEI – Regional Loan 8603 - (€ 13.7 million) – May 2016 |  | € 13.7 million |  |  |  | 0.44 | **0.44** |
| **Total** |  |  | **75.77** | **16.55** | **20.05** | **8.77** | **121.14** |

*Source: Treasury Accounting System*

Disbursements were not effected as scheduled due to delay in implementation of the projects.

* *Grand Bay Sewerage Project*

At paragraph 2.12.4 of the Audit Report for the 18-month period 1 January 2015 to   
30 June 2016, mention was made that the delay in the Grand Bay Sewerage Project Phase IB was due to the fact that procedures for the procurement of the services of a Consultant required longer time than initially foreseen. Moreover, due to budgetary constraints, the Ministry contemplated deferring the project to 2018-19, and thereafter, some   
ten months were required for a mutual agreement to start the project by the last quarter of 2016.

The Project was further delayed as a result of the Funding Agency reviewing the bidding documents for the pre-qualification exercise for the construction of main sewer reticulation network, pumping stations, and associated mechanical and electrical works, and hence requested for the resubmission of revised Bid Documents. On 30 August 2017, during a meeting with the Funding Agency’s representatives, the Wastewater Management Authority requested them to clarify on which changes to draft the bidding documents for securing their no objection. As of end of October 2017, a reply from the Funding Agency was awaited.

Commitment Fees paid during 2016-17 amounted to Rs 2.26 million.

* *Bagatelle Dam*

The construction of the Bagatelle Dam, which started on 1 December 2011, was scheduled to be completed in December 2014. However, due to major design changes, including the construction of a cut off wall around its perimeter and other ancillary works, the Dam was expected to be ready in December 2016 for impoundment. The Taking Over Certificate was issued on 30 June 2017. During 2016-17, Commitment Fees of   
Rs 0.4 million were paid. As of October 2017, Loan for the Bagatelle Dam Project from Exim Bank of China amounting to CNY 580 million was fully disbursed.

* *Specialised Defence Equipment*

There was delay in finalising procurement procedures for Specialised Defence Equipment. Commitment Fees paid during 2016-17 amounted to some Rs 310,000.

* *Fast Attack Waterjet*

As of end of October 2017, loan from Exim Bank of India in respect of the Fast Attack Waterjet was fully disbursed. Commitment Fees amounting to Rs 1.28 million were paid during 2016-17 due to delay in signing of Addendum and subsequent processes.

* *Restructuring Cargo Handling Corporation*

The delay was due to discussions being held with a foreign organisation on Port Operations and development of a Special Economic Zone was ongoing. During 2016-17, Commitment Fees paid amounted to Rs 4.08 million. However, as per the Lending Agreement, all financing expenses, including Commitment Fees in relation to the project, would be passed on to the Corporation.

***Ministry of Finance and Economic Development Reply***

Commitment fees have been paid in respect of projects that are managed by their respective Ministries.

**2.8 Statement of Outstanding Loans**

Government advanced loans from revenue to Statutory Bodies, Private Bodies, Other Bodies and Private Individuals, mainly to finance capital projects. Total amount of loan due to Government (Capital only) as at 30 June 2017 amounted to Rs 11,004,784,923. Details are shown in Table 2-19.

*Table 2-19 Loans due to Government as of 30 June 2017*

|  |  |  |
| --- | --- | --- |
| **Name of Borrowers** | **Original Loan** | **Outstanding Loan** |
|  | **(Rs)** | **(Rs)** |
| **Statutory Bodies** |  |  |
| Central Electricity Board | 2,467,826,200 | 277,383,375 |
| Central Water Authority | 5,245,099,514 | 2,578,258,558 |
| Mauritius Cane Industry Authority (ex-SPMPC) | 20,408,214 | 18,430,218 |
| Mauritius Meat Authority | 5,717,943 | 5,669,085 |
| Mauritius Cane Industry Authority (ex MSIRI) | 2,631,395 | 569,054 |
| Irrigation Authority | 278,370,422 | 287,213,657 |
| National Transport Corporation | 156,022,528 | 154,071,447 |
| MITD (ex IVTB) | 88,534,225 | - |
| Rose Belle Sugar Estate | 96,577,646 | 95,507,665 |
| Mauritius Broadcasting Corporation | 466,899,705 | 67,268,268 |
| Wastewater Management Authority | 4,229,372,616 | 2,843,625,458 |
| ***Sub Total*** | ***13,057,460,408*** | ***6,327,996,785*** |
| **Private and Other Bodies** |  |  |
| Development Bank of Mauritius Ltd | 569,165,876 | 365,865,868 |
| Mauritius Housing Company Ltd | 62,644,315 | 10,046,341 |
| Bus Companies | 25,555,614 | 4,460,006 |
| Mauritius Cooperative Central Bank (MCCB) Ltd (in liquidation) | 81,880,000 | 81,308,000 |
| National Housing Development Co Ltd | 792,631,447 | 544,699,414 |
| Landscope (Mauritius) Ltd (ex Business Parks of Mauritius Ltd | 163,121,466 | 163,121,466 |
| Mauritius Shipping Corporation | 107,200,000 | 107,200,000 |
| Cargo Handling Corporation Ltd | 215,223,913 | 203,544,451 |
| Airports of Mauritius Ltd | 513,372,400 | 519,957,039 |
| MauBank Ltd (ex MPCB Ltd) | 8,000,000 | 8,000,000 |
| Polytechnics Mauritius Ltd (ex Knowledge Parks Ltd) | 486,000,000 | 579,400,314 |
| SPV/Build Mauritius Fund | 4,300,000,000 | 1,999,900,000 |
| The Pamplemousses/R du Rempart D C | 42,000,000 | 31,500,000 |
| The Municipal Council of B. Bassin R. Hill | 42,000,000 | 42,000,000 |
| Rodrigues Regional Assembly | 14,847,000 | 14,694,000 |
| ***Sub Total*** | ***7,423,642,031*** | ***4,675,696,899*** |
| **Private Individuals** |  |  |
| Repatriation Expenses | 2,827,070 | 913,049 |
| Small Scale Industries | 546,277 | 178,190 |
| ***Sub Total*** | ***3,373,347*** | ***1,091,239*** |
| **Total** | **20,484,475,786** | **11,004,784,923** |

*Source: Statement M – Statement of all Outstanding Loans Financed from Revenue as at 30 June 2017*

*Note: The original amounts of foreign loans are stated at their rupee equivalent on date of issue*

As of 30 June 2017, the Wastewater Management Authority and Central Water Authority owed some Rs 2.8 billion and Rs 2.6 billion respectively, representing some 49 per cent of the total loan of some Rs 11.0 billion.

***2.8.1 Loans in Arrears***

Arrears with regard to loans comprised capital due but not yet paid and interest and penalty due in respect of claims issued by the Treasury as at 30 June 2017. Seven Statutory Bodies and seven Other Bodies have not repaid their loan instalments, accrued interests and penalties by the due dates. As at 30 June 2017, total arrears amounted to   
Rs 2,450,596,162 comprising capital of Rs 1,167,954,101 and interests and penalties of Rs 1,282,642,061. Details are shown in the Table 2-20.

*Table 2-20 Arrears of Capital and Interest and Penalty due as of 30 June 2017*

| **Statutory Bodies** | **Arrears Capital**  **(Rs)** | **Interest and Penalty Due**  **(Rs)** | **Period due** | **Remarks** |
| --- | --- | --- | --- | --- |
| Central Electricity Board | - | 865,142 | 2011-2015 | Arrears interest |
| Central Water Authority  (*Note 1)* | 450,054,726 | 244,286,735 | 1999-2017 | Insufficient repayment |
| Irrigation Authority  (*Note 2)* | 267,494,535 | 204,643,952 | 1983-2017 | No repayment since August 1996 |
| National Transport  Corporation (*Note 3)* | 154,071,448 | 294,456,808 | 1988-2017 | No repayment. |
| Mauritius Meat Authority  *(Note 4)* | 5,669,085 | - | 1986-1990 | No repayment since 1980- request for write off sent to MoFED |
| Rose Belle Sugar Estate  *(Note 5)* | 80,297,020 | 107,757,873 | 1982-2017 | Request for write off |
| Wastewater Management Authority | - | 307,580,245 | 2014-2017 | Outstanding since 2014 |
| **Other Bodies** |  |  |  |  |
| National Housing  Development Company Limited | - | 12,820,781 | 2016-2017 | Rs 11,265,837 paid after year end (27.09.17) |
| Small Scale Industries  (*Note 4*) | 178,190 | 1,226,208 | 1985-2017 | No repayment since 1993/94 |
| MCCB Ltd  (In liquidation) (*Note 6)* | 81,308,000 | 69,946,578 | 1996-2017 | In liquidation |
| Development Bank of Mauritius | 26,338,841 |  | 2015-2017 | Insufficient repayment |
| Bus Companies (*Note 4*) | 4,460,006 | - | 1979 | No repayment since 1995 |
| Mauritius Shipping Corporation *(Note 7)* | 87,100,000 | 33,532,541 | 2011-2017 | Outstanding since 2011 |
| Rodrigues Regional Assembly *(Note 8)* | 10,982,250 | 5,525,198 | 2011-2016 | Insufficient repayment |
| **Total** | **1,167,954,101** | **1,282,642,061** |  | **2,450,596,162** |

*Source: The Treasury’s Records*

*Note 1 - Central Water Authority*

During 2016-17, approval was obtained from the Ministry of Finance and Economic Development (MoFED) to write off an amount of Rs 1,723,306, representing penalties on unpaid capital instalments for the period 30 June 2013 to 12 June 2014 in respect of loan amount of Rs 311 million advanced to the CWA.

Amount collected during the year in respect of arrears on capital, interests and penalties as at 1 July 2016 amounted to only Rs 2,811,701 out of Rs 572,760,216. Arrears in respect of claims already issued to the Authority as at 30 June 2017 amounted to   
Rs 694,341,461, that is, some 28 per cent of total arrears of Rs 2,450,596,162.

*Note 2 - Irrigation Authority*

The Irrigation Authority (IA) contracted 15 loans totalling Rs 278,370,422 during the years 1984 to 2012. No repayment has been effected by the Authority since August 1996.Out of the 15 loans advanced, the principal and interest elements of 13 loans totalling Rs 330,408,433 (that is some 70 per cent of total arrears of the IA) have never been repaid despite several reminders sent.

*Note 3 - National Transport Corporation*

Total arrears of Rs 448,528,256 (Capital Rs 154,071,448 and Interest plus Penalties –   
Rs 294,456,808) were in respect of the 11 loans contracted by the National Transport Corporation (NTC) during the years 1988 to 1998. The original amounts of these loans totalled Rs 156,022,528. The Corporation has been effecting regular monthly repayments of Rs 10,000 as interest in respect of only one loan contracted in year 1995 (Indian Line of Credit Loan of Rs 41.6 million).No repayments have been effected in respect of the other loans since a long time back.

*Note 4 - Loans to Mauritius Meat Authority, Bus Companies and Small Scale Industries*

As at 30 June 2017, total arrears in respect of the Mauritius Meat Authority, Bus Companies and Small Scale Industries stood at Rs 5,669,085, Rs 4,460,006 and   
Rs 1,404,398 respectively. These loans were long over due. The last repayment effected by the Mauritius Meat Authority, Bus Companies and Small Scale Industries dated as far back as the years 1980, 1995 and 1993-94 respectively. In March 2016, action was initiated by the Treasury for the write off of those loans. As of December 2017, the decision of Ministry of Finance and Economic Development (MoFED) was being awaited**.**

*Note 5 - Rose- Belle Sugar Estate*

Due to financial difficulties being faced by the Rose Belle Sugar Estate, several requests have been made to MoFED by the Ministry of Agro Industry and Food Security since 2010 for the write off of the loans arrears. In line with paragraph 364 of the 2016-17 Budget Speech, on 29 July 2016, the Rose Belle Sugar Estate was required to submit its plan to turn around its financial situation to MoFED for consideration. Only a sum of   
Rs 120,000 in respect of one loan was refunded during the financial year.

*Note 6 - MCCB Ltd (In liquidation)*

As per the order of priority set out in the schedule to the MCCB Liquidation Act, Government was ranked at the 6th position to be repaid. As at end of November 2017, the only outstanding case before payment to Government was a case lodged at the Supreme Court by another creditor for an amount of Rs 45 million, excluding interest and other costs. The case has been fixed for hearing on 15 January 2018.The exact date of payment to Government in respect of the outstanding balance was still not known.

*Note 7 - Mauritius Shipping Corporation*

Three loans totalling Rs 107.2 million were advanced to the Mauritius Shipping Corporation in the years 2010 to 2013. The Corporation has never effected any repayment of capital and interest due on those loans.

*Note 8 - Rodrigues Regional Assembly*

A loan of Rs 14,847,000 was advanced to the Rodrigues Regional Assembly to finance development projects in the Fisheries Sector in year 2011. As at 30 June 2017, total capital and total interest repayments of only Rs 153,000 and Rs 17,000 respectively were effected.

***2.8.2******Debt Restructuring of Mauritius Broadcasting Corporation***

As at 1 July 2016, a total amount of Rs 472,489,696 (Capital only) in respect of five loans advanced was owed to Government by the Mauritius Broadcasting Corporation (MBC). During 2016-17, with the financial re-structuring of the MBC, the following were approved by Government:

* To net off MBC’s outstanding loans from an amount of Rs 150 million received from the Information and Communication Technologies Authority on 4 August 2016;
* To write off an amount of Rs 318 million from the loans contracted by Government with the Chinese Government which were on-lent to the MBC;
* To adjust the balance of the loan on-lent to the MBC by Government, which was previously underestimated by an amount of CNY 8,074,000 (that is, Rs 42,551,594 at exchange rate CNY:Rs ruling on 5 August 2016);
* To convert the remaining loan balance of Rs 68,268,268 into a single loan with effect from 1 July 2017 with new terms and conditions.

***2.8.3 New Loans Disbursed During 2016-17***

During 2016-17, Government disbursed new loans totalling Rs 1,458,458,613 to the seven Bodies as stated in Table 2-21:

*Table 2-21 New Loans Disbursed during 2016-17*

|  |  |
| --- | --- |
| **Bodies** | **(Rs)** |
| Waste Water Management Authority | 536,572,049 |
| Central Water Authority | 408,415,585 |
| Cargo Handling Corporation Ltd | 215,223,913 |
| National Housing Development Co Ltd | 200,000,000 |
| Development Bank of Mauritius | 56,100,249 |
| The Municipal Council of Beau Bassin Rose Hill | 42,000,000 |
| Private Individuals | 146,817 |
| **Total** | **1,458,458,613** |

*Source: Advance Ledgers*

***Loan to Wastewater Management Authority - Rs 536,572,049***

During 2016-17, loan disbursed to Wastewater Management Authority (WMA) amounted to Rs 536,572,049.As of 30 June 2017, total loans disbursed to the Authority as per Loan Agreements signed between Government and the WMA since 2014 amounted to   
Rs 2,843,625,458 as shown in Table 2-22.

*Table 2-22 Loans to Wastewater Management Authority*

|  |  |  |
| --- | --- | --- |
| **Date of Loan Agreement** | **Amount of Loan Disbursed (Rs)** | **Loan Repayment Period** |
| 6 May 2014 | 920,992,616 | March 2018 – September 2027 |
| 19 August 2014 | 307,700,000 | March 2019 – September 2028 |
| 14 November 2014 | 394,788,725 | October 2019 – April 2029 |
| 23 February 2015 | 140,170,223 | April 2020 – October 2029 |
| 25 May 2015 | 141,492,383 | September 2020 – March 2030 |
| 25 May 2015 | 401,909,462 | September 2020 – March 2030 |
| 15 September 2016 | 536,572,049 | June 2021 – December 2030 |
| **Total** | **2,843,625,458** |  |

*Source: Advance Ledger*

As per the Loan Agreements, interest was accrued as from the date of the first drawdown of the loans by the WMA. The latter was unable to pay the interest on their due dates.   
As of 30 June 2017, claims already issued in respect of interests and penalties due totaling Rs 307,580,245 have remained unpaid.

***Loan to Central Water Authority – Rs 408,415,585***

The Loan Agreement to enable the Authority to continue the implementation of capital projects was signed on 1 September 2016. During 2016-17, total disbursements amounted to Rs 408.4 million in respect of five projects, namely Bagatelle Water Treatment Plant and Associated Works (Rs 149.8 million), Non Revenue Water Projects in Upper Mare aux Vacoas System (Rs 147.8 million), Pailles Water Treatment Plant (Rs 65.5 million), Midlands Dam/Piton du Milieu Project (Rs 28.2 million) and Mont Blanc Water Treatment Plant (Rs 17.1 million).

***Loan to Cargo Handling Corporation Ltd – Rs 215,223,913***

On 25 June 2015, Government entered into a Credit Facility Agreement with the Agence Franҫaise de Développement (AFD) for an amount of € 27 million. On 13 October 2015, an On-Lending Agreement was signed between Government and the Cargo Handling Corporation Ltd (CHCL) to enable the latter to invest in new equipment, as well as rehabilitation of existing equipment and to restructure its organisation. It was also agreed that all amounts disbursed to CHCL by Government under the above mentioned Agreement would be in the combined forms of equity (52 per cent) and loan (48 per cent).

As of 30 June 2017, out of a total disbursement of Rs 644,883,102 to CHCL, a sum of   
Rs 215,223,913 was in the form of loan.

***Loan to National Housing Development Co. Ltd – Rs 200,000,000***

The Loan Agreement was signed on 15 June 2017 to part finance the construction of social housing units. The duration of the loan is 25 years (inclusive of a grace period on capital repayment of two years) with fixed interest rate at five per cent per annum.

**2.9 Statement of Arrears of Revenue**

Statement N - Statement of Arrears of Revenue as at 30 June 2017 was prepared by the Treasury on the basis of the returns submitted by all Ministries and Government Departments.

As of 30 June 2017, arrears of revenue of Government totalled Rs 11,078,307,392. An analysis of the arrears of revenue for the past five financial periods is given in Table 2-23.

*Table* *2-23 Arrears of Revenue as at end of Past Five Financial Periods*

|  |  |  |
| --- | --- | --- |
| **As at** | **Arrears of Revenue**  **(Rs)** | **Increase over end of Previous Financial Period**  **(Rs)** |
| 31 December 2013 | 8,386,240,505 | 1,458,309,444 |
| 31 December 2014 | 8,471,499,677 | 85,259,172 |
| 30 June 2015 | 9,084,401,110 | 612,901,433 |
| 30 June 2016 | 9,323,651,370 | 239,250,260 |
| 30 June 2017 | 11,078,307,392 | 1,754,656,022 |

*Source: Annual Reports of the Accountant General*

Annual increases have been noted in the arrears of revenue figure. There was a significant increase of Rs 1,754,656,022 as at end of 2016-17 as compared to the end of the previous financial year.

***2.9.1 Arrears of Revenue – Mauritius Revenue Authority***

Arrears of the Mauritius Revenue Authority (MRA) (Rs 7,425,083,704) represented some 67 per cent of the total arrears figure of Rs 11,078,307,392.

The total book balance of arrears of revenue for the MRA stood at Rs 23,321,993,202 as at 30 June 2017, of which an amount of Rs 7,425,083,704 was classified as ‘Collectible Debts’ and reported in Statement N – Statement of Arrears of Revenue as at 30 June 2017. The remaining sum of Rs 15,896,909,498 represented mainly disputed claims pending under objection at the MRA, cases lodged at the Assessment Review Committee and also cases where assessments had been raised, but objections could still not be lodged within the statutory time limit of 28 days.

***2.9.2 Arrears of Revenue Written Off***

For the period 1 July 2016 to 30 June 2017, Government wrote off a total of   
Rs 198,592,154, being long outstanding and irrecoverable debts, as compared to   
Rs 39,523,144 for period 1 July 2015 to 30 June 2016.Details are shown in Table 2-24.

*Table* *2-24 Arrears of Revenue Written Off*

|  |  |  |
| --- | --- | --- |
| **Ministries/Departments** | **1 July 2016 to 30 June 2017 (Rs)** | **1 July 2015 to**  **30 June 2016**  **(Rs)** |
| Treasury | 129,603,495 | 2,930,969 |
| Registrar- General’s Department | - | 27,270,100 |
| Ministry of Energy and Public Utilities | - | 2,291,875 |
| Judiciary | 21,080,545 | 7,030,200 |
| Corporate and Business Registration Department | 46,741,463 | - |
| Ministry of Agro-Industry and Food Security | 1,126,751 | - |
| Ministry of Industry, Commerce and Consumer Protection (Commerce Division) | 39,900 | - |
| **Total** | **198,592,154** | **39,523,144** |

*Source: Treasury’s Records*

***Department’s Reply***

The Accountant General stated that Accounting Officers are required to take necessary actions at their level to ensure timely recovery of arrears and also to initiate action for the write-off of irrecoverable amounts.

***2.9.3******The Treasury – Rs 2,458,277,594***

Arrears in the books of the Treasury as of 30 June 2017 comprised mainly Loans, Interests and Penalties, and Accidents and Claims, as shown in Table 2-25.

*Table* *2-25* *Treasury Arrears of Revenue as of 30 June 2017*

|  |  |
| --- | --- |
|  | **(Rs)** |
| Loans, Interests and Penalties | 2,450,596,162 |
| Accidents and Claims | 7,681,432 |
| **Total** | **2,458,277,594** |

The arrears figure of Rs 2,450,596,162 comprised Rs 1,167,954,101 as capital repayment due, and Rs 1,282,642,061 as interests and penalties due by seven Statutory Bodies and seven other Bodies.

Of the outstanding balance for Accidents and Claims of Rs 7,681,432, some 59 per cent with claims totalling Rs 4,505,081 were due for more than 10 years since the accidents occurred. Consequently, the possibility of recovery for such long overdue claims was remote.

***Department’s Reply***

The State Law Office has already been contacted on those cases, and a reply on the recovery of such cases is being awaited.

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1. IMF SDR Allocations represent obligations which arise through the participation of the Republic of Mauritius in the SDR Department of the IMF, and are related to the allocation of SDR Holdings. SDR Holdings are international Reserve Assets created by the IMF and allocated to members to supplement reserves. [↑](#footnote-ref-1)