

**FOREIGNERS– RESIDENCE PERMIT,
ACQUIRED PROPERTY, ETC.**

The Leader of the Opposition (Mr N. Bodha) (*By Private Notice*) asked the Prime Minister, Minister of Defence & Home Affairs, Minister of Civil Service & Administrative Reforms and Minister of Rodrigues & Outer Islands whether, in regard to the present policy, in respect of foreigners, relating to their entry into Mauritius, the grant of residence permit and the authorisation to acquire property, he will state -

- (a) the present number of holders of –
 - (i) residence permit,
 - (ii) certificate of acquisition of property;
- (b) the changes which are envisaged in the light of the proposals in the Budget Speech 2006-2007, and
- (c) the measures to be taken for the implementation of the new policy.

The Prime Minister: Mr Speaker, Sir, with regard to part (a) of the question, the present number of holders of residence permits is 25,247 and from 1989 onwards, 108 foreign-controlled companies have been issued with certificates for acquisition of property under the Non Citizens (Property Restriction) Act. In addition, under the Scheme to Attract Professionals for Emerging Sectors (SAPES), 6 certificates have been issued granting them authorisation to acquire property. Under the Permanent Residence Scheme, 50 non-citizens were granted the status of permanent residence granting them the right to acquire property.

As regards part (b) of the question, I wish to emphasise that one of the underlying themes of this Budget is to make the transition from a development model, based on the trade preferences that we had to one based on global competitiveness. One critical success for global competitiveness is our country's ability to attract foreign investment. Yet, Foreign Direct Investment (FDI) in Mauritius has been low, not to say very low, in recent years, compared to others. For example, in the past five years – I have taken an average – FDI averaged 4.5 percent of the total investments. Now, if you

compare that with, for example, Hong Kong, Mr Speaker, Sir, it is 40%. In Singapore, it is 60% and we are stuck here with 4.5%.

Moreover, private investment, as a percentage of GDP in Mauritius, has also been declining from 17% in 2000 to as low as 13.8 % in 2003. In 2005, it was only 14.7%. And we know we need a much, much higher percentage than that to propel the economy to a higher growth path.

These trends, i.e., the low FDI and low private investment will only maintain our economy on its declining growth path. The external environment is also quite hostile, as the hon. Leader of the Opposition knows and everybody knows. The main pillars of our economy are feeling the tremors caused by trade liberalisation. The dismantling of the Multi Fibre Agreement, the reforms of the EU sugar regime, coupled with that, the soaring rise in prices of energy and freight rates are testing the resilience of our economy.

Mr Speaker Sir, to the question as to whether in the face of these challenges Mauritius can stick to the preference based development model and hope to grow, the answer I think is obvious, and should be obvious, to each and every one of us. We are already bearing the brunt of maintaining the status quo, i.e, declining growth, high unemployment, high budget deficit, unsustainable debt level and huge external balance deficit.

Only global competitiveness will bring the 7 to 8% growth rate – at at least - that will need to put our unemployed back to work, create more productive employment opportunity and allow us to deliver on our commitment to social justice and equity.

Opening up our economy must be a determining component of our strategy. We must shake off the old mindset, which is to control, protect and be inward looking. Staying with the old mindset, Mr Speaker, Sir, can only close our country to the global human capital, which is crucial for competitiveness.

We need to attract and tap global human capital to build the much needed world-class, educational, health and recreational facilities – which we have mentioned before - to add value to our own human capital base and to be competitive in taking advantage of the global Business Process Outsourcing and Knowledge Process Outsourcing opportunities.

That is why the 2006/07 Budget creates a more conducive business environment and opens up the economy. We need to attract investments; we need to attract brainpower, which will ensure a rapid transfer of technology and open new markets for our products. The Budget offers an open platform by bringing down barriers to entry of businesses, of people, of ideas, and of technology.

Mr Speaker, Sir, in addition to residence permit given to foreign workers, who have been authorised to work in Mauritius, there are three schemes giving the right to residence and acquire property, namely the Permanent Residence Scheme, the Scheme to Attract Professionals in Emerging Sectors and the Integrated Resort Scheme. I am tabling a document, Mr Speaker, Sir, which illustrates very clearly the administrative maze that an applicant has to go through to have his/her application for work and residence permits processed. Members may see for themselves the administrative obstacle race that investors have to compete in to be able to invest in a country, which is starving and looking for Foreign Direct Investment.

The Budget seeks to streamline and render more transparent all the procedures relating to the processing of applications for work permits, residence permits and authorisation for acquisition of property. Under the current Permanent Residence Scheme and the Scheme to Attract Professionals in Emerging Sectors, the right to acquire property is automatic. With the new measures announced in the Budget the present Permanent Residence Scheme and the Scheme to Attract Professionals in Emerging Sectors will be abolished.

A Permanent Residence Permit will be issued, on application, to a foreign national and spouse and dependent, after three years of activities consistent with the terms of entry. The permit will be valid for ten years and will allow unrestricted work and residence as well as purchase of real estate. It will, however, not give him or her the right to vote.

As the House is aware, fundamental changes have been announced in respect of residence and work permits. I wish to refer the hon. Leader of Opposition to paragraphs 64 and 65 of the Budget Speech which deal with the opening up of the economy. I don't think I need to go into details, he can have a look.

An implementation team chaired by the Secretary to Cabinet and comprising the Secretary for Home Affairs and Head of Civil Service, the

State Law Office, the Ministry of Finance, the Ministry of Labour and the Board of Investment has already been set up to operationalise the proposals set out in the Budget.

As regards part (c) of the question, it will be necessary, in the context of our new strategy to open up our economy and attract foreign talents to -

- (a) ease the processing of work and residence permits, and
- (b) provide for flexibility in the law governing the acquisition of property by non-citizens.

In order to implement those measures, Government will take both administrative and legislative steps and the State Law Office has been requested to review the existing legislation, *inter alia*, the Immigration Act, the Non-Citizen (Employment Restriction) Act , the Non Citizen (Property Restriction) Act and the Investment Promotion Act.

The new legislation will provide henceforth that foreign investors, professionals and certain self-employed persons will require an occupation permit which will combine a work permit and a residence permit. The legislation will make it possible for the spouse and the eligible dependant of a permit holder to take up employment.

Mr Speaker Sir, the legislation will also provide that an investor, within the meaning of the legislation, in other words, a person generating more than three million rupees of annual turnover will be eligible to purchase real estate in respect of an investment activity which is registered with the BOI.

Mr Speaker, Sir, I am given to understand that some qualms have been expressed as to the risk of foreigners of doubtful integrity obtaining permits and allowed to operate on Mauritian soil to the detriment of the reputation of the country and its economy. I can understand that qualm because we also have that qualm. We have always had it. Everybody has had it. But I can safely assure the House that the facilitation of the process for the granting of permits does not necessarily mean that there will be an indiscriminate issue of permits. What we are doing, we are facilitating, but that does not mean zero control. Moreover, it must be emphasised that the Immigration Act, provides at section 6, that a person may be deprived of his status of resident where the public interest so dictates. That is not being changed. It is also proposed to preserve the spirit of section 6A of the Act where a residence permit of any person can be revoked if he or she has made

a false statement or misled or attempted to mislead an immigration officer, or has been convicted of a criminal offence carrying a term of imprisonment.

Indeed, Mr Speaker, Sir, we are simplifying the process with a stringent ex-post control to ensure compliance.

I want to state in a categorical manner, Mr Speaker, Sir, that measures for opening up the economy so as to attract FDI, technology and the skills that we need will foster both job creation and employment promotion. Every talented and skilled foreigner who will come will reckon between three and four jobs for Mauritians. Evidence elsewhere shows that such openness has a multiplier effect on employment of local citizens. It is a fact, Mr Speaker, Sir, that the experience of successful countries is largely attributable to their degree of openness.

Mr Bodha: Mr Speaker, Sir, I thank the hon. Prime Minister for his answer. In fact, I wanted to put this question earlier, but I wanted to give him more time because this is a very complex issue and I would really like to address it as one of national interest.

Mr Speaker, Sir, we had a regime, as the Prime Minister has explained it and we are moving to another regime. We all believe that we should open to talents. The question is whether the regime which is being provided is better than the one we had. Is the Prime Minister saying that we are moving from a regime where we had scarcity areas with specific skills which we were attracting to a regime where there will be no restriction as to line of business and no restriction as to the skill that we require?

The Prime Minister: Mr Speaker, Sir, we are looking at it differently. We have had results that we can look at in the past. As the hon. Leader of the Opposition knows, we have a changed position with the world economy. We don't have the Multi Fibre Agreement. We don't have all these protection nets that we had before. The world is changing and has changed. We look at the results that we have had in the past in spite of the fact that we had all these protections. We can say we had these protections. But we know we need foreign direct investment. We need foreign direct investment even more today than ever before. So, what we want to do is to open up the economy, take away the barriers and facilitate things so that people can come and create more jobs in this country and attract foreign direct investment. That is why we have changed that aspect of what the hon. Leader of the Opposition is saying. That is the reason why we have done this.

Mr Bodha: Mr Speaker, Sir, the free movement of people, we know what can be the result. We had the wave of people coming from Hong Kong in the wake of the 1994 Hong Kong return to China and they came to Mauritius and they contributed to our development. What I am asking the hon. Prime Minister is that we have moved from businesses which required a foreign investor half a million dollars to businesses as simple as having a turnover of Rs3 m. which is only 50,000 pounds sterling?

The other thing, Mr Speaker, Sir, is we are providing an occupation permit in three days - I will come to the silent agreement later - for professionals who are being paid Rs30,000 a month. We know that Rs30,000 a month is a top salary in Mauritius. And how many opportunities of such salaries do we have? May I ask the hon. Prime Minister then

whether the criteria of Rs3 m. as turnover and the criteria of Rs30,000 per month are the right criteria in the present Mauritius?

The Prime Minister: Mr Speaker, Sir, I must say that we have to look at it differently. I must tell you, Mr Speaker, Sir, as Prime Minister, I have travelled recently on official visits to India, to France and to other countries. The main complaint that the people in India and in France have is - the Deputy Prime Minister and Minister of Finance and the Minister for Foreign Affairs were with me - they say: yes, you come here, you sell Mauritius, a wonderful country, you tell us to come and then when we try to come, we can't get all these permits in time, it is an obstacle race. When we get it eventually, then our spouse can't come, then we have another obstacle to bring our spouse, we have to explain why, this and that and then our dependents cannot come. Therefore, it is not worthwhile. Who is going to have these roadshows if you are going to close the economy? And I should also ask the House to look at it that way also. Mauritius is not the only country in the world. We want to attract foreign direct investment. We cannot us make it very difficult and then let others tap the market as I was telling you. Singapore is 60% FDI. Look at Singapore, it is a smaller country than us. Its population is three times more than us and yet it has opened up and look at the success of Singapore. I take Singapore as one example. There are other examples. Hong Kong is another example. Dubai is another example. And nobody knows where the growth sector will be later on. When you open up an economy like this, you are going to create jobs all over the place. It won't come. There is an article today by coincidence in the "Mauritius Times" by Mr Percy Mistry. I think people should read it.

(Interruptions)

He is just saying you should read it. Have you read it? The plea is that the hon. Leader of the Opposition should read it.

(Interruptions)

Mr Speaker: Order! Order, please!

The Prime Minister: The hon. Leader of the Opposition knows Mr Percy Mistry well. He knows him for many years. He says the following about Dubai –

“Dubai works because it benchmarks itself against the best world standards for almost everything, including administrative, if not yet political governance. It then goes out and hires people who can

deliver those standards. And it doesn't matter where they come from. Nearly 90% of Dubai population is made up of expatriates. Hong Kong would never have worked without its expatriate community;"

We need to look at the future and what the new world order is. That is why we have to open up the economy.

Mr Bodha: The Prime Minister is not answering my question. Does the Prime Minister consider it judicious to grant an occupation permit to somebody having a business of Rs3 m., when formerly it was Rs15m? Does the Prime Minister consider that a professional coming from abroad, and who is going to earn Rs30,000, will compete with Mauritian people, who aspire to these jobs? Rs30,000 is the least salary paid in England, which is £750 a month. The question is whether the criteria are correct. Formerly, when we had the investor coming, we screened the funds. How are you going to do all this in three days? Formerly, it was two months.

The Prime Minister: The Leader of the Opposition said I did not answer the question. I thought I did. Look at what has happened in the past, with the system that we have had and look at the results that we have had - and that was before we lost all these protection that we had, that is, the trade preferences, the sugar price etc. Look at the system as it was and what results it gave. I just said that FDI is 4.5%, as an average, in our country for the last five years compared to 40% in Hong Kong, 60% in Singapore. Look at the results in other indicators as well. For example, last year, 2005, growth was 2.7% of real GDP, and this year it is 4.7%. As you know, we need growth at a much higher rate to be able to create employment, to create jobs and to have the economy back on its growth path as it should be. Look at unemployment. We have to face the facts. When we were in the Opposition, we were saying that unemployment rate was already 10%, but the former Prime Minister changed the way we calculated unemployment, and it came to - and I take his own figures - 8.5% in 2004, and in 2005, nearly 10%. I have no doubt that this is the kind of figure we have to deal with. We have to look at ways to improve it. What I am saying to the Leader of the Opposition is to look at what we did and at the results we got. Obviously, if you look at this, it has not worked. That's why we are saying that we have to change our mindset, change our mentality, and go for openness, because that is what is going to make this country a dynamic country. Already, I can tell you something else. Baroda Bank has been complaining about the difficulty they were getting; I have had Infosys, not directly to me, but indirectly; I have had Accenture recently that has told us 'Thanks Heaven you have done this. Now, we can bring people, and we know. I know your qualms about people with Rs3 m. coming to open up a

business. What we are saying is let's not take everybody to be a criminal. We still have measures in place. It puts an onus on us to be sure in three days. You can go to Singapore, register a company and start operating the same day. In America, it is online. I am taking Singapore as an example because it is nearer to us. So, we should not be scared of opening up our economy. We need to have compliance through the regulations, we need to have a system in place to ensure. As I said, we will have a post compliance control, to see whether somebody has given false evidence, has misled us, he is a crook or is doing things that he should not be doing. Immediately, we will stop him. I have this power to do it, and I have kept that power.

Mr Bodha: Mr Speaker, Sir, we are living in the age of the internet, of drug trafficking, money laundering, international prostitution, terrorism. The Prime Minister has given a figure. As far as tourism is concerned, he is thinking about two million tourists by the year 2018. May I ask him to enlighten the House as to the figure he would give for the number of people who can come under this scheme in the years to come, just to give us a projection?

The Prime Minister: The hon. Leader of the Opposition's friend, Mr Percy Mistry, has answered that question. He said that it will come in waves. People have to get to know. As I told you, three companies are aware of the changes and they have thanked us. I don't want to quote the article again, but he says that it will come in waves. Once people get to know that Mauritius is an easy place to do business, that they can come and won't have this backlog of waiting for days, months, to be able to obtain permits, we will get a second wave. I am sure this country is going to prosper through the measures we are taking today. I have no doubt about that.

Mr Soodhun: Mr Speaker, Sir, I would like just to point out that we are not against any foreign investment, but it should not be at the detriment of our people. We have to understand that. We have put this PNQ just to be enlightened, because this is very important. Can the hon. Prime Minister enlighten the House as to whether the holders of the occupational permit will benefit from all the social services, free of charge, for example, education, health, and free transport for the children.

Mr Speaker: There is no need. The question has been put. Let the Prime Minister answer.

The Prime Minister: Very often, we find that these foreigners have insurance policies, their children attend private schools, and the companies for which they work provide them with everything that they need. What I need to emphasise, Mr Speaker, Sir, is that we want to make Mauritius a centre for excellence. We want to have foreign universities' campuses to come here, so that we can all benefit. We want to have a cutting edge hi-tech hospital in Mauritius, so that when people get very ill they don't have to take a plane. Sometimes, when you are very ill, you cannot take a plane even if you have money. We need to have all these things here. We want to have medical tourism, as I said. We want to have corporate lawyers to come here. We have an excellent niche that we have not exploited. We are bilingual, we deal in both English and French laws, and, yet, we are not an arbitration centre. Do you know how much money is paid to lawyers for arbitration? We don't do any arbitration here. These are the kind of things that we need to do. We have been talking about retirement tourism market. We are also looking at the Diaspora; Mauritians who are abroad and who want to come and retire in Mauritius; they should be able to do so. We are looking at the leisure industry. Mr Speaker, Sir, when I was in India, I was amazed by the entertainment industry, animation and dubbing. It is an industry, you won't believe, with many millions, if not billions of dollars. Some people speak three or four languages, but at the very least, we are bilingual and, yet, we are not taking use of this advantage. People say that their wife and children won't be able to come because of the difficulties that they encounter. My plea to the Mauritian nation is this, through the Leader of the Opposition: we should be looking to the future, not in the past. The past has not worked. It will not work!

We cannot drive forward to the future while looking at the rear-view mirror. I was glad to hear the hon. Leader of the Opposition say that he is not against foreigners, because the other day in his speech there was an euphoric attitude, as if he is against foreigners. We should not forget there are Mauritians who work abroad, in Canada, Singapore and Europe. So, we have to be very careful on that.

Mr Ganoo: I don't want to, but unfortunately, I have to put one question. I will speak on the particular aspect of the debate during my speech. I don't necessarily disagree with everything that is being said on this chapter. But I disagree with a lot of things. I think the biggest flaw on this aspect is when non-citizens are allowed to purchase property after three years of activity only. According to me, this is the biggest flaw in the scheme of opening up to non-citizens. With Rs30,000 a month as salary, after three years, somebody can acquire a property. We all know that property never goes down. In spite of all new *morcellements*, sites and so on,

property has been going up during these past years. Isn't this the biggest threat to Mauritians what you have the intention of opening up the doors wide to non-residents?

The Prime Minister: This is taken care by Mr Percy Mistry, and he says in it that "If that happens, Mauritians who own small houses and apartments will discover that they have become becoming millionaires overnight". Remember, you are talking about people...

(Interruptions)

If you don't have, we must ensure about our social housing policy. This is not going to happen overnight. But, as the hon. Member, himself, is saying if somebody is getting Rs30,000 - the Leader of the Opposition, himself, has said it is not a lot of money - he will not be able to buy a *château* of Rs20 m. or Rs30 m.. The world is changing, we have to adjust.

Mr Speaker: Last question, please! Time is nearly over!

Mr Lesjongard: Mr Speaker, Sir, let me tell the hon. Prime Minister that we understand that Government wants to improve the existing system, but it should not be to the detriment of the local population. Maybe, the hon. Prime Minister can enlighten the House, because the Minister of Finance stated in the Budget Speech that, once someone obtains the permanent residence permit, his spouse and dependents are allowed to 'unrestricted work' within the country. May we know what 'unrestricted work' means? Are they allowed to take up any job?

The Prime Minister: There are criteria which are laid down and they have to satisfy the criteria.

(Interruptions)

Some of them come to this country with their spouses and others don't and very often, the spouses cannot work and the children cannot go to school. All these issues will have to be addressed. I want to say something else, Mr Speaker, Sir. For example, Tuesday last, the hon. Leader of the Opposition was critical of the private sector and said that they are living in a cocoon. I have quoted the figures.

(Interruptions)

The hon. Leader of the Opposition said that they are not taking risks and that they are living in a cocoon, they don't want to help. We need investment. I was not here, but I listened to the speech of hon. Rucktooa.

(Interruptions)

I won't be able to do it as he did. I didn't see him, but I heard him. If we don't encourage, and have foreign direct investment, there is no growth, there is no employment, then this country is going to stay as it is. That is why we need to open up and not be afraid of the challenges.

Mr Bodha: Mr Speaker, Sir, I put my concern to the Prime Minister. May ask him to review the criteria, so that we don't have a floodgate of people we do not want in this country?

The Prime Minister: My view is that we have to look at what has worked and what has not worked. In my view what we have done in the past was alright up to a point, because we had all these protections that we had. We didn't have the problem with the European sugar regime; we did not have all the problems of selling our products abroad and all this. We were protected; we were in a 'cocoon' in a way to speak. This is all gone; it's a new world, it's a new world order. Therefore, we have to be bold and courageous, and do like other countries which have done it. Singapore's success is not just that there has been proper control of people, who are unpatriotic - to put it mildly - they also have opened up the economy and that is the result of the bold and courageous decision that Mr Li Kwan Yu took at some time back; that is what we need to do. We need to realise that the whole world has changed. We cannot move to the future by looking at the past. We have to change that mentality.

Mr Speaker: Time is over!

