



# **BUDGET 2024**

## **GOVERNMENT OF SEYCHELLES**

**Delivered by:**

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**MINISTRY OF FINANCE, NATIONAL PLANNING AND TRADE**

**Friday 3rd November, 2023**

**9.00 a.m.**

**In the Seychelles National Assembly**

**Ile Du Port, Victoria,**

**Mahé, Seychelles**

**Mr. Speaker,**

**Honourable Leader of the Opposition,**

**Honourable Leader of Government Business**

**Honourable Members,**

**My fellow Seychellois.**

**Good morning.**

### **1. Introduction**

Mr. Speaker, since coming into power in 2020, this is the fourth budget presented by this administration. It is important to note that this administration came to power during the most difficult period of this country's economic history. This makes everything that we have accomplished all the more remarkable, whereby we have managed to turn around a potentially catastrophic situation and put the country back on its feet – I would say, even, that we are doing better than before the pandemic and economic crisis.

Seychelles is today, hailed as an economic success on a global scale. This is testimony to the formidable work done by the team which managed the country's economy during the last three years. I wish to thank the team of young professionals from my ministry, all of them Seychellois, for this excellent work. As a people, we are also aware of our own determination, resilience and courage, and we should be proud today, of the successful journey we have undertaken.

Mr. Speaker, the work of this administration goes on. We have accomplished a lot, but a lot more needs to be done, in order to satisfy our people's aspirations. There is a lot more fixing to be done, and more transformations needed in this country. I believe we have all realized that the transformation that we want to see will not happen in three years, and that it is in fact, a long-term journey.

So, Mr. Speaker, the 2024 budget, like I have said in the past, is part of this administration's long-term project to improve the social and economic situation of this country and its people. The basis of this is an economic transformation that will result in the creation of more wealth – this means that it is important that we continue to implement our economic policies. This includes macro-economic stability, an environment that is conducive for business, and the diversification of the different sectors of our economy.

This administration believes in the principle of 'leve debourye' (get up and help yourself). For our people to be able to help themselves, we have to create the ideal environment to support their aspirations. Mr. Speaker, later on I will give more details on the measures we are taking towards this end.

Mr. Speaker, the lives of citizens in their communities is also an important aspect of our country's welfare and its people. It is precisely for this reason that our government visited all 26 districts, to listen to the people's concerns and opinions. We have heard the challenges that they face in their communities every day. Since these meetings, we have taken action in many cases, and in this budget, I will announce other actions that will be taken with the aim of improving our citizens' lives in their communities. This will become one of the greatest priorities of this administration.

We also recognize the fact in order to improve the lives of our citizens in their communities, we have to conduct a serious battle against the social ills that affect them. Mr. Speaker, this also remains one of our priorities. The 2024 budget is investing in a lot of programmes and infrastructure that will support those who are in need. In order to have a society that is strong and resilient, we need to invest in the battle against these social ills.

Mr. Speaker, as has been the case in the last few budgets, investment in our country's infrastructure remains another one of our priorities. In this present budget, a lot of priority has been placed in the renovation of our sports facilities. As you know, Seychelles will host the CJSOI in 2025, and in view of the state of our sports facilities, if we do not invest in them at this time, we shall find ourselves in difficulties during the event.

Mr. Speaker, the 2024 budget is thus putting a lot of emphasis on our economic transformation, supporting those who are most in need, and continue investing in the country's infrastructure, which will support the growth of our economy and our people. However, we still need to remain vigilant in view of our vulnerability to global shocks.

## **2. Global Development**

Mr. Speaker, on the international scene, global economic growth is being assessed at only 2.7% for the year 2023, a percentage that is much lower than the average growth rate of around 3.8% that we have seen in recent years. The main reasons for this decrease are as follows:

- a slowdown in the service sector of advanced economies;
- continued monetary tightening due to above target inflation in many countries;
- China's economy is not growing as fast as was expected;
- the war between Ukraine and Russia;
- and more recently, the developing conflict in the Middle East.

Mr. Speaker, if this conflict is aggravated and spreads, the global inflation rate could rise even higher, bearing in mind that there's a possibility of fuel prices rising. This new conflict could have a direct impact on Seychelles, in view of the number of Israeli tourists we have had in the past. We could also face some indirect impacts, seeing as the European markets which are facing these negative economic impacts are also our main tourism markets.

Mr. Speaker, in 2024, the global economy is expected to slow down even more, at an average of 2.5%. As for inflation, the International Monetary Fund does not expect that it will return to target until 2025.

### **3. The Monetary Sector**

Mr. Speaker, during 2023, the Central Bank has maintained an accommodative monetary policy to support our domestic economy, which is facing the impacts of external developments.

On average, the interest rate on savings deposits was at 1.50% , and 9.62% for credit facilities in August 2023. As for Treasury-bills, the interest rates in September 2023 were at 1.33%, 1.42% and 1.95% on the 91-days, 182-days and 365-days facilities, respectively.

In general, there has been an increase in the amount of credit given to the private sector in Rupees, during 2023. This reflects improvements in economic activities and a more conducive environment for business. In Septanm 2023, the amount of credit increased by 13% compared to September 2022. This is a positive sign for our economy.

It is important to note that current political incertitude, which is linked to global political tensions, could negatively impact our domestic economy next year. As such, the Central Bank will continue to take into consideration, domestic and external factors in its decision making, to ensure that its monetary policies are in line with its objectives.

### **4. Inflation**

Mr. Speaker, the inflation rate has gone down since May 2023, compared to 2022. This is due to appreciation in the value of the Rupee, price moderations in in the cost of commodities and fuel on the international market, as well as global maritime transportation costs going down.

Official statistics have shown that compared to September 2022, the inflation rate was negative 2.5% in September this year. On a twelve-month basis, the inflation rate was 0.3% during the same period.

In view of the risks associated with a rise in commodity and fuel prices on the international market, as well an expected rise in demand in the domestic market, as a result of economic activities, inflation rates are expected to be higher in the short term.

### **5. The External Sector**

Mr. Speaker, preliminary estimates have shown that the Current Account balance, which records the value of transactions made by Seychelles with the rest of the world, remains at a deficit in 2023. However, there has been an improvement, compared to 2022, where it has moved from 8.0% to 5.6% of our GDP. This is due to a reduction in the cost of commodities and fuel on the international market, as well as a rise in the value of goods and services which have been exported this year.

In line with our projection, the level of the country's dependance on external imports will remain higher than the revenue entering the economy in 2024. This will be the equivalent of a deficit of

8.3% of our GDP, in view of an expected rise in the price of commodities and fuel on the international market.

## **6. Review of Economic Performance in 2023 and the 2024 Economic Context**

Mr. Speaker, a review of our performance in 2023 shows that our economy will grow by 3.8%. This is less than had been projected, and this is mainly due to external factors which have impacted on us. This reduction is based on new global developments, especially the rising costs of living in developed countries which are our main tourism markets. The lower economic growth in these countries has also affected our tourism sector compared to 2022.

In spite of this, in the domestic market, the Information Technology and Communication Sector (ICT) has continued to grow, and in 2023, this sector is projecting a growth of 16%. Another sector that is doing well is Transportation and Storage, where we are projecting a growth of 11.8%. A 5% growth is also expected in the semi-industrial fishing sector.

In the Financial Sector and Insurance, we are projecting a growth of 2% by the end of 2023. In the Construction Sector, a growth of 3% will be recorded. A 2% growth has been projected in the production of canned tuna by IOT. A 4% growth is being projected in the alcohol and cigarette production sectors. The 'Manufacturing- other' sector, which mainly consists of the production of concrete, rock products, and paints, is projected to grow by about 2% during 2023.

The Wholesale and Retail sector remains resilient in 2023 with an estimated growth rate of 1.8%.

Mr. Speaker, in 2024, we are predicting a growth of 4% of our GDP, in view of the expected rise in tourist arrivals, especially since three new large hotels are expected to open their doors in the first quarter of 2024. Real growth linked to the tourism industry such as accommodation, catering services such as restaurants, administrative and other support services, have been estimated between 4% and 2% respectively.

However, we must stay vigilant and act responsibly, in view of the ongoing conflict in the Middle East which might affect the Israeli market in the long term, which at the moment, makes up 5% of the total tourist arrivals in Seychelles. On top of this, the conflict has the potential to affect fuel costs and inflation on a global scale, especially in Europe, which is our principal tourism market. It is also important to note that recent developments in this war, like I have said, could mean that there will be impacts on the fuel prices, which will in return, affect the price of commodities and raise inflation rates in our principal tourism markets as travel will become more expensive for tourists. We have to take into consideration, all these possible scenarios, when we are working on the country's budget. We will continue to make these analyses during the year and when making budget revisions.

Other sectors in which we are expecting growth in 2024 are the ICT and construction sectors, with a projection of 10% and 4% respectively. In the agricultural sector, we are predicting a growth of 3%, since there has been a reduction in animal feed costs.

In the Manufacturing sector, we are projecting a 3% growth in the IOT tuna canning industry. As for the alcohol and cigarette industries, we are also projecting a 3% growth, and 3% as well in the 'Manufacturing- other' sector, which mainly consists of the production of concrete, rock products, and paints. A 2% growth has been projected in 2024 for the Financial and Insurance sectors, and 2% as well for the Wholesale and Retail sectors.

## **7. 2023 Fiscal Performance Review**

Mr. Speaker, the Seychelles economy remains resilient and continues to grow, with more or less the same level of economic activities as in the pre-Covid19 pandemic period.

In 2023, Government's primary fiscal positioning is expected to be balanced, in other words, our revenues and expenses will be about the same. This is because we have collected more revenues than had been anticipated, and there has also been a slight decrease in our expenses due to delays in the execution of certain capital projects.

This performance, coupled with a stable exchange rate, means that we will finish the year with a debt stock of 64.4% of our GDP. This is still sustainable, and keeps us on the right track to achieve our target of reducing national debt down to 50% of our GDP, by 2030.

Mr. Speaker, we are estimating that for the 2023 fiscal year, our total revenue, including grants, will amount to SR 9.9 billion, which is the equivalent of 34% of our GDP. This estimate is more or less consistent with our predictions during the mid-year budget revisions. We are expecting to record only a slight reduction of SR 5 million or 0.05%. When we compare the 2023 total revenue to that of the 2022 fiscal year, there is an increase of about SR 1.1 billion or 13% poursan, due to increases in tax collection for this year.

Mr. Speaker, with regards to tax collection in 2023, the total sum of SR 8.4 billion or 28.98% of our GDP, is in fact, 14% more than the record established in 2019. It reflects an increase of SR 11.2 million or 0.13%, compared to what we had predicted during the mid-year budget review.

Two taxes which have contributed to this increase are business and immovable property taxes. Together, they have increased our projection by SR71.5 million. The business tax collection had surpassed the revised projections and reached a projection of SR 1.6 billion, principally because of the growth of the securities dealers industry in the financial sector.

As for tax on foreign-owned properties, this also performed very well during this year, which has caused our projection to increase to SR 35.6 million.

On the other hand, Mr. Speaker, there has been a reduction of SR 60.4 million in our projection for other taxes, compared to our mid-year review projections. The new Tourism Environmental Sustainability Levy and Accomodation Turnover Tax are the reasons for a SR 25.9 million.

Mr. Speaker, during the mid-year review, we presented a supplementary budget of SR 275.5 million with a reduction of SR 621.4 million in government expenditure. This represents an overall budget cut of SR 345.9 million compared to the sum originally predicted in the budget.

We shall end 2023 with a primary deficit balance of SR 2.4 million.

## **8. The 2024 Budget and the Medium Term Fiscal Performance**

Mr. Speaker, for the 2024 fiscal year, Government is proposing a budget of SR 10,640,628,966. This represents an increase of 1%, when compared to the 2023 Appropriation act, which was SR10,495,149,665.

We are also expecting to collect SR 10.9 billion in terms of revenues and grants.

Mr. Speaker, in 2024, Government is projecting a surplus in our primary fiscal balance. We are predicting a surplus of SR 332 million, which represents 1.1% of our GDP. The reason for this surplus is that we expect that our economy will continue to grow, which thus means that revenue collection will increase by SR 907 million or 9%.

In the mid-term, we expect that this fiscal surplus will be maintained, which should help us in our debt repayment plan and create more resilience.

## **9. Revenue Collection for 2024**

Mr. Speaker, as we know, Government collects its revenues from two principal sources. Primarily, there is tax collection, for which in 2024, we are projecting a total of SR 9.19 billion, which represents 30.3% of our GDP. This projection surpasses that of 2019, which is a reflection of how well our economy is doing, and also other aspects of our development. This sum represents a total increase of SR 760 million, or 4.6% when compared to 2023. The tax collection revenue is expected to contribute approximately 85% of our total revenue, with an increase principally in Business Tax, Other Taxes and VAT. This increase is mainly due to the additional collection of SR 254.0 million in VAT, SR 146.4 million in Business Tax, and SR 166.8 million under Other Taxes.

In 2024, non-tax revenues are expected to increase by approximately SR 143 million. Grants are expected to increase by about SR 5.8 million. In the medium term, our total revenue and grants are projected to reach approximately 35.8% of our GDP.

## **10. The Basis of Government Expenses**

Mr. Speaker, Government must remain prudent and responsible with regards to its expenses in 2024, and in the medium term. We recognize the fact that we need to invest a bit more in our social programmes and infra-structure. However, we must do this in a sustainable way. For the

2024 fiscal year, we will work on a plan to revise the structure of Ministries, Departments and Agencies, based on new technological investments that we are implementing. This will allow us to prepare our workforce for the changes that we need, and also contribute towards better service delivery to the private sector and to the public in general.

The Health and Education sectors have been allocated the biggest sums in the budget, amounting to a total of SR 1.41 billion and SR 1.40 billion respectively. This represents 13.3% and 13.1% respectively, of the total budget being proposed.

The budget for goods and services remains the highest in the 2024 budget, with a total of SR 3.73 billion, representing 35.1% of Government total expenditure. This also represents 12.3% of our GDP compared to 12.8% in the 2023 budget revision. Government will continue to evaluate efficient ways of providing public service and reduce operational costs, so that these savings could be invested in more programmes.

Mr. Speaker, a sum of SR 1.43 billion is being proposed for the capital investment programme, which represents 4.7% of our GDP. This is an increase of SR 211.3 million compared to the 2023 revised budget, and SR 835.3 million compared to capital projects investment in 2022. This sum of SR 1.43 billion is being financed as follows:

1. Domestic financing SR 876.6 million
2. Loans financing SR 277.7 million
3. Grants financing SR 304.4 million

Mr. Speaker, this shows the commitment of this government to invest in capital projects that will boost the growth of our economy and contribute to the socio-economic development of our people.

## **11. Wages and Salaries**

Mr. Speaker, we are also proposing a sum of SR 3.6 billion for wages and salaries in the public service in the 2024 budget. This represents 11.7% of our GDP compared to 11.2% in the 2023 revised budget. The 2024 budget also shows an increase of SR 295.1 million or 9% when compared to the 2023 revised budget.

In the medium term, the wages and salaries budget will reach 11% of our GDP. According to research and analyses which have been done, this is the recommended rate for small island states. I am thus appealing to public service employees to perform at a level that will assist our economy to grow much more. We will continue to invest in public service employees to prepare them for the transformation that we want to see in this sector.

Mr. Speaker, a modern public service is one of this government's priorities. The result based management framework which is based on results, including performance management, is in its last stages of implementation. Training programmes for public service employees have begun and will continue. As you have seen the week before, we have started with a leadership training for Principal Secretaries. This is being done in partnership with the UAE government. We have also completed a training programme for human resource employees.



We are also revisiting the structure of scholarships for public service employees, to ensure a continued development. In the past, government has not always been strategic in the way it has distributed scholarships. We have noted some areas where there are clear shortcomings, but which have not been prioritized. This must change. Today, we are facing difficulties to make recruitments in certain areas, with some positions remaining vacant in spite of the positions being advertised. This reveals weaknesses in manpower planning, and it must change. Towards the beginning of 2024, and with the finalizing of the 'manpower planning plan', we will prioritize scholarships in areas with the greatest needs.

Mr. Speaker, it is also important to note that in April 2023, Government effected a raise of 10% on average, on public services salaries, following the consolidation of several allowances on these salaries. This raise is costing the government SR 218 million in 2024, compared to SR 158 million in 2023. The salary increase has also impacted on the thirteenth month salary payment due to these consolidated allowances in salaries. Thus, in the 2024 fiscal year, a provision of SR 136 million is being budgeted compared to SR 116 million which was spent in 2023.

Mr. Speaker, in the past, a lot of emphasis has been placed on schemes of service for technical employees in different ministries, departments and agencies. Today, we have seen that with the new government management framework which is based on results and performance (RBM), we must also put emphasis on other cadres such as human resource employees, information technology and administration. Thus, with regards to these three schemes, the budget provision for this revision in their scheme of service is SR 4.2 million. Other schemes for the other ministries, departments and agencies as and when the budget permits.

## **12. Contingencies**

Mr. Speaker, a sum of SR 88.2 million has been allocated in the 2024 budget for contingencies, compared to SR 50 million in the 2023 budget. This increase is meant for the payment of the second phase of compensations for the La Misere water pollution case. We expect to made these payments during the first six months of 2024. The office of the Attorney General will finalize the details.

For the 2023 fiscal year, we have been able to present a compensation proposal to the inhabitants who have been affected by pollution around the electricity station at Baie Ste Anne Praslin. We expect to finalize the payments before the end of 2023 for all individuals who have accepted this proposition and signed their agreements.

## **13. Spending in Priority Sectors**

### **13.1 The Health Sector**

Mr. Speaker, in the 2024 fiscal year, we are allocating a budget of SR 1.41 billion to the health sector, representing 4.7% of our GDP compared to 4.5% of our GDP in the 2023 revised budget. An allocation of SR 693.4 million is being projected for wages and salaries in this sector, representing 49% of its total expenses.

In the 2024 budget, a sum of SR 639.6 million has been allocated to goods and services, of which the majority will go to the Health Care Agency for the following expenses:

- Medicine - SR73.6 million
- Haemodialysis 76.8 million
- Medical Supplies - SR 104.5 million
- Provision of meals for patients - SR27.4 million
- Specialized Medical Treatment - SR 50 million

A sum of SR 79.3 million is also being projected under capital projects in the health sector for the following projects:

- i. The ongoing maintenance of Seychelles Hospital - SR 9.6 million
- ii. Renovation works on the Baie Ste Anne Praslin hospital - SR 4.5 million
- iii. The La Digue hospital - SR 8.7 million, principally for additional work on a 'stand-by generator' and 'aluminium ceiling'.
- iv. Renovation of the ex NIHSS- SR 11.3 million. This infra-structure will be used to rehabilitate stroke patients.
- v. Additional facilities in the NIHSS building - SR 4 million
- vi. The new medical store at Providence- SR 5 million
- vii. A new sewage line for Seychelles Hospital - SR 2.8 million
- viii. The extension of ICU facility at the Seychelles Hospital Sesel- SR 4 million
- ix. The renovation of the Les Mamelles Health Centre - SR 1.1 million
- x. The construction of a health centre at Baie Lazare – SR 4.8 million
- xi. The renovation of different health infra-structures – SR 10 million

Mr. Speaker, as from 2025, this government will begin the construction of the new Seychelles Hospital. In 2024, the current Seychelles Hospital will be 100 years old. As we have seen, with constantly increasing cases of non-transmissible diseases, for example, diabetes, cancer and hypertension, the aim is that with a new and modern hospital which is equipped with more advanced facilities, we will be able to conduct more operations and treatments locally, instead of sending our patients abroad for treatment. This will be one of the biggest construction projects ever undertaken in the country. We are estimating that this new hospital will cost around SR 1 billion. Government is in the process of seeking funds for this new hospital. I would like to take this opportunity to ask every Seychellois to make a contribution towards this project.

## **13.2 The Education Sector**

Mr. Speaker, investing in the education sector remains one of Government's priorities. Our future as a resilient society depends a lot on how we train our future citizens, and education is the key to our children's acquisition of not just the skills of reading, writing and counting. It is the key to their understanding of life values, moral values, and cultural and sports skills.

A budget allocation of SR 1.40 billion has been proposed for the education sector in 2024. This represents 4.6% of our GDP. For wages and salaries, an allocation of SR 598.6 million is being

proposed in the education budget, representing 42.8% of this sector's expenses. The largest allocation in this sector is towards goods and services, for a sum of SR 657.7 million, representing 47.0% of its total expenses.

Mr. Speaker, with the aim of keeping the school environment conducive to learning, and that schools become more technologically advanced, a total of SR 63.76 million has been budgeted in the medium term, for the acquisition of chairs, tables and computers.

A sum of SR 41.1 million is being proposed to enable the government to continue with its provision of breakfast and lunch for all state school pupils, from Primary to Secondary level.

A sum of SR 70.9 million is also being budgeted for SPTC bus services for students.

Mr. Speaker, as was announced on 27<sup>th</sup> October, the Institute for Early Childhood Development (IECD) has become a UNESCO Category 2 institution for early childhood education. The government's investment in this area is bringing results. A sum of SR 27.6 million has been budgeted in 2024, for the Day Care Scheme, and there is an additional SR 1.6 million budgeted for the ECCE Trust Fund. Day care centres and childminders are assisted under this fund whereby they can apply for equipment to bring them up to the standards established by IECD.

A sum of SR 198 million has been budgeted for the tertiary education in 2024. This is meant to cover students who are already in employment and those who have just graduated from a professional centre. As mentioned before, we have to work with our students so that they are able to go for advanced studies in high priority areas in our country. We have seen recently, how students tend to go for generalized courses at degree level such as Business administration. However, our country's needs are not necessarily in these areas. We need to put emphasis on technical areas where we have the highest demand. This means that the government will need to work comprehensively with careers guidance officers and the University of Seychelles so that we have more courses at degree level that are more relevant and in demand.

Mr. Speaker, apart from government scholarships, the student loan scheme whereby students invest in their own education still exists. In the 2024, we are allocating SR 8 million for the educational loan with the commercial banks. This scheme was launched in 2023. A sum of SR 5 million is being budgeted as a contribution to the University of Seychelles. This will go towards the renovation of its infra-structure and also the development of its programmes that aligned with the demand of employment in Seychelles.

In 2024, the government is also reviewing the laptop scheme to also include all P.5 and P.6 students in state schools and private schools. Our secondary student and professional centres are already benefitting from this scheme. This scheme comprises of a SR 3,000 contribution towards the cost of a laptop. The scheme will cost government a sum of SR 5 million annually. We are appealing to all students who qualify for this scheme to take this opportunity in view of the fact that technology is being integrated in the education system.

Mr. Speaker, a sum of SR 21.4 million is also being budgeted for the stipends of students from professional centres. In view of the difficulties faced by students from the inner islands when they come to study on Mahé, the 2024 budget caters for an increase in their allowance. They will now receive a monthly allowance of SR 2,000, which represents a SR 600 increase.

For those students who do not qualify to join a professional centre, a sum of SR 11.2 million has been budgeted to cover the Apprenticeship Scheme programme.

Mr. Speaker, next year, we will offer Praslin and La Digue students who qualify to study for their A Levels, the opportunity to study at the Vijay International School, instead of being obliged to come to Mahe. The Ministry of Education will work on a framework to cater for this programme, and will inform the students accordingly. This means that inner islands students will not need to leave their homes in order to continue their studies.

A sum of SR 142.1 million is being proposed in the 2024 budget, for capital projects in the education sector. In September this year, we signed an agreement with the Saudi Development Fund for a loan of US\$ 10 million for the construction of a new school for La Digue. A sum of SR 83.1 million has been allocated in the 2024 budget to start the construction of this project. This year, the government is preparing a temporary facility that students can use while the project gets under way in 2024.

Mr. Speaker, like other infra-structures in the country, many schools are in a state of deterioration. For the 2024 fiscal year, government will cater for the following capital projects:

- i. The continuation of construction of Anse Royale crèche- SR 4.5 million
- ii. The construction of a new school block at La Rosiere Primary school - SR 18 million
- iii. The renovation of the La Rosiere Primary school - SR 6.2 million
- iv. The construction of a new block at the Beau Vallon school - SR 1.2 million
- v. The renovation of the Glacis school - SR 3.5 million
- vi. The renovation of the Ile Perseverance primary school - SR 1.6 million
- vii. The renovation of the Belonie school - SR 3 million
- viii. Renovation works on the Anse Boileau Secondary school - SR 3 million
- ix. The renovation of the English River school - SR 1.5 million
- x. The renovation of the Plaisance Secondary school - SR 1.2 million
- xi. The construction of a boundary wall at the School of A level Studies - SR 3.6 million
- xii. Renovation works and new constructions at the Institute for Agriculture and Horticulture - SR 3.8 million
- xiii. Renovation works at Seychelles Institute of Teachers Education (SITE) - SR 4 million, and
- xiv. Other renovations of different school infra-structures in the education sector – SR 3.9 million

Mr. Speaker, I want to seize this opportunity to appeal to parents, guardians and educators, to ensure that they take the time to inculcate in our students, the best living values. I appeal to students as well, to use the time dedicated to their studies constructively, and positively.

### **13.3 The Housing Sector**

Mr. Speaker, the biggest allocation in the capital project budget in 2024 is for the lands and housing sector, which is a sum of SR 335.4 million, representing 22.5% of the total budget for capital investment. Government continues its efforts to seek funding for investing in housing projects, to assist our population in having a home of their own. We recognize the fact that many individuals are still searching for the own dwelling .

This sum will cover the following projects in 2024:

- i. **The Land Bank Project**
  - a. The ex Deltel project, ‘Dan Banbou’ Anse Royale- SR 15 million
  - b. Cap St Marie Land Bank- SR 4.5 million
  - c. La Retrait Land Bank- SR 9.7 million
  - d. Provisions for PUC infra-structures on Land Bank projects - SR 5 million
  
- ii. **Housing Projects**
  - a. 12 units for the ex-Ferrari project - SR 8.0 million
  - b. 32 units of social housing - SR 9.5 million
  - c. 24 units for the ex-Zelia project, Anse Boileau- SR 12.6 million
  - d. 24 units at La Gogue - SR 13.3 million
  - e. 6 units at Mt. Plaisir, Grand Anse Praslin- SR 3.4 million
  - f. 16 units at Anse François, Pt. Larue - SR 8.3 million
  - g. 16 units at Waterloo, St. Louis - SR 9.2 million
  - h. 12 units for the ex-Kashugie project, Bel Ombre- SR 3.8 million
  - i. 16 units at Anse aux Poules Bleus, Phase II- SR 8.5 million
  - j. 24 units at the Perseverance Roundabout - SR 5.6 million
  - k. 24 units at the ex-PSSW, Phase 2 Cascade - SR 14.3 million
  - l. 24 units Corgat Estate, Phase 4, Mont Fleuri- SR 10 million
  - m. 40 units at Vilaz Orkid, Phase 2- SR 25 million

A sum of SR 15 million is being projected in the 2024 budget to complete the basic infra-structures to facilitate the construction of 128 mid-range condo units. These mid-range condos are targeting professionals who obtain their own loans from commercial banks. These condos will be constructed on the following sites:

- a. Ex Desaubin – Takamaka
- b. Ex Sacos – Anse Royale
- c. Ex Tarmac – Petit Paris – Cascade
- d. Ex Daycare – Bel Air, and

e. Perseverance – next to the PMC Condos

Mr. Speaker, in September this year, we signed an agreement for another loan of US\$ 15 million with the Saudi Development Fund for the construction of 172 housing units in 7 districts from 2024 to 2026. A sum of SR 84.5 million is being projected in 2024 for these projects.

Those house projects that will be financed by the Saudi Development Fund are in the following districts:

- a. Anse Aux Pins - Karyol,
- b. Au Cap – Ex Farm,
- c. Anse Royale – Mont Plaisir,
- d. Beau Vallon – Pascal Village,
- e. Glacis – Ex Sacos,
- f. Perseverance, and
- g. Baie Ste Anne – Marie Jeanne.

Additionally, a sum of SR 10 million has been budgeted for repairing the homes of more vulnerable individuals who are unable to find the necessary funds to make their own repairs. Another sum of SR 10 million is being budgeted for housing projects under a special scheme. This scheme is for the construction of homes for those individuals who do not qualify for the total sum of the construction cost of their homes. The scheme is a partnership between the ministry responsible for housing and HFC.

Mr. Speaker, government has also provided for a sum of SR 18 million under the housing finance scheme with the banks. This scheme will help those individuals who are receiving a salary lower than SR 30,000 and who need to take a loan from the bank to complete their construction project, and to make their loan repayment more affordable.

Government has also put aside a sum of SR 5 million for a renovation scheme of pensioners' homes. This consists of a loan under HFC for pensioners who want to make renovations to their homes.

Mr. Speaker, in 2024, HFC will also review the facilities it offers, to reflect the current realities. This will be announced early in 2024.

Mr. Speaker, we recognize the fact that individuals who are waiting for government housing are renting from the private sector, and that the cost of renting can be very high, making it difficult for these people to make ends meet. As such, government has a part rental scheme to assist such individuals with their rent. This scheme applies to people with salaries under SR 19,000, which is an increase as the previous sum was R15,000. Those who qualify for this scheme may get assistance for up to 55% of their rent. An allocation of SR 12 million has been put aside for this scheme.

Mr. Speaker, government is also working closely with the PMC Board to explore the possibility of a model to finance housing construction. Currently, government is building these houses and then hands them over to PMC to manage. Rent is paid to PMC, which retains these revenues. We are thus exploring different models whereby surplus funds can be used for building more homes. We expect to fund two housing projects in this manner in the medium term.

#### **13.4 Sports Development**

Mr. Speaker, investments in sports remains an invest in our youths, in our general population, in the health of our people, and in our country. Sports remains a key element of our people's unity, whatever our differences. Sports activities help us physically, mentally, and ensure that we are a healthy nation. To ensure better commitment to sports at the highest possible level and encourage the participation of our population, we need to have sporting facilities that are attractive and of high standards. During these past few years, this government has been investing a lot in bringing our sports infra-structure to an acceptable standard. This investment will continue. Precisely, a sum of SR 48.3 million has been allocated in the 2024 budget for different sports infra-structure as follows:

- a. Renovation works on Stad Linite - SR 5.5 million
- b. Completing renovation works on the 'Palais des Sports' - SR 7 million
- c. Renovation of the Roche Caiman Swimming Pool- SR1.5 million
- d. Renovation of other sports facilities - SR 1.5 million
- e. Renovation of the Victoria Gymnasium flooring - SR 1.5 million

We also need to decentralize some of our sports facilities. We realize that our young athletes waste a lot of time travelling to town to use these facilities – time which could have been invested in their training. As such, government will complete its projects on the Anse Royale and La Digue Sports Complex. In 2024, the following projects will begin:

- a. Renovation of the Anse Royale Sports Complex- SR 4.5 million
- b. Construction of an Indoor Court at Anse Royale- SR 15.6 million
- c. Renovation of the La Digue Sport Complex- SR 1 million

Mr. Speaker, in 2025, Seychelles will organize the CJSOI, and as a country, we have to ensure that all our sports facilities are up to standard. An additional sum of SR 10 million has been budgeted to support other renovation works on sports facilities. In order to facilitate Seychelles' participation in the CJSOI, a sum of SR 35.7 million has been budgeted for 2025 under goods and services for the organization and our participation in this event.

A sum of SR 4.3 million has also been provided for small renovations on sports facilities in the districts. This will boost the efforts made by government to ensure that our youths remain engaged in sports activities, and prevent them from falling prey to social ills.

We are also allocating a sum of SR 3.4 million in the 2024 budget for sports development on a professional basis. In 2024, a sum of SR 1.3 million has been allocated for the Olympics and another SR 4.6 million for our participation in the All Africa Games.

A sum of SR 3.2 million has been budgeted for assisting the sports federations. A sum of SR 710,000 has also been allocated to assist sports teams when they travel within different islands for competitions. A sum of SR 1.7 million is being budgeted for the development of youths in sports, and SR 1.1 million for talent spotting.

### **13.5 The Social Sector**

Mr. Speaker, an educated population that is healthy, hardworking, resilient, strong and responsible remains the basis of this country's development. In other words, Mr. Speaker, Seychelles relies on this same population to succeed in creating more wealth for us all.

Today we see many Seychellois seizing all opportunities to move forward in life, but at the same time, we are conscious that there is a group being challenged by social ills. Mr. Speaker, as a government, and as a country, we cannot ignore this situation, which might even be described as a NATIONAL CRISIS.

Mr. Speaker, government is investing a lot in the battle against social ills. In the first place, the battle to stop illegal drugs from entering our country will continue.

Secondly, we have to keep supporting those who have fallen to illegal drugs and alcohol. This prevention and rehabilitation work go hand in hand.

As such, in the 2024 budget, we are making provisions for two projects to support the rehabilitation of patients with addictions:

- i. A new rehabilitation centre for patients with addictions which will be based opposite the English River Health Centre – costing SR 14.5 million, and
- ii. The renovation of the Anse Boudin Health Centre, Praslin, for patients with addictions - SR 3 million

Mr. Speaker, further to this, research has shown drug and alcohol abuse is directly linked to poverty. In such cases, the majority of the household income is spent on substances. In order for us as a country, to better understand the gravity of this situation and its socio-economic impact, government is currently conducting a study on this with the help of the World Bank. The results of this study will allow the government to take more effective, targeted and comprehensive measures, to help deal with this crisis that our country is faced with.

Mr. Speaker, I am making a national appeal that we all make our contributions towards the fight against these social ills.



Nevertheless, Mr. Speaker, we recognize the fact that there will always be a group that will need additional support, and as has been the case, government will continue to provide the necessary support to those among our population who are in need.

As such, an allocation of R 1.3 billion is being budgeted for benefits and approved programmes under the Agency for Social Protection. The largest sums under this programme are as follows:

- i. SR 868.4 million for retirement benefits
- ii. SR 161.2 million for disability benefits
- iii. SR 109.1 million for invalidity benefits
- iv. SR 61.8 million as a Social Safety Net

Mr. Speaker, in total, just these four benefits come to 1.2 billion or 96% of the total budget for benefits and approved programmes under the Agency for Social Protection. The total sum of R1.3 billion in fact represents 11% of the national budget.

Mr. Speaker, this is a big sum. I would thus like to ask every Seychellois to think carefully about this - **SR1.3 billion** just for benefits and the ASP programme. 11% of our national budget! With a constantly aging population, this sum will continue to rise.

### **Revision of Social Benefits – Statutory**

Mr. Speaker, in line with our government's strategy to bring about a more equitable and sustainable system for social assistance, today I am announcing the fact that there will be some revisions in certain Statutory Benefits.

Review work on these benefits has been ongoing for about a year, in consultation with key partners. It is important to note that some of these benefits have not been revised since 2016, and it clear that the way in which they were revised in the past was not well structured.

As such, in the near future, governments intends to put in place a structure that will not only formalize the way social benefits are revised, but will also monitor the way they function, bearing in mind the social and budgetary aspect.

So, Mr. Speaker, as from January 2024, there will be an increase in the following benefits:

- Maternity/Paternity – this will apply to mothers or fathers who are self-employed or who work on a casual basis.
- Semi-orphans – children who have lost one of their parents.
- Abandoned children or orphans – children who have lost both parents.
- Foster Parents – individuals who are prepared to take in a child in the system, and take care of them in their home.
- Foster Child – a child in the system
- Survivor – someone who has lost a partner who had been receiving a benefit from ASP.
- Benefits for mothers from the inner islands who are about to give birth, and who have to travel to Mahe – also known as the benefit for expectant mothers.

Furthermore, Mr. Speaker, government is adding a new benefit under the Statutory Benefits, for mothers who give birth to more than one child at a time, i.e., Multiple Births.

Mr. Speaker, the revisions in these benefits are as follows:

- Maternity/Paternity from SR 2,480 to SR 6,633.5, with the level of assistance being in line with employment regulations.
- Semi-orphans - benefits will amount to SR 2,350, instead of SR 1,300
- Abandoned children or orphans - from SR 1,540 to SR 3,134
- Foster Child - benefits will amount to SR 3,134, instead of SR 1,300
- Foster Parents will receive an assistance of SR 25,000 maximum, as a one off.
- Survivor benefit - from SR 2,480 to SR 5,224, and
- Benefits for expectant mothers from the inner islands who have to travel to Mahe – their benefits will increase from SR 1,500 to SR 5,000. This as well, will be a one off.

As for the new benefit, i.e., Multiple Births, the parents will receive a sum of SR 3,134 for each additional child up to a maximum of SR 6,635. It is important to note that this benefit will be maintained until the child or children in question are 5 years old.

All of these payments are on a monthly basis, except for the one off payments for Foster Parents and Expectant Mothers from the inner islands, travelling to Mahe to give birth.

Mr. Speaker, we have estimated that in total, this revision will cost the government an additional SR 31 million per year. However, bearing in mind who will benefit from this adjustment, we find that it is justifiable.

It must be noted that this new revision in benefits is part of a larger project being undertaken by government, to revise our benefit schemes so as to ensure that the segment of our population that is really in need is the one that gains from it. Let us be reminded that a first revision in benefits was implemented in May 2022, whereby social benefits were increased by 32%. Today, the maximum sum under this benefit is SR 5, 224.

At the same time, the programme whereby government topped up pensioners' benefits, as well as those with disabilities and invalidity, to a maximum of SR 500, will continue. This programme started in 2022 when government introduced several measures to assist our population, in view of rising commodity prices as a result of the war between Ukraine and Russia.

Mr. Speaker, as always, government will continue to support those who are most in need. A provision of SR 310.9 million is being made for Home Carers under the Home Care Agency.

### **13.6 The Community Sector**

Mr. Speaker, this year, the President, ministers, MNAs and key employees in the public service visited all 26 districts, where they met with the citizens, listened to their aspirations and the challenges they are facing in their everyday lives, and in the community. In view of this

conversation that we have had with our citizens, as I have said in my introduction, a priority of the 2024 budget is to assist communities. We all form part of a community, after all, and a healthy community is one with good neighbourhoods, security and comfort.

Mr. Speaker, we are proposing the following expenses to assist our communities:

- i. SR 7.5 million to cater for Disaster Emergency Works in the districts.
- ii. The renovation of homes for the elderly in the districts - SR 3.2 million.
- iii. Enlargement of the Anse Royale Home for the Elderly - SR 2.1 million.
- iv. SR15 million for a residential centre at Bonne Espoire youths with behaviour problems – the aim of this centre is to provide intervention programmes that will change the behaviour of these youths and turn them into responsible and productive members of society.
- v. A Half-Way Home for victims of domestic violence – government is negotiating a property exchange, and a sum of SR 2 million has been provided for renovations.
- vi. SR 2 million has been provided in the 2024 budget to start the construction of the Les Mamelles Day Care Centre.
- vii. SR 2.5 million has been provided for renovations on day-care infra-structures generally.
- viii. Works on secondary roads - R10 million – this includes other relevant work such as drainage systems, and other works.
- ix. Government has also made a provision of SR 1.5 million new bus shelters.
- x. A sum of SR 2 million to purchase new crash barriers or for maintenance work on existing ones.
- xi. SR 2 million allocated for disaster mitigation.
- xii. SR 7.7 million allocated for the installation of street lights, and
- xiii. SR 2.6 million for emergency works.

Mr. Speaker, these projects which I have just listed are separate from the allocation made for small community projects in the districts. A sum of SR 26 million has been allocated for these small projects in the districts in 2024. This is SR6 million more than was allocated in 2023, when SR20 million was allocated. This means that each district will receive SR1 million each, to spend on these small projects.

Mr. Speaker, of course there are also certain bigger expenses that the government must make towards improving the lives of its citizens in their communities. As such, in 2024, the following allocations are being made for such projects:

- i. Cascade Community Centre - SR 5 million
- ii. Ile Perseverance District Administration - SR 4 million
- iii. Bel Ombre District Administration - SR 3 million
- iv. Renovation of the Mont Buxton Community Centre - SR 1.5 million
- v. Renovation of the Beau Vallon Community Centre - SR 700,000, and
- vi. Work on the Copolia sewage system - SR 4.1 million

### **13.7 Law and Order**

Mr. Speaker, for our people to have a good life, there must be law and order in their communities and in the country. Law and Order remains a priority, and every possible measure to discourage crime and prevent our people from descending into a life of crime, must be explored.

When Law does its bit, we in the Executive must also do our bit.

For the coming year, government will invest SR 62 million in different projects within the Ministry of Internal Affairs. One of the biggest such projects is the maximum security prison for separating serious offenders from other offenders. An additional budget of SR 3 million has been set aside for this project in 2024, on top of the SR4.5 million which had already been budgeted in 2023. There is also another project for the construction of a facility, for convicts that are classified as medium to low risk – this will cost SR 6 million.

Other projects in this domain are as follows:

- i. The Remand Centre at Ile Perseverance- SR 1.4 million. This project is expected to be completed in 2024.
- ii. The continuation of the construction project on Praslin, for youths who have been convicted - SR 1.2 million.
- iii. The renovation of the Central Police Station - SR 1 million.
- iv. The construction of the Perseverance Police Station – SR 5 million and
- v. The construction of a Marine Police facility - SR 42.1 million.

### **13.8 The Transport Sector**

Mr. Speaker, in order to facilitate the movements of our citizens and give them easy access to different services within their communities and to the rest of the world, we need to keep investing in the transport sector.

In the 2024 budget, the second largest allocation in the capital budget is in the transport sector. A sum of SR 275.7 million, representing 19.3% of the total budget invested in capital projects, has been budgeted for this sector. The major projects in this area are as follows:

- i. A vehicle testing station on Praslin- SR 5 million
- ii. West coast road projects on Mahe - SR 206.9 million
- iii. A third lane at Pointe Larue- SR 7 million
- iv. The enlargement of the St Louis to Beau Vallon- SR 4 million
- v. The second phase of the Gran Riviere road project, Anse Royale- SR 4 million
- vi. The Pasquere road, on Praslin- SR 3 million
- vii. The English River road to Ile Du Port- SR 2 million
- viii. The enlargement of the Ile Du Port road up to IOT - SR 4 million, and
- ix. A sum of SR 50.6 million to resurface roads on Mahe generally, and SR 21.9 million for the same on Praslin and La Digue – which comes to a total of SR 72.5 million.

Mr. Speaker, our port and airport infra-structure remain the only two means of access to the rest of the world, so their importance in the country's development is second to none.

The Victoria Port Development Plan is being finalized and will start early in 2024.

In 2023, we saw the inauguration of the La Digue Port redevelopment, which cost SR 33.8 million. The second phase of this project has been budgeted in 2024, comprising of a new building for the passenger terminal similar to the one on Praslin.

To bring more efficiency to its services, the Ports Authority will invest in another tug boat and two more pilot boats.

In October 2023, the Ports Authority also launched its new information technology system (Port Victoria Management Information System) on a pilot basis, to help its partners access information in advance so as to facilitate merchandise clearance in the port. This system will also facilitate regional commerce, with the aim of reducing the cost of living, to the benefit of our population. We expect that this system will be operational by January 2024.

Mr. Speaker, with regards to the airport development plan, we shall finalize the comprehensive plan in the first quarter of 2024.

The SCAA will also invest SR 90.8 million in different projects for the 2024 fiscal year. This includes the modernization of telecommunications equipment, navigation services, Air Traffic Management, the replacement of the Praslin air traffic control tower, the replacement of X-ray machines used for screening, and also renovation works on the international apron and pavements.

#### **14. The National Development Strategy**

Mr. Speaker, concerning our national development strategy, it is important that we become more resilient and prioritize our objectives, due to possible external shocks and the current geopolitical situation across the globe.

Along these same lines, the national development strategy creates the necessary platform to help us surmount our challenges, and it underlines the six priority pillars that we expect to emphasize on. As I have said already, the six pillars are:

- i. A modern public service
- ii. A healthy nation
- iii. The promotion of law and order
- iv. An education system that is modern and aligned to our future needs
- v. A sustainable environment and climate change resilience, and
- vi. The Economic Transformation Agenda

## **14.1 Economic Transformation**

Mr. Speaker, we are continuously working towards the creation of an environment that encourages transformation and economic diversification, which will promote added value in the key sectors, and thus gain more revenue to sustain our development.

This strategy will transform and diversify our economy in the long term. In order for this strategy to succeed, we need a lot of investment, infra-structure development, and more importantly, a change of attitude to embrace new business models. Too often, we are caught in old ways of doing business, and we find it difficult to adapt or evolve.

According to the economic diversification strategy, the government has identified the priority sectors:

### **14.2 The Tourism Sector**

The Tourism Sector remains a key sector in our economy and its sustainability concerns all of us. We need to put in more effort to improve our visitors' experience and satisfy their expectation through the diversification of our products. New tourism activities will keep on being introduced and encouraged, to ensure that the economic rewards do not go to the hotels only, but also other groups. It is thus important to ensure that this sector has a workforce of high quality and performance.

Mr. Speaker, we are also finalizing the procedures for a study to better understand this aspect of our economy, as well as its potential to maximize revenue. This study is expected to be complete towards the middle of 2024, and will better inform our policies in this key sector.

### **14.3 The Agricultural Sector**

Mr. Speaker, the agricultural sector will have to adopt the appropriate technology to facilitate commerce, and manage information so that the right decisions are made in this sector. We will also work with local producers to adopt new technologies, or what is known as 'high tech farming', to enable them to become more resilient with regards to climate changes consequences.

As a form of encouragement for farmers to adopt new technologies in their businesses, government will revize the development fund for the agricultural sector.

Just to recap, the development fund for the agricultural sector has an interest rate of 2.5% on loans of up to SR 3 million, and for loans of above SR 3 million, the interest rate is 5%. The repayment plan is for a maximum period of 12 years.

As such, government has made an allocation of SR 3 million in the 2024 budget, and SR 60 million in funds with DBS, amounting to a total of SR 63 million for the 2024 fiscal year, for loans which are targeting hi-tech farming. We will work with this sector to ensure that the definition of 'hi-tech farming' is clear and geared towards the transformation that we want to see

in the agricultural sector. The development fund review for the agricultural sector will be presented in the first quarter of 2024.

Mr. Speaker, an allocation of SR 25.6 million is also being made for different projects in the agricultural sector. SR 2.75 million for the construction and renovation of roads. SR 3.5 million is being budgeted for irrigation systems. Another major project is the construction of a new abattoir. SR 5 million is being budgeted for this in 2024. An appropriate plot of land has already been identified.

The renovation of Victoria Market has already started in 2023, and a budget allocation of SR 6.5 million has been put aside for the 2024 fiscal year.

#### **14.4 The Fisheries and Blue Economy Sectors**

Mr. Speaker, during 2023, government has placed a lot of emphasis on consolidating the fisheries sector, and the need to continue its development. Significant funds have been invested facilities for this sector, all over the country, and government has kept its promise to improve the quality of life of our fishermen. These projects, such as the improvement of the port, markets, gear stores, and others, will continue next year, with new facilities in the following districts:

- i. Fishing facilities - Anse Aux Pins
- ii. Gear Store - Grand Anse Praslin
- iii. Gear Store - Glacis

Government will also make an allocation of SR 45.9 million for the development of the Ile Du Port infra-structure in 2024, which includes, roads, waste disposal, water, electricity and telecommunication. Ile du Port has been designated as an area where fish processing will be based.

Mr. Speaker, we will also analyse the potential of the ‘live aboard e yachting’ business, and what it can contribute to the country’s economy. This study is expected to be completed in the first six months of 2024. Another study has also started on containerised hatcheries, to support small, local businesses in the development of aqua-culture.

Government will also find ways of developing and implementing a marketing strategy to market fish products. We will also encourage sustainable fishing activities and adopt a business model of re-using by-products and waste in fish transformation – what is known as ‘circular economy’.

Mr. Speaker, industrial fishing is also facing the challenges of climate change, excess fishing, illegal fishing, and the degradation of our stock of fish such as tuna. In the face of this challenge, we are working towards on control measures tht will encourage purse seiners to disembark their fish in Port Victoria, rather than another port. We are also looking at licence measures that will force these ships to offload sufficient fish at our port.

Government is determined to protect the work of ‘stevedores’, and also Seychellois businesses which have invested in local facilities, by ensuring that they get enough fish to run their factories.

Mr. Speaker, these three sectors – tourism, agriculture and fisheries, are key to this transformation, as government wants to see more commercial transactions in this sector. The agricultural and fisheries sectors will need to ensure the production of quality products, on a regular basis, which will encourage the tourism sector to buy locally instead of importing. When these three sectors begin to support each other in their development and expansion, we will all benefit.

#### **14.5 The Digital Economy Sector**

Mr. Speaker, since 2021, government has made a lot of progress in adopting new technologies that facilitates procedures for its services and render them more accessible to the public. The implementation of this strategy will continue, but we do not want this to happen in the government only. We want to see the whole of Seychelles embrace technology, especially in the private sector.

In the medium term, there will be an important investment in the digital economy agenda. In the effort to increase government's efficiency, a total of SR 413.7 million has been budgeted in 2024. This includes the provision of a new integrated information system for financial management, a new human resource management system, and a new system for the Social Protection Agency. Other initiatives which form part of the digital economy action plan are ongoing.

Government also continues to promote the use of digital platforms in the public service.

- i. The implementation of the Health Information System is expected to go online towards the end of 2023.
- ii. A new integrated information system for public funds management (Integrated Financial Management Information System) will also go on tender before the end of 2023, and we expect that this system will become operational in 2025, in the preparation of the 2026 budget.
- iii. The Human Resource Management System (HRMS) is currently on tender. We expect that this system will be operational for the 2025 budget preparation. This system will integrate human resource procedures with the payroll, and will help government to identify talent based on employee performance management.
- iv. A modern tax management system is in its implementation stage, adopting new technology that will increase the Revenue Commission's efficiency, and
- v. We will establish an Investment Portal, with the aim of turning it into a one stop platform where investors who want to start a business can access all the necessary information to facilitate their task.

Mr. Speaker, in this move to develop the digital economy, there is a necessity to review and modernize our laws. A new legislation with the aim of protecting personal data whilst it is being used in official contexts (Data Protection), has been gazette.



## **14.6 The Financial Sector**

Mr. Speaker, the risks threatening financial stability keep evolving. Recently, we have seen an increase in threats from outside, such as cyber attacks, climate change, the COVID-19 pandemic, and other political tensions across the globe, which have affected our economic and financial situation. As such, Seychelles must prioritize the development and implementation of an efficient framework for financial stability. In this context, a key element is a legal framework with the aim of maintaining financial stability, which will formally establish a committee to supervise financial stability in the country. This legal framework is expected to be presented to the National Assembly very soon.

### **Amendments in the Central Bank Law**

With the aim of reinforcing the financial and institutional autonomy of the Central Bank, and also to promote transparency in its operations and functions, the Central Bank Law will be amended to align it with international best practices. In this context, the bill to amend the Central Bank law will be presented to the National Assembly very soon.

### **CSD and RTGS systems**

Mr. Speaker, the objectives of the Central Bank to continue developing financial markets and improve financial infra-structures, will soon be realized through the acquisition of two new systems – the ‘Central Securities Depository’ and ‘Real-Time Gross Settlement’ systems, that are due to become operational in 2024. These two modern systems will help to increase efficiency and create more resilience in the domestic financial market.

Mr. Speaker, Government continues its efforts to bring more progress in the structure of the Anti-Money Laundering jurisdiction, and in the fight against financing terrorism (AML/CFT). In October this year, the committee responsible for improving national coordination and ensuring that the weaknesses noted in the Mutual Evaluation Report are addressed in time, submitted another report to the ESAAMLG to request re-rating in another 5 recommendations in the 6 deficiencies that remained. Only Recommendation 15 remains pending, and we expect to create the necessary legislations for the legal framework for Virtual Assets and Virtual Assets Service Providers.

Mr. Speaker, as has been announced, the European Union has put Seychelles on its ‘Annex I’ known as the ‘black list’ for non-cooperative jurisdictions for tax purposes. This is because Seychelles does not have a “Largely Compliant” rating according to the standards of the OECD.

This decision is based on extensive demands for tax information concerning one single registered agent that was registered in Seychelles before 2018. This agency left the Seychelles jurisdiction with all the records of the companies that were registered with it, which means that SRC has not been able to submit any of the information that was requested about these companies.

Nevertheless, Mr. Speaker, the report recognizes the fact that Seychelles has made a lot of progress in putting in place the necessary legislations, and their implementation according to the required standards. It is regrettable that the European Union has put Seychelles back on this list, after all the work done by government on the tax information exchange framework. It is also

regrettable that a number of member countries of European Union eventhough have the same rating as Seychelles, have not been included on the EU list.

Whilst lamenting the unfairness of the EU listing, the Seychelles will not permit this to impede on our objective of being a key player in the promotion of tax transparency, and will continue to address any deficiencies which detract from the achievement of this objective.

Our intention is to submit a further request for supplementary review to the OECD by the second quarter of 2024.

Mr. Speaker, let me take this opportunity to appeal to the European Union to immediately act to review the listing criteria to effectively provide a fairer governance structure and level the playing field for all jurisdictions. Small Island states cannot be held to higher standards than member states. These double standards must be stopped.

## **15. Investment, Entrepreneurship, Industry and Trade Facilitation**

Mr. Speaker, Government is continuing its strategy to study and analyze different measures to improve the country's business environment. We recognize the fact that there is still some work to do in this area.

The Ministry of Investment, Entrepreneurship and Industry is the ministry with the mandate to facilitate and improve the country's business environment.

Apart from dealing with existing legal barriers, this ministry is also working towards increasing and improving the standards of procedures and services, with the aim of better facilitating procedures for investors to open their businesses.

In line with this vision, Mr. Speaker, government is going to make it mandatory for consultative agencies to have a very clear list of conditions that investors must meet in order to get a license. We are also insisting that this list of criteria be published on these agencies' web sites, and on the SIB web site. Too often, we find that the list of criteria is not in black and white, resulting in members of the public going back and forth, which renders them frustrated and delays their attempts to open their businesses.

Apart from this list of criteria, Mr. Speaker, we will insist that agencies establish a reasonable time limit within which clients can receive an answer to their applications to open a business, and that this time limit should be published. The general idea, Mr. Speaker, is to simplify the application process for a license.

To make this happen, there needs to be changes in certain laws and regulations.

Mr. Speaker, when we revise the Licensing Law, one of our priorities is to include a license for new business models, for which current laws does not make provision. It is apparent that business activities are always evolving, and our legal framework must evolve alongside it and remain abreast to development.

In order for this model to work, Mr. Speaker, the agencies concerned will need to make certain amendments in their laws to ensure that they have the legal power to guarantee that standards are being followed.

Mr. Speaker, the Seychelles Invest Board (SIB), remains the authority that serves as a ‘one stop shop’ for all investors in the country. We aware that there is a perception among local investors, that this board’s role to assist only foreign investors. This is not at all the case. As such, the ministry responsible for this board is reviewing its role and mandate, with the aim of removing any possible confusion, and create more publicity about the services and roles of SIB.

Mr. Speaker, the Seychelles Development Bank (DBS), has a very important role to play in business facilitation in the country, especially with regards to affordable financing. This institution should be able to evolve so as to assist with new demands for loans for different types of businesses, especially those identified by government as priority sectors. We feel that there needs to be reforms in the way that this bank does things. The objectives of this reform are:

- a. to simplify loan application procedures ;
- b. to ensure that the criteria for obtaining a loan are very clear, establish key performance indicators for loan procedures, and
- c. to ensure that loans are being given in those sectors which have been identified as priority areas by government.

DBS must ensure that it plays a key role in the facilitation of the business environment in the country.

Mr. Speaker, nowadays there is a lot of information online that can be useful in facilitating the business environment in Seychelles. The implementation of our digital economy strategy is making it easier for investors to access government services, and this exercise will continue. Government is investing in digital infra-structure to facilitate license applications and access to business services online.

Along the same lines, we are continuously digitalizing our services, especially at the SLA and SRC, with the aim of improving client experience.

Mr. Speaker, in the next phase of our economic development, we will need one of the most precious and rarest commodities in Seychelles. This is land. We all understand the fact that we have a scarcity of land in our country, especially flat land. As such, it is government’s intention to reclaim about 50 hectares of land for the industrial sector.

Preparatory works such as the environment impact study, and technical and financial implications, have already begun. We shall give more information about this reclamation project early in 2024.

A sum of SR 44.7 million is also being invested in by the Industrial Estate Authority. Out of this sum, SR 30 million is meant for infra-structure development on Zil Eve. SR 5.2 million will also be used for the construction of roads on Zone 20. SR 5 million has been budgeted for the Marine and Auto Industrial Park.

So that our country and people can really benefit from all these measures in place, to facilitate transactions, and to become entrepreneurs, I am appealing to all those who have a mandate to facilitate the business environment, to change the way they do things. You have been employed, not to become a barrier, but to facilitate and give support to your fellow Seychellois so that they can start a business. This appeal is being made because it is still pretty difficult to do business in this country. This cannot continue.

## **16. The Environment, Energy and Climate Change Sector**

Mr. Speaker, government recognizes that the impact of climate change has implications for our economy, and the fact that we must put in place the necessary structures that can help us to react quickly, and climate change adaptation strategies. To create more transparency in the evaluation of government expenses in this sector, government is introducing a system of ‘tagging and tracking’ for its expenses related to climate change. This system is expected to become operational in October 2024.

For the 2024 fiscal year we have begun to include climate change impacts in our budget documents, especially the fiscal risk statement. We shall also integrate the climate change impact in our evaluation framework for investment projects. This integration can support our efforts in our strategies to find financing in this sector.

Mr. Speaker, a number of projects will be implemented in 2024 to protect our environment:

- i. The integration of the Marine, Coastal & Terrestrial eco-system - SR 5.9 million
- ii. The restoration of marine eco-systems - SR 17.14 million, and
- iii. Chemical and Waste (Island Project) - SR 9.9 million.

In the 2023 revised budget, government has also made an allocation of SR 29.3 million for the implementation of a rehabilitation plan of the Anse Kerlan coastline.

Government has also allocated SR 1 million and SR 5 million under the ‘SEEREP incentive scheme’ and ‘PV rebate scheme’ respectively. These two schemes will be reviewed in their totality, to make them become more relevant to the present context.

Mr. Speaker, the demand for energy continues to expand, and it is important that government accelerates its plan to transition to the adoption of policies and technologies that promotes the use of renewable energy in that sector. This aims at reducing our dependence on the importation of fuel, which also puts pressure on the level of the exchange rate in the economy. At the moment, we are receiving assistance to develop an Integrated Resource Plan (IRP) for the energy sector, which will establish a coordinated approach to renewable energy sources. This strategy is in line with government’s commitment, made in its national contribution in 2021, to reduce the use of gases with adverse effects on the environment (Greenhouse Gas) by 26.4%, before 2030.

In the past month, several revisions have been made in the laws that govern the energy sector, such as the introduction of the Utilities Regulatory Commission (URC) and the Electricity Acts.

Mr. Speaker, when we speak of climate change impact and its economic implications, we must also address the question of waste management. Government recognizes the importance of putting in place strategies that will reduce the level of waste on the landfill, and promote a circular economy. Poor waste management affects health and public security, and it also has adverse consequences on our environment.

Mr. Speaker, the way that we manage our waste means that the time limit that we have to use the Providence landfill has been considerably reduced. This is a real concern, given the fact as a small island state, our capacity to deal with the rise in waste production is really limited. According to an analysis that has been made, if we implement appropriate strategies such as crushing rubbish better, we can use this landfill for another ten years. More than 40% of our waste can be turned into compost.

Government is currently discussing with its international partners, on a project to improve the infra-structure of waste management, and to introduce measures to improve waste management capacity, promote circularity, and reduce the amount of waste that is offloaded at the landfill.

## **17. Tax Policy**

### **17.1 The revision of tax on bonuses and salaries that are paid on the basis of annual performance**

Government has spoken a lot about increased performance at work, to encourage more growth in our economy. We also recognize the fact that many employers are already giving bonuses to their employees, on the basis of performance. Currently, these bonuses are taxed under the second 'Schedule', of the income and non monetary benefits tax act. Only one month of the employee's salary is exempted from taxation, and any additional bonuses are taxed on a progressive basis based on the current income tax system.

We acknowledge the fact that this system is not just and does not motivate workers to work harder. As such, government will introduce a new tax system for bonuses and salaries paid on the basis of annual performance, starting from 1<sup>st</sup> January 2024, as follows:

1. There will be no taxation on earnings equaling a month's salary;
2. Any additional bonuses of up to 15% of the employee's annual salary will be taxed at a rate of 15%.
3. Any additional bonuses on the 15% of the employee's annual salary will be taxed at a rate of 20%.

Mr. Speaker, allow me to give a few examples:

- An employee on a salary of SR 10,000 and who is receiving the equivalent of three months salary as a bonus for his/her performance, thus, SR 30,000. Currently, this

employee would pay SR 4,000 in taxes on that bonus. With the new tax system, the same employee will pay only SR 3,100.00. They will thus benefit from another SR 900.

- An employee receiving a salary of SR 25,000 and who gets two months' salary as a bonus for his/her performance, thus SR 50,000. Currently, this employee would pay SR 5,000 in taxes on that bonus. With the new system, this employee will only pay SR 3,750 in taxes, thus benefitting from another SR 1,250.

However, we will ensure that workers with salaries below SR 8,555.50 and who are already exempted from taxes on a progressive basis, with the SR 8,555.50 salary as parametre, will retain these exemptions.

### **17.2 Exemptions of voluntary pensions contributed by employers for their employees under the Fourth Schedule, of the income and non monetary benefits tax act.**

Mr. Speaker, you will remember that earlier in my delivery, I said that we would need SR 868.4 million in the 2024 national budget just to pay for retirement benefits. Mr. Speaker, this cost is an enormous one. Government is exploring ways of encouraging and supporting those who wish to plan their retirement, by investing in it. It is important that we begin a serious conversation about this. In fact, it is a conversation that we should have begun a long time ago.

As such, with the aim of encouraging different retirement options, government is announcing a certain percentage of tax exemption on the voluntary pension that employers contribute for their employees.

Mr. Speaker, there are employers in the private sector who are investing in private pensions for their employees, and employees benefit from an additional pension when they retire. Currently, there is a 15% tax that the employer must pay on the benefit that he/she contributes to his/her employee's pension.

Thus, we will amend the Fourth Schedule, of the income and non monetary benefits tax act, to remove this 15% tax rate on the retirement pension that employers contribute for their employees. The Pension Fund is also working on new structures that will allow the employee to use these voluntary contributions as guarantee in the future.

This exemption will be applicable for up to 8% of the employee's montly salary. Thus, in view of this exemption. I am appealing to more employers to participate in the 'match-it' scheme initiated by the Pension Fund. I also encourage employees to make more voluntary contributions.

### **17.3 5 additional years for companies producing renewable energy, in terms of 'loss carry forward'**

Mr. Speaker, Seychelles needs more investments in renewable energy projects. We are conscious that government needs to engage in more public/private partnerships, in view of the cost of investing in this sector.

Under the business tax act, a company can carry forward losses for only five years. So, to encourage more investment from the private sector engaged in renewable energy production, we will add another five years to the period that these companies can carry forward their losses. This will make a total of ten years.

#### **17.4 Introduce a five-year tax holiday for new businesses in the priority sectors**

Mr. Speaker, we have spoken a lot on the transformation and diversification of our economy. For the 2024 fiscal year, government will introduce a 5-year tax holiday for new businesses in the priority sectors, such as the Blue Economy, Digital Economy, and also in the manufacturing sector that are assisting to reduce importations and encourage more exportation. This will be a motivation for individuals to invest more in these sectors.

#### **17.5 Increases in the deductions that a business can make under the business tax act through donations that they make towards community projects or programmes**

Mr. Speaker, currently, under the Fifth Schedule, of business tax act, a business can deduct 100% of the expenses donated towards community projects and programmes, based on procedures that are in accordance with the law. Many businesses want to work jointly with government on district projects, or community programme such as sports programmes.

Thus, to encourage such charitable gestures, government is increasing the deduction rate to 150%. This means that those businesses that make these donations towards community projects and programmes, or who assist projects and programmes in civil society, can have 150% of that donation deducted from the tax on their assessable income. These businesses can make these donations up to a sum that will not reduce their profits into the negative.

#### **17.6 Remove charges made by booking platforms as commission on VAT**

Mr. Speaker, we made a provision that did not allow booking platforms to charge a commission on the Tourism Environmental Sustainability Levy, since it is the establishments themselves that are collecting the levy. As such, government will review the VAT act and ensure that we include a provision in the law which will prohibit booking platforms from charging a commission on the VAT.

#### **17.7 Taxes on vehicles and spare parts**

Mr. Speaker, as from 1<sup>st</sup> January 2024, the environment taxes and levies on certain vehicles and their spareparts, will be reduced. After several government consultations, government will reduce the excise tax and environment levy on pick-up trucks and Twin Cabs. This reduction is

expected to help pick-ups and twin cabs become more affordable as they are used most often by local businesses for commercial transactions, especially small and medium enterprises.

Also in line with environment protection, government is reducing the excise tax and environment levy applicable to certain hybrid vehicles that are used for transportation. It is important to note that this reduction applies to hybrid vehicles that use batteries of 200 voltage or more, on plug-in hybrids and on transports that operate entirely by battery. This reduction aims to encourage consumers to use more vehicles that are more beneficial to the environment.

It is important to note that the excise tax on new quarter panels for vehicles will also be reduced. However, government will maintain excise tax that is applicable to second hand imported quarter panels. This measure will make new quarter panels become more affordable and encourage consumers to use new ones, which according to those in the industry, are safer.

## **18. Financial Scheme for Businesses**

### **18.1 A scheme to subsidize the interest rates on loans for small and medium enterprises**

Mr. Speaker, as I announced in the 2023 budget, Government has reviewed the loan scheme for Small and Medium Enterprises (SME) in key sectors, which will assist in our economic transformation. Businesses in these key sectors with revenues of SR 10 million or less, qualify for a loan of a maximum of SR 3 million with a repayment plan of 10 years. The interest rate on the first SR 1 million is 5% and the second million on the loan maximum of SR 3 million is 7%. So, government is subsidizing the interest rate charged by the bank.

Following discussions with the private sector and the banks, government will include loans that small businesses take for affordable social housing projects for rental, and the expansion of existing projects in the tourism sector, under the SME scheme. This category will have a 12-month grace period, compared to other categories for which the grace period is 6 months.

Government has made an allocation of SR 50 million to support the scheme for subsidizing the interest rates on loans for small and medium enterprises.

### **18.2 The seed capital grant scheme**

Mr. Speaker, in the 2023, SR 5 million has been set aside for the seed capital grant scheme. This is a grant of up to SR 200,000 for financing small start-up enterprises, to assist them in the first phase of their development. This scheme will be managed by the Enterprise Seychelles Agency (ESA).

## **19. Conclusion**

Mr. Speaker, in conclusion, the 2024 is putting a lot of emphasis on investment in our country and our people. We are investing in the community to improve the lives of our people. We are investing in our infra-structure, especially our sports infra-structure, with the aim of motivating



our people to engage themselves in sports activities and stay in good health. We are investing in infra-structure that have been neglected for too many years. We are investing in different social benefits to support our citizens who need this additional assistance. We are investing to facilitate a business environment that will help the private sector to make our economy grow. Without a flourishing private sector, our economy will not develop, government will not collect revenue, and thus will not be able to meet its people's needs. We are investing in our youths, by putting programmes, services and opportunities at their disposition, to develop their best potentials.

Mr. Speaker, in this budget, there is something for everybody. Government is succeeding in distributing the wealth generated by our country and people, thanks to a responsible fiscal and monetary policies. This government is one that is working hard to improve the lot of its citizens, by creating opportunities for them to help themselves. When we do well, we give back – but we shall always remain responsible and prudent in our expenses, because Seychelles is very vulnerable to external shocks.

**With this, Mr. Speaker, I recommend that this Appropriation Bill 2024, for a budget of SR 10,640,628,966 to authorize expenditures from the Consolidated Fund for the 2024 financial year, is approved.**

**Thank you Mr. Speaker.**