

SEYCHELLES GOVERNMENT BUDGET
For the Fiscal Year 2017

Theme: "INCLUSIVE DEVELOPMENT - Opportunities for All"



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Seychelles Fiscal Year 2017 Budget Address

1. INTRODUCTION

Mr. Speaker,
Honorable Leader of the Opposition in the National Assembly,
Honorable Leader of Government Business in the National Assembly,
Honorable Members of the National Assembly,
The People of Seychelles.

With the advancement in information technology, we are all connected. I would like to say good morning to you all in our National Assembly and to all listeners in every corner of our sovereign land.

Mr. Speaker, I feel deeply honored and privileged to be entrusted by His Excellency, President Danny Faure to present this first Budget Address since he became the Head of State of the Republic of Seychelles less than 2 months ago. The Budget Appropriation of SR7,796,480,879/- for Fiscal Year 2017 is a record so far.

Mr. Speaker, it is quite normal that during this time of the year, there is an element of suspense, excitement and expectation from our people. The most burning question on the mind of every citizen- What does this new administration, new budget brings for next year, which will transform our lives? I would like to confirm that through our budget, we bring good news and hope to every Seychellois. Hope for a better tomorrow and hope to build a great nation together.

Mr. Speaker, it is in this context, that I am pleased to announce the theme for the budget address 2017 - “**Inclusive Development with opportunities for all**”. This theme reflects our people’s expectations. What do we mean by inclusive development in the context of Seychelles? It means that **no one will be left behind in our development**. The wealth we created will be distributed to all in a fair, equal and transparent manner.

Our mission as a Government is to build an inclusive nation, where every citizen can aspire and work harmoniously in creating a better life. To realize this dream, we must sustain our economic growth, create new jobs, and support the private sector to unleash their competitiveness. This will bring significant improvement in the quality of life. It can be done if we use our willpower to place our national interest first rather than self. The moment is here on our doorsteps. As a progressive nation, our minds must be focused on the opportunities and not rights alone.

This budget addresses 5 principal objectives:

1. To eliminate poverty in our country,
2. To distribute wealth more equitably to include those people in need,
3. Offer our people new opportunities to participate and invest in our economic development,
4. Transform our nation's assets in a sustainable manner to create greater prosperity for the people, we serve, and
5. Ensure that Seychelles remains an attractive, secure and safe investment destination.

Mr. Speaker, to achieve these objectives, we must grow our economy responsibly. We must ensure that our human capital is placed at the center of our development agenda. As we continue to register economic progress through our stable macroeconomic program, our people deserves to reap the benefits of their hard work. The world is watching. Our Government has no choice but to run a cost-effective and efficient administration. It is in this spirit that the principles of good governance, transparency and accountability should be in whatever plan we undertake. Our civil service must abide to the highest ethical, and professional standards, where accountability becomes the buzzword of the day.

Mr. Speaker, having set the budget into context, I will address; (i) the global economic environment and outlook, (ii) present a snapshot of the economic performance of Seychelles in Fiscal Year 2016, and (iii) present the strategic focus for the Fiscal Year 2017.

2. GLOBAL ECONOMIC ENVIRONMENT AND OUTLOOK

The global economic environment remains fragile. Britain's exit (commonly known as Brexit) from the European Union (EU) bring its own uncertainties and economic costs to many countries. The uncertainties in the international capital markets continue to reduce investors' confidence. As such the global economy is most likely to experience low-growth. The International Monetary Fund (IMF) has revised downwards the global growth projections from 3.2% to 3.1 % for 2016 and from 3.5% to 3.4% for 2017. The latest set of data points that growth in Sub-Saharan Africa (SSA) is projected to drop from 3.4% in 2015 to 1.4% in 2016. Per the OECD, without a set of ambitious policies, the low-growth trap and high financial risks will persist in 2017. We must be ready as a nation to rise to the challenge in ensuring that we continue to safeguard a sound and stable macroeconomic framework.

3. SNAPSHOT OF THE ECONOMIC PERFORMANCE OF SEYCHELLES IN 2016

Mr. Speaker, our economy continues to experience growth. For the year 2016, growth projection was revised upwards from 4.3% to 4.4%. For the Year 2017, the real Gross Domestic Product (GDP) is projected at 4.1%. Despite a marginal decrease, this trend is encouraging for Seychelles, when other countries are struggling to register growth. The rate of inflation is projected to reach 3.7% principally driven by an increase in fuel and electricity prices.

All these indicators are in line with our objective to achieve a primary budgetary surplus of 3% of our GDP as required by our economic reform program supported by the International Monetary Fund (IMF) under the Extended Fund Facility (EFF) commitment. According to our latest national statistic, our income per capita has reached US\$14,760.

Tourism activities continue to grow this year, though at a slightly slower pace compared to 2015. This year, up to the 27th November, a total of 272,143 visitors had disembarked in Seychelles.

Mr. Speaker, in the Manufacturing sector, the manufacturing of beverages has fallen remarkably during the first half of the year compared to the same period in 2015. Canned tuna production in turn recovered strongly in 2016 compared to last year. Production for the first three quarters of the year shows double digit growth of 14 per cent.

With all major projects completed, not much growth was anticipated in the Construction sector this year.

The Information and Communication sector remains strong in 2016 with the level of data usage continuously increasing. By the end of Q3 data usage was up by 37 per cent when compared to the same period last year.

Mr. Speaker, year-on-year total credit growth as at September 2016 was 12.8 per cent driven mainly by a 13 per cent growth in credit to the Private sector. Lending to the private sector and government each contributed around SR 500 million to SR 1.2 billion increase in credit.

Despite these positive indicators, we are still faced with a sizeable element of poverty as a High Middle-Income Country. Our people demand that we enhance their welfare first before our own. We will use this budget and other structural reforms to chart a roadmap that will transform Seychelles towards greater prosperity.

4. STRATEGIC FOCUS FOR THE FISCAL YEAR 2017

4.1 Reduction in the Cost of Living and Poverty

Mr. Speaker, our Government is determined to reduce the cost of living for every Seychellois, which in turn will lead to a reduction in poverty. While, Government will do its maximum effort, we need the support of the private sector as well. It requires a joint effort from all the stakeholders because it is every one's business.

A general set of policy measures alone at the macro level is not enough. Our action is to target people with deep-seated economic and social problems at every district level. Government with assistance from its development partners are ready to carry out a national household exercise to identify people trapped in poverty. Measures will be taken to ensure that Praslin and La Digue also benefit from the reduction in the cost of living.

Our strategy is to start with State Owned Enterprises (SOEs), so that they reduce the cost of their goods and services offered to consumers. SOEs should set the example, and we expect that the private sector will join forces. We will do it because we have made a commitment to put more money in the people's pockets. The Government will also revisit the existing social protection programs to better respond to the people's needs. We will update the current social programs, which will act as an insurance against external shocks.

Seychelles Trading Company (STC) was incorporated with the aim of being the consumers' best choice. It means value-for-money commodities, which consumers can trust. We have instructed STC to reduce their prices on the basic commodities together with a list of other consumable items used by families. Details of these commodities will be made available shortly.

Mr. Speaker, this is the first round in our endeavor to reduce cost of living. The idea is for the consumers to save from their shopping list – meaning more money in their pockets. The Ministry of Finance, Trade and Economic Planning and Seychelles Revenue Commission (SRC) under my leadership will immediately review VAT on the special category of items. In 2017 and beyond, STC will continue to play a pivotal role in ensuring stable price of all commodities they carry on their shelves. Consumers should feel the benefits immediately.

Mr. Speaker, a list of actions to reduce cost of living and poverty has been prepared and ready for implementation at the start of the Fiscal Year 2017. Our Government has made a commitment and we are ready to fulfil our promise.

4.2 Employment Incentive - 13th Month Pay to All Seychellois Employees

It was Governments' proposal to exclude certain businesses or individuals in the implementation of the 13th month pay. During the consultation process, which was done on the Employment Bill (2016), the public proposed that all workers without exception benefit from the 13th month pay. As you will note, recommendation of the consultation meeting was included in the amended Employment Bill (2016), which was recently presented to the National Assembly. However, this was not approved by the National Assembly.

This year 2016, it will be the second consecutive year that all civil servants will be paid a 13th month pay. This is in line with practices in a number of small states, which reward their workers with a 13th month pay at the end of the year. Some countries even pay a 14th or 15th month's pay.

Government feels that benefiting from a 13th months' pay should not be for public servants only. We strongly believe that all Seychellois workers in the private sector also deserves a 13th month pay.

The Ministry of Employment, Entrepreneurship Development and Business Innovation alongside the Ministry of Finance, Trade and Economic Planning will finalize the necessary amendments to ensure that the private sector also benefit from the 13th month pay as this was their aspiration and expectation of the public consultation.

The proposed amendment will consider the formula that some categories of micro, small and medium enterprises will not be able to apply the 13th month pay. For example, an individual running a "Child Minding" business would be exempted from paying the 13th pay. A small contractor employing 3 workers, which is categorized as an SME can pay 50% of the 13th month.

Mr. Speaker, it is very important to note that the amendment needs to be approved before the 31st of December 2016 to ensure that employees receive their 13th month pay for the year 2016 not later than 31st March 2017.

However, if the amendment is approved **after 31st of December 2016**, then the private sector employees will only be due their 13th month pay on 31st December 2017 and payment will be done in 2018.

4.3 Other Employment Benefits

The Ministry of Employment, Entrepreneurship Development and Business Innovation will put in place the Unemployment relief scheme, which will be linked to the social protection system. This is a mean to promote the welfare of our youth and encourage them to work.

4.4 Reduction in Telecommunication and Utilities Costs

We need a cost-effective and efficient system of telecommunication, which is fundamental to our interconnectivity. We are presently discussing with the telecommunication companies for them to reduce the costs of services offered to their subscribers. These services will include, telephone (fixed line and mobile), internet, TV, data and WiFi. Our aim is to facilitate faster connectivity for the local and foreign users, while improving the costs of “Doing Business”.

Mr. Speaker, this market has been liberalized with a view of bringing greater competition and a reduction in telecommunication costs for the consumers. Government welcome other companies in this market so that there is greater competition and lower cost of services. If there are other companies interested in penetrating this market, Government will welcome their applications.

Discussions are on-going with our development partners to secure another Submarine Cable Network to support the existing one. This new project will add to the existing investments in this sector to ensure reliability, and greater scope of cost-efficient services. As we continue to promote Seychelles as a dynamic and attractive destination for more Foreign Direct Investments (FDIs), we will explore additional ways to reduce business operating costs.

Similarly, we are discussing with the Seychelles Energy Commission and Public Utility Corporation (PUC) to reconsider the water and electricity tariffs for the households, small businesses and companies in manufacturing sector. Government is also studying the scope of installing solar powered system for households with a view to reduce carbon footprint, costs and save energy.

Next year Seychelles Energy Commission will conduct an exercise with the aim of introducing a new policy for all government buildings to use energy efficient appliances. This policy will allow government to make a savings on its energy cost.

4.5 Reduction in Insurance Premiums

Seychelles is not considered to be in a high-risk zone of natural disasters, which bring heavy losses for insurance companies. Negotiations are on-going with the Insurance Companies for them to also make their contribution towards our exercise of reducing the cost of living. Insurance premiums on households will be reduced so that individual families can save adequately from their annual premiums. Companies can also benefit with new insurance business from this initiative and hence reduce their operating costs. Government will encourage insurance companies to also consider reviewing other insurance products of a low-risk nature as well.

4.6 Reduction in Costs of Financial Services

Mr. Speaker, the future of the financial services in Seychelles will be determined by customers' behavior vis-à-vis the banks and other financial institutions. Customers continue to express frustration of the manner they are treated. Most complaints are geared towards low interest rates on savings, while charging a high interest rate on lending services. Given the structure of the financial services sector, the costs of guarantees and other bank charges are also very high. Government has already instructed the Seychelles Bankers Association (SBA) to request banks to lower their lending rates while increasing the saving rates. The Central Bank of Seychelles (CBS) being the principal regulator of the banking sector will ensure that the new policy is enforced by all banks with immediate effect.

This new policy applies to bank charges as well, which are considered as exorbitant. The thrust of this policy is for the local banks to contribute towards the reduction in the cost of living, while making a reasonable return on their investments. No bank alone will be allowed to dictate the cost of financial services – we all have a moral responsibility towards fair trade.

4.7 New Investment Opportunities

Mr. Speaker, Government's strategy with this budget is to create a business environment and culture for the people to save, and/or, invest as much as possible. With this in mind a number of investment opportunities will be made available for our people.

The Government's policy is to reduce its investments in State Own Enterprises (SOEs) and move towards being a facilitator rather than an investor.

The companies and percentage of shares to be made available to individual Seychellois investors are:

Nouvobanq (Seychelles International Mercantile Banking Corporation – SIMBC) – 20%

Indian Ocean Tuna (IOT) – 10%

Land Marine Ltd (LML) – 15%

European Investment Bank (EIB) shares in Development Bank of Seychelles (DBS) – 15.9%

Agence Francaise De Development (AFD) shares in Development Bank of Seychelles (DBS) – 20%

We are working with the Central Bank of Seychelles (CBS) to introduce long-term financing instruments by mid-2017 – *Esmeralda III Bond*. The rate of interest will be higher than that of commercial banks. In addition, Banks will come up with new saving schemes.

These instruments will be offered to individuals and families only. They represent an opportunity not to be missed. The Government wants the Seychellois to benefit from the national wealth created on their behalf. The privatization exercise will start early next year once the guidelines have been finalized.

Mr. Speaker, I also want to reassure members of the public using LPG that the price will remain stable as part of our effort to reduce cost of living.

4.8 Scale Down of Investment in Pension Fund Projects

Government recognizes the increasing demand of housing needs in Seychelles. Thus, it has taken a decision on behalf of the contributors of the Seychelles Pension Fund to request the Board of Trustees of the Seychelles Pension Fund (SPF) to scale down its investment of SR450 million in the former Pirates Arms Building project. Out of the SR450 million initially allocated for this project in Victoria, the sum of SR150 million will be used to finance affordable houses with a view to reduce cost of living. Government has agreed to repay SPF this investment.

4.9 Support to the Small and Medium-Size Enterprises (SMEs)

Small and Medium-Size Enterprises (SMEs) contribute significantly to economic growth, wealth creation and offer employment opportunities to individual or group of people, who may not be lucky to be employed by large companies. They offer the scope to expand tax opportunities and are considered as key drivers of innovation.

Conscious of this fact, our Government is committed to give priority attention to this sector to ensure that it thrives and contribute towards the poverty reduction agenda of our country.

Mr. Speaker, focus on SMEs is not placed during budget time only. Our Government has an ambitious development plan to empower this sector with much needed resources. We have a series of measures to help SMEs exploit their full potentials and penetrate a new business frontier.

These measures are as follows:

- Allow SMEs to get access to finance and other services under the concept of One-Stop Shop for Financial Services
- DBS will set up a SME Banking Unit for loans of a capital nature, while the commercial banks will provide working capital facilities and other banking services.
- Consideration is being given for DBS to offer start-up capital or seed money of SR25,000/- to be backed by Government guarantees.

- Offer SMEs a grace period of 6 months to repay their loans after their commercial activities have started.
- Offer Advisory Service and training to SME owners, who are facing economic hardship and the cost of this services will be borne by the Government.
- Special interest rates and bank charges by DBS and commercial banks will be offered to them.
- Loan applications by the owners and promoters would be considered on a “fast-track” basis.
- Government will exempt SMEs (with an Annual Gross Revenue of SR1 million per annum) from paying business tax for their first year of operation.
- Review the role of Seychelles Investment Board (SIB) and SENPA to facilitate business
- Until the One-Stop Shop Financial Services becomes operational, the Seychelles Licensing Authority (SLA) administration will be strengthened to issue trading licenses to SMEs on a priority basis.
- Foreign exchange applications from commercial banks will be given priority consideration.
- Discussions are on-going with insurance, utility and telecommunication companies to offer preferential rates to SMEs.
- Tender Board is to allow SMEs an equal opportunity to submit their bid in any competitive bidding process.
- New laws will be introduced to protect SMEs against vertical business integration activities in their respective sector.
- Review subsidies on rental offered by Government
- Work with other partners like hotels, supermarket to ensure there is value addition in the supply chain
- Re-organize the SBFA setup to play their role in the micro financing activities
- Banks will be instructed to offer credit insurance to the SMEs as a protection against business failure.

In the medium to long-term, turn Seychelles into the SMEs capital of the Indian Ocean with the support of international financial institutions.

4.10 Strengthen the Role of Fair Trade Commission (FTC)

The Fair-Trade Commission (FTC) mandate is to ensure that the Commission regulate, monitor, control and prevent acts, which adversely affect competition. The main objective of this regulatory body is to contribute to a reduction in the cost of living. It must be noted that its mandate has not changed.

In 2017, the Commission will be restructured so that it can play a more effective role and achieve its mission in line with our development plan. Much emphasis will be placed on unfair pricing of goods and services to allow consumers to benefit. The era of “*double invoicing*” by some importers is over and our consumers’ interest will be continuously protected.

4.11 Re-organization of Development Bank of Seychelles (DBS) and the Small Business Finance Agency (SBFA)

The Development Bank of Seychelles plays an important role in the economic development of our country. They have been an important pillar in the transformation of our development and will continue to be in the future. The Bank will be restructured to enable them to become more flexible with their lending terms targeted towards priority sectors in line with our development plan. The aim is to modernize the bank to meet customers' needs at an affordable cost.

The statistics for DBS in 2016 are as follows:

- Total loan approved up to 30th November 2016 is 230 loans for a value of SR 285.5 million.
- Out of these, 194 loans were given under the SME scheme for a value of SR 224.8million.
- A total of 201 businesses have been assisted by DBS for setting up or expansion.
- Total disbursement for the year up to end of November was SR 259.4 million.

The Small Business Finance Agency (SBFA), continues to support the Small and Medium-Size Enterprises (SMEs).

The statistics to date are as follows:

- Total loan approved in 2015 are 719 cases at a value of SR93.8 million
- Total loan request as at October 2016 are 728 requests for a value of SR101.6 million
- Total loan approved as at October 2016 are 502 cases for a value of SR71.95 million

As much attention, will be given to SMEs, SBFA will be re-organized so that it remains fit for purpose in 2017.

4.12 Re-organization of Seychelles Revenue Commission (SRC)

SRC plays a very important role in our revenue collection capacity. The staff works hard to maximize revenue collection for us to meet our national development plan. With a view of greater efficiency SRC will be re-organized in 2017.

This Commission will be equipped with modern information technology infrastructure and additional manpower to offer the highest quality of services to the public. The information technology system will facilitate electronic settlement of fees, trades tax, VAT and efficient clearance of goods at the Airport and Commercial Port. The time spent by importers to comply with all the import documentation will be reduced considerably. This move will allow them to reduce the cost of goods for the benefit consumers.

4.13 New Public and Private Sector Partnership Agenda

Mr. Speaker, the Government's intention is to improve the doing business environment. It recognizes that the private sector is the engine of growth and wealth creator. Therefore, this sector should be allowed to play this important role in our economy.

Government has launched a new chapter in our political, economic, social and technological efforts to work more closely with the private sector. It includes all stakeholders concern with the well-being of our country.

To the private sector, the message is clear. A new stage has been setup for us to join forces. While there is work to be done, let us move forward and build the trust, confidence and partnership required. The potential is there for us to collaborate and bring innovation on a grand scale never seen before. This new approach is essential to underpin inclusive development and growth. If we are to succeed on this journey, the spirit of togetherness is non-negotiable. It is all about our collective responsibility as a nation. Let us synergize our efforts that will transform our economic landscape for greater prosperity.

We are ready to listen and take immediate actions. Early next year, my Ministry with the support of the Seychelles Chamber of Commerce and Industry (SCCI) will meet with all respective sectors to listen to their concerns and suggestions. This strategy will enable us to better understand the needs of each sector, while we fine-tune our economic development plan for a "*win-win*" situation. The Civil Society Organizations (CSOs) will also be requested to contribute towards this partnership. Consultations will take place at all levels of our society.

In the context of Ease of Doing Business ranking by the World Bank, Seychelles is presently ranked in the 93th position. This is due to a number of administrative procedures, which we must improve. For example, it takes 8 days to obtain a Certificate of Incorporation, 14 days to obtain a Business License, 8 days to pay Stamp Duty and Registration fees, and 1 day to register Taxes with the Revenue Commission. If we are to attract and incentivize Foreign Direct Investments (FDIs) to our shore, we need to fast-track these procedures.

4.14 Focus on Foreign Direct Investments (FDIs)

Through the Seychelles Investment Board (SIB) the authorities are committed to promote Seychelles as an ideal investment destination in 2017. The strategy is to work very closely with the private sector, international agencies and institutions to showcase the country's potentials. The Blue Bond concept will be the first of its kind on the international capital market. The success of this Bond will allow Seychelles to take the lead on such an innovative financial instrument for other Small Island Developing States (SIDs) to follow.

4.15 Banks and Other Financial Institutions

The commercial banks and other financial institutions will be encouraged to bring innovative financial products and services on the market. Besides their normal lending and saving scheme operations, they will be required to maximize their balance sheets for more commercial banking

activities. In terms of promoting financial inclusion, a study will be commissioned to introduce Mobile Banking.

5. NEW DEVELOPMENT POLICIES AND REVENUE SOURCES

5.1 Seychelles Maritime Safety Administration (SMSA) Fees

Mr. Speaker in 2017, SMSA will increase its port dues, berth dues, marine environment protection dues, marine safety dues and port clearance dues. The intention of the review is to: (i) align the increase in port dues by the Seychelles Ports Authority (SPA), (ii) update the obsolete rates, which dates to 1995 under the Merchant Act, (iii) comply with the requirements of IMO audits to revise the fees, (iv) complement the restructuring of the SMSA at par with international standards, and (v) legislate fees that reflect the current business environment.

5.2 Increase Passenger Service Fees for Arrival of Non-Resident at the Seychelles International Airport

As from 1st July 2017, SCAA will impose an additional of US\$10/- as Passenger Service fee for Non-Resident leaving the Seychelles International Airport. The fee reflects the prices of services being offered at the Airport. The collection will be a direct contribution towards the country's foreign exchange earnings to maintain the high standard of the airport.

5.3 Imposition of Sugar Tax

Sugar Tax is a topical issue being discussed all over the world. Excess consumption of sugar beverages has a direct effect on people's health and it is very costly to treat obese people. To minimize the effect of heavy consumption of sugar on obesity, which can lead to diabetes, chronic diseases and tooth decay, the Ministry of Finance, Trade and Economic Planning together with the Ministry of Health and Social Services will conduct an analysis to propose a framework for Sugar Tax. This tax will be implemented in 2018.

5.4 Property Tax

A Property Tax will be introduced as from 1st July 2017 on land owned by all foreigners. Private land sold to foreigners will attract a high Stamp Duty. The Stamp Duty rate will be charged based on square meter. Further details will be provided as soon as the study by an international property tax expert is completed.

5.5 Review of Licenses by Seychelles Licensing Authority

The Ministry of Finance, Trade and Economic Planning and the Seychelles Licensing Authority will re-examine the various licenses offered to businesses. Hire craft and yacht licenses will be transferred to SMSA. Telecommunication and Broadcasting licenses will be transferred to Department of Information and Communication Technology. Health care licenses will be issued by the Public Health Authority.

5.6 Increase in Excise Tax on Fuel

An Excise Tax of 50 cents per litre will be imposed on petroleum products. PUC, SPTC and Air Seychelles will not pay the additional 50 cents. Businesses like Hotels, Boat Charters benefiting under the Tourism Incentive Act (TIA) will be refunded 25 cents per litre.

5.7 Increase in Tax on Alcohol and Tobacco

Mr. Speaker, for the 2015 budget Government introduced a 20% increase on all drinks with alcohol contents more than 16 percent. To that effect, the Ministry of Finance, Trade and Economic Planning conducted a study to evaluate the impact of increasing the current rate of Excise tax on Locally Manufactured (LMG) and imported alcohol. The study was done for alcohol, which contained less than 16% alcohol. A 10% increase in Excise tax will be applied on imported and locally produced alcohol under HS Code with an alcohol contents more than 16 percent.

In line with revision in excise tax of alcohol, a 10 percent increase in tobacco products imported and locally produced will be done in 2017.

Fair Trade Commission (FTC) will be instructed to impose heavy fines against traders involved in illegal trade practices to monopolize the alcohol market at the expense of consumers.

5.8 Increase in Excise Tax on Hybrid Vehicles

From 1st January 2017, the new rates for Hybrid vehicles will be applicable as follows:

- Vehicle of less than 1600 cc, the rate will be 12.5%
- Vehicle above 1600 cc to 2000 cc, the rate will be 37.5%
- Vehicle above 2000 cc to 2500 cc– the rate will be 75%
- Vehicle above 2500 cc- the rate will be 100%

5.9 Review of Current Levy on PET Bottles

The Environment Levy is currently favoring the use of Glass packaging as it does not attract any levy. With effect from January 2018 the following rates will apply:

- Increase Environmental Levy on PET bottles from SR0.7 to SR1
- Introduce Environment Levy of SR2 on Glass packaging
- Exempt manufacturers and importers, who already have their own collection schemes in place for Glass packaging

5.10 Review of Corporate Social Responsibility (CSR) Guidelines

Government treat Corporate Social Responsibility (CSR) activities very seriously. A new set of guidelines has been proposed to reflect the current projects and programs linked to the social needs. Five sectors will continue to benefit from this fund. These sectors are: (1) Environment, (2) Education, (3) Health and Social, (4) Community, Youth, Sports and Arts, and (5) Drug

Rehabilitation and Substance Abuse. The donations and sponsorships channel to these sectors could be off-set against CSR tax liabilities of donors.

5.11 Review of Registration Division Fees

In 2017, the Registration Division expect to enforce penalty fees for late filling of Annual Returns. The Division is currently working on reviewing various pieces of legislations such as; (I) Introduction of fees under the Association Act, which at present has no fees for registration, (ii) Review the Intellectual Property Law, (iii) Review the Control and Protection of Client's Account Act, and (iv) Review application fees for Restriction/Caution Application under Land Registration ACT.

5.12 Review of Current Tax Incentives Agreements

In 2017, the Ministry of Finance, Trade and Economic Planning in collaboration with other Ministries and Government Agencies intend to harmonize the various tax exemptions offered to various parties as incentives. These taxes include, VAT, Trades Tax, Excise Tax, Business Tax and Income Tax. The Ministry of Finance, Trade and Economic Planning will give strict guidelines to other Ministries not to issue tax exemptions before an official consent is received.

5.13 Progressive Income Tax

Mr. Speaker, as announced previously, we will present some amendments to the existing Income and Non-Monetary Benefits Tax Act to ensure that the proposal of the Progressive Income Tax (PIT) come into force in July 2017. All Seychellois employees will receive the SR 8,555.50cts tax free threshold on their income and the 15%, 20% and 30% tax rates will be introduced.

All expatriates will not receive the tax-free threshold SR 8,555.50cts.

5.14 Business Tax Amendments

In line with the progressive income tax amendments, Government will propose new amendments to the Business Tax Act. The tax-free threshold for a business will remain at SR150,000. However to align the income tax rates to the business tax rates, tax rate on profit of SR150,000 to SR 1 million will be increased from 15% to 20%. This is to ensure consistency with the new proposal for progressive income tax.

In addition, Government, will be proposing that the presumptive tax rate is aligned as follows from the flat 1.5%:

- Businesses up to SR 0.5 million turnover to remain at 1.5%
- Businesses above SR 0.5 million to SR 2 million turnovers at 3%
- Professionals such as accountants, engineers will be at 5%

The threshold for businesses to qualify for the presumptive tax system will be increased from SR 1 million to SR 2 million turnover. This is in line with the limit for VAT.

5.15 Increase in Pension Fund Contribution

In view that people are enjoying a much longer life span and to help sustain the Seychelles Pension Fund (SPF) financial sustainability, there will be an increase in the employees contribution by 1% as from July 2017. In the subsequent years of 2018 and 2019 respectively employers will need to contribute an additional 0.5% per year.

Mr. Speaker, I will now turn to the expenditure allocations for Ministries, Government Agencies and other Budget Dependent Entities for 2017.

6. EXPENDITURE REDUCING MEASURES AND ALLOCATIONS FOR 2017 BUDGET

Mr. Speaker, the management of public funds for Fiscal Year 2017 will focus on 2 main approaches. The first measure is to collect maximum revenue and the second measure is to instill fiscal discipline at all levels of Government's hierarchy. It means that public funds will be controlled and managed to get the best "**value-for-money**" services. This message is in line with President Faure's administrative policy of implementing good governance, transparency and accountability.

6.1 Expenditure Reducing Measures

6.1.1 Review of Outsourcing Contracts and Entities Receiving Government Funding

The present outsourcing contracts for activities like cleaning, maintenance and security will be reviewed given the impact of the 13th month pay. As for Civil Society Organisations benefitting from public funding, this will also be reviewed to include the 13th month salary at a cost of SR 16.96 million. This will be applicable once the relevant legislation on 13th month pay is approved by the National Assembly.

6.1.2 Review of Government Goods and Services

In line with the policy to institute budget discipline the following measures will be taken in 2017.

- Reduce Overseas Travel Costs by 15% over the previous year.
- Reduce Telephone Costs by 10% over the previous year.
- Reduce Fuel Bills for Government Vehicles and Hire Charges of Cars by 10% over the previous year.

6.2 Allocations to Ministries, Departments and Government Agencies

6.2.1 Ministry of Finance, Trade and Economic Planning

In line with President Faure's new administration in October 2016, this Ministry has been entrusted with the responsibility for economic planning, while the Blue Economy department has moved to the Vice President's office. In 2017, the Ministry will be re-organized in terms of structure and capacity to take on the task of effectively managing public funds. The Economic Planning department will prepare a long-term development plan in consultations with all stakeholders. The plan is to focus on the country's development to align it with the United Nations Sustainable Development Goals 2030 (SDGs). The sum of SR98.08 million has been allocated for the Ministry in 2017.

6.2.2 Ministry of Fisheries and Agriculture

In 2017, a budget of SR20.2 million has been allocated to this Ministry. In the fisheries sector, Government has registered some important milestones, some of which are listed below.

- Allocation of land to potential investors in fisheries development.
- Implementation of major development of Infrastructure on Ile Du Port (Zone 14) for the industrial fishing sector,
- To ease the ice problems our local fishermen faced regularly in the past, SFA has installed an additional ice plant at Bel Ombre.
- SFA has completed the Environmental and Social Impact Assessment (ESIA) for Aquaculture Development in Aquaculture Development Zones. The document is now being reviewed.
- Market studies for the establishment of export market for Seychelles Aquaculture product have been carried out and the findings are positive
- Preparation to support more and diversified local fisheries processing and value addition
- SFA completed and commissioned a fish market at Anse Royal in June 2016, and initiated dredging and reclamation work at La Retraite for future development.

During 2017, the Ministry of Agriculture & Fisheries through SFA will;

- Continue with the development of infrastructure on Zone 6 at Providence for the semi-industrial and industrial sector.
- Consolidate the work on development of the aquaculture industry and create a new socio-economic pillar for the country through the development of the mariculture (marine aquaculture) industry in the inner and outer islands;
- Intends to complete the development of a Common Central Cold Storage facility as part of a PPP,
- Aim to maintain Port Victoria as the main fishing port in the Western Indian Ocean
- Continue with the development and innovation of Post-Harvest (value added product development) seafood products
- Develop landing and gear storage facilities in Glacis, a market and storage facilities in La Digue.

- Develop berthing and storage facilities at Cascade after completion of the reclamation in the Cascade basin.
- Complete the first phase of 4 fish processing plants at Bel Ombre and the extension of the fishermen landing shed,
- Complete the industrial and semi-industrial fishing vessels in line with Port State measures.
- Improve coastal Monitoring and surveillance of our EEZ
- Finalize and implement the Management Plan for Demersal Fisheries resources (Poisson de Fond) on the Mahe Plateau.

In the Agricultural sector, there also several important achievements which are listed below.

- The Agriculture Sector Development Study which looked at approaches for the implementation of the Seychelles National Agriculture Investment Plan (SNAIP).
- In close collaboration with the FAO, during 2016 projects for improvement of soil management and adaptation to climate change, the development of a clear agro-tourism policy was started, whilst we also continued the work to develop agro-forestry pilot project for the improvement of the countries food security and ensuring more sustainable edible forests.
- In 2016 saw important investments in improvement of irrigation water, storage and distribution facilities and improvement of existing farm roads on Mahe and Praslin.
- The SAA renovated and increased the capacity of its requisite stores on Mahe and Praslin.
- To improve the sustainability and quality of the pig production sub-sector, SAA has brought in new pig bloodlines for the Pig Genetic Centre.
- Plans for the Veterinary and Livestock Improvement Laboratory Complex at the ex-BBC station Training of farmers to transform into agri-businesses
- The establishment of the Seychelles Biosecurity Agency which will have the full responsibility to implement and enforce the provision Animal & Plant Biosecurity Act 2014.
- Increase the funds available for credit to the agricultural sector through such financing institutions as the SBFA and DBS

The Director General of FAO visited Seychelles and emphasized the importance of smart agriculture in Seychelles as a small island state.

For 2017, the plan is to:

- Complete the Veterinary and Livestock Improvement laboratory Complex at Grand Anse Mahe
- Complete the works to improve safety and hygiene in and cover the Victoria Market
- Implement further infrastructure projects for roads and irrigation facilities to farmers (farm land).
- Prepare a comprehensive livestock development policy to guide the sustainable of the sector and ensure safe and healthy local meat production

- With FAO during 2017 we will establish the fisheries economic intelligence unit. Technical assistance will be provided to the Seychelles Agricultural Agency (SAA).
- Government is making available resources for the provision of better veterinary facilities at Union Vale in 2017.
- Engage one of our important partners, IFAD for a second project again for the support of the agriculture and fisheries sectors to come into effect after the current one is completed in 2018.

6.2.3 Ministry of Education and Human Resources Development

The Ministry of Education is one of the ministries implementing the Programme Performance Based Budgeting since its inception in 2014. A number of targets set in the Education Medium Term Strategic Plan 2013-2017 have been implemented in 2016 such as the upgrading of school facilities namely tuck shop, sick bays, dining rooms and Science Laboratories in a number of primary and secondary schools to render a more conducive learning environment for the students.

A number of capital projects have been implemented and are on-going such as the construction of Perseverance Secondary School, the completion of the first phase of Cascade Primary School and the School of Advanced Level Studies. Glacis School became operational since the first quarter of this year. Pre-construction work on La Rosiere Primary School and the Institute of Agriculture and Horticulture is on-going. In 2016 the Ministry benefitted from an Indian Grant of over SR 8 million worth of stationery and IT equipment.

In 2017, provision of over SR121 million has been made available under the Public-Sector Investment Programme (PSIP) for projects including the following:

- Preparation work for new building for Seychelles Institute of Art and Design and the School of Business Studies and Accounting,
- Construction of a new block for English River Secondary school;
- Reconstruction of Anse Boileau Creche;
- New block at Praslin Secondary
- New block at Grand Anse Praslin Primary
- Upgrading of electrical system in all schools to cater for emerging needs and demands
- Procurement of equipment and furniture for schools.
- Equipment and furniture for the new Perseverance Secondary School

A budget of approximately SR185 million has been allocated for 2017 to the Agency for National Human Resource Development for education and training provision at tertiary level representing training for some 1066 students for 2017 on full or part time scholarships.

6.2.4 Ministry of Local Government

In 2017, this Ministry is being allocated a sum of SR121.8 million for their recurrent expenditure. In line with President Faure's announcement that the District Council election will take place in 2018, it is proposed that a sum of SR500,000 be included in the 2017 budget. The Ministry will

organize a series of consultative activities at district level in 2017 with relevant agencies to finalize certain documents on the functionality of the districts. It is important that members of the public are well informed about the function of their respective districts and election procedures.

In line with the establishment of District Council, a provision has been made in 2017 budget to enable the Ministry of Local Government to fill in the new posts at the district level. There is a need for the existing competent staff to serve the council.

Every year, the Government makes provision in the budget for the implementation of small projects at district level. It is important to note that since the introduction of this program many families have been helped with the construction of roads, bridges, walls and as well as other community projects. In 2017 Government is proposing a sum of SR40 million for the implementation of project at district level.

In line with the commitment made for the national program of “Pti Anfans”, in 2016 the Government through the Ministry of Local Government undertook a project on “Mini Hall Sans Souci” to set up a Day Care Centre. Work is already completed and early next year this Day Care Centre will become operational. In 2016, work has also been completed on the Day Care Centre of Anse Etoile and it is currently operational.

Next year, the Government intends to continue with its program to construct new Day Care Centres. There is a provision in the 2017 budget for a sum of SR 5.5 million to start construction of Day Care Centres at Grand Anse Praslin, Anse aux Pins and Takamaka. The objective is to help young girls and single mothers.

6.2.5 Offices for National Assembly Members

It is Government’s policy that all elected Members of the National Assembly will benefit from a permanent office in the districts so that they can discharge their functions. A total sum of SR 10 million will be used to construct new offices. SR 5 million will be allocated in 2017 and the balance of SR 5 million in 2018.

6.2.6 Ministry of Health and Social Affairs

Mr. Speaker, a country, which is not in good health will experience a decline in its productivity. In turn, when economic growth suffers, employment opportunities are placed at risk. We place a lot of emphasis on the quality of healthcare and social services. Our people deserves the best and we are committed to offer them the best. A sum of SR76 million has been budgeted for the Year 2017 for the Ministry of Health and Social Services. In addition, a sum of SR 800.9 million has been allocated to the Health Care Agency, which makes a total sum of SR876.9million. This amount represents 11.2% of the total allocated resources of the entire spending. We are able to increase this spending due to meticulous and prudent budgetary planning. A new national policy for the Ministry has been approved. There is also a new strategic and infrastructure plan for the health sector, which includes non-communicable disease. In 2017 financing, will be increased for implementation of these plans.

In line with President Faure's address in the National Assembly in October 2016, Government will strengthen the Public Health Authority and Health Care Agency with a view to deal with communicable disease through prevention, surveillance, detection, treatment and cure.

In the 2017 Budget, we have made provision to construct new health facilities and to consolidate the existing and on-going programs, which are essential to maintain key indicators at all levels.

The main task of the public health sector in 2017 is to improve service delivery. The Government's intention is respond to the people's medical needs and to safeguard the people's dignity. As we continue to make economic progress, we must personalize our health services and aim for excellence.

Through this budget. Government is requesting all health care workers to become more alert, more compassionate and to better communicate with all the patients. We call on all workers to take our responsibility vis-à-vis our own health more seriously. Good health is an important consideration in all our projects and programs, which Government has put in place in all sectors.

6.2.7 Ministry of Tourism, Civil Aviation, Ports and Marine

For the year 2017 a budget of SCR 15.6 million has been approved for a number of specific programmes and the main ones being:

Several advisory visits have been conducted in 2016 in preparation for implementation of the hotel classification programme in February 2017.

The Department is aiming to start developing its Tourism Satellite Account (TSA) in line with the UNWTO work programme. The Satellite Account will enable Government and other stakeholders to have a better understanding of the economic impact of tourism on our economy.

During the year 2017, the department will continue its work on the Seychelles Sustainable Tourism Label to encourage hotels in Seychelles to mainstream sustainability practices into their operations and in turn safeguard the biodiversity and culture of the country.

A new scheme of service will be introduced for the Tourism Development employees so that the department can be more efficient in delivering on its mandate. The proposed scheme will include an increase in inducement allowance and marketable skills in line with relevant qualifications.

During 2016 a number of tragic incidents were reported affecting the tourism industry including an increase in crimes against visitors. The Department is working with several institutions to put in place structures so that timely action is taken to mitigate and reduce potential risk.

Civil Aviation, Ports & Marine

In regards to the Department of Civil Aviation, Ports and Marine's focus for the year 2017 will be to modernize the organizations that fall under its mandate.

The growth in air transport has put pressure on the development of our airport facilities. In 2017, the SCAA will continue with current expansion projects which includes the new Domestic Terminal which will be completed in July 2017. The refurbishment of the international arrival and departure lounges and concourse will continue in 2017 with the aim of improving the overall customer experience and provide up to date amenities.

On its part Air Seychelles despite an extremely competitive air travel environment, our national airline continues to expand in a robust and carefully managed growth strategy. It will introduce a second A330 wide-body aircraft from 30th March 2017.

6.2.8 Ministry of Employment, Entrepreneurship Development and Business Innovation

Mr. Speaker, the unemployment rate remains below 5%. It represents 4.2% in second quarter 2016, similarly to 4.1% in second quarter 2015.

When we further analyse further youth unemployment, we note a decrease in the youth unemployment rate which was 10% (687 persons) in second quarter 2016 compared to 13.1% (984 persons) in second quarter 2015. This is notably due to the placement of post-secondary graduates under the *My First Job* scheme being implemented by the Ministry. As of September 2016, 600 post-secondary graduates have been placed under that scheme and a total of 258 employing organizations are registered under the scheme.

Mr Speaker, for the year 2017, this Ministry will move the re-introduce the Unemployment Relief Scheme (URS) as part of the Government's labour market policy for jobseekers in need of an income, while searching for stable employment.

The Ministry will also finalize the enactment of the Employment Bill 2017, thereby creating a more favourable environment for ease of Doing Business, whilst protecting workers' rights.

This Ministry will also streamline internal processes and procedures of the Ministry's services, notably in relevance to the recruitment of non-Seychellois workers, to facilitate business operation while at the same time seeking long term sustainable measures to create jobs for our Seychellois.

The Ministry will also introduce an Occupational Safety and Health (OSH) Policy that will promote safe and conducive working environment, which will contribute towards a productive workforce and growth. In 2017, a budget of SR 25.4 million will be allocated to this Ministry.

6.2.9 Ministry of Environment, Energy and Climate Change

Seychelles depends almost entirely on its natural environment which lies at the core of our two leading pillars of economic growth; Tourism and Fisheries.

As such the mandate of the Environment Department is one which is of major importance. The Biodiversity, which we strive to preserve through our daily conservation programmes ensures that species diversity is maintained to support livelihoods, to provide food and support sustainable fisheries businesses.

The Department aims to collect data on threatened species and their habitats and use these to improve the conservation status of these animals and the management of their habitats. In addition, more work will be done to improve sustainable use of natural resources to ensure current harvesting modalities and volumes do not threaten the long-term survival of the species. These efforts will be done in line with the implementation of the GEF project on sustainable financing of protected areas.

Through the implementation and enforcement of environment protection legislation we will continue to ensure that the integrity of ecosystems is maintained for the provision of clean water, fresh air, all of which we proudly use to market Seychelles as a Tourist destination.

In 2017 the Department will focus on the implementation of an integrated waste management strategy aim at diverting waste from the landfill through recycling. The Department will implement the banning of the importation and use of plastic bags, single use plates, cups and utensils and Styrofoam take-away boxes. It will seek to strengthen its recycling programmes for PET, beverage cans, scrap metal, old car batteries, tyres and used oil and work on an initiative to recycle glass bottles.

Attention will also be given to the monitoring of the quality of the environment (i.e. air including noise nuisance, water and soil). New and additional equipment will be imported to better measure the state of the natural environment and the impact of anthropological activities on it. Staff will be trained to use it and enforce existing legislation. In 2017, a sum of SR 144.4 million is budgeted for this Ministry.

Whilst we recognize that financial resources are limited and trade-offs are inevitable, we cannot stress enough on the importance of mobilizing the resources for continued management of our natural environment.

6.2.10 Seychelles Revenue Commission

The Seychelles Revenue Commission (SRC) is the main body responsible for the administration of the revenue laws listed in the Schedule of the Revenue Commission Act. Given the importance of this Commission to our domestic tax collections, a sum of SR 114.5 million is allocated for the year 2017 for the department to pay for their administrative costs including capacity building and a revised scheme of service.

6.2.11 National Drugs Enforcement Agency

The abuse of drugs has adverse economic and social impact on a country. In Seychelles, the National Drugs Enforcement Agency's mandate is to minimize the damage, which illegal use of substances can have on the economic, social and health system. A budgetary allocation of SR 64.8 million- for the year 2017 is made.

6.2.12 Seychelles Fishing Authority

The Seychelles Fishing Authority (SFA) is the main regulator, administrator and promoter of our fishing sector. The management of SFA works very closely with a number of ministries to ensure that there is an awareness of the potential depletion of our fish stocks. Fishing is the sector second largest contributor to our Gross Domestic Product (GDP). For the year 2017, a sum of SR 257.4 million is allocated to this organization to allow them to pay for their administrative operations.

6.2.13 Seychelles Energy Commission

Solar School Project – This project is to ensure that all public schools in Seychelles are equipped with a PV system to help them save on their electricity bills. The systems have already been installed on La Digue and Praslin. In 2017 all schools on Mahe will be targeted. Most of the funds will come from the Chinese Government under the South- South cooperation.

Government will install solar streetlight and undertake retrofitting of existing streetlight with LED lamps.

The second phase of democratization of PV project will start in 2017 targeting the remaining households (more than 400) either through an individual system or collective system approach. This will be funded by a grant from the Government of India costing almost 4 million USD.

This Commission has been allocated a sum of SR 51.6 million for the year 2017 to enable them to carry out their mandate.

6.2.14 Anti-Corruption Commission

In 2017, the Government's mission is to eliminate corruption in the public service. It is treating this phenomenon very seriously. A new Commission has been setup to deal with corruption. A sum of SR 8.3 million is being budgeted for the year 2017.

6.2.15 Seychelles Tourism Board

The tourism industry has performed well in 2016, by end of December, year-to-date visitor arrivals is expected to reach the 300,000 mark, yet another record year for our country. This represents an increase of 10 per cent compared to 2015, with significant increases recorded from Europe (France, Germany, UK & Italy), the Middle East and Asia (India and China). Seychelles has reached this milestone mainly due to our market diversification strategy, aggressive and innovative digital marketing campaigns to enhance the destination's online presence and a wide reaching Public Relations and Communication Campaign, which ensures the destination is consistently visible through the written press and media. STB has been allocated a sum of SR 147.3 million for the year 2017.

6.2.16 Seychelles Fire and Rescue Services Agency

In every country, a Fire and Rescue Agency is an important agency, which provides emergency services for fire accidents, prevention, medical, and disaster rescue service as well as protecting civilian properties and lives. In 2017, this agency will receive a budget allocation of SR 55.5 million.

6.2.17 Seychelles Land Transport Agency

Mr. Speaker, this agency has been allocated with a sum of SR 186.8 million for 2017 to ensure that our roads are well maintained. For the year 2017, the Department of Land Transport is putting more emphasis on reducing congestion and improving safety on roads. In order to achieve this, we are implementing several projects which form part of The Victoria Traffic Management Master Plan.

Presently, projects which are under construction are the Anse Etoile to Victoria Link Road through Ile Aurore, Ile Perseverance and Ile Du Port onto Inter Island Quay and linking to Independence Roundabout and Marine Charter. This comprises the construction of two bridges. The work is scheduled to be completed in April 2017. Also as part of the above project, work will start on upgrading the existing single one way road through Marine charter to a two-way road to link directly onto Latanier Road.

Also plans are being finalized for the Bois De Rose/ Hyper Market roundabout and the Mont Fleuri Link. Works is scheduled to start in the 2nd quarter of 2017. Another project which will start in February next year is the Airport roundabout. All the above projects will help to substantially reduce congestion and make the roads safer.

In addition, there will also be other road improvement projects in and around Victoria which will be undertaken with the main objective of improving traffic circulation and safety. The Land Transport Agency will also continue to implement road projects in the community.

Another major investment which will be undertaken next year is the relocation of the asphalt plant and acquisition of a new asphalt plant which is more environmentally friendly so that we can continue with our road resurfacing works.

6.2.18 Landscape and Waste Management Agency

One of our best national assets is our environment. Landscape and Waste Management Agency is the Agency responsible for the management of waste and overall landscape development and management of Seychelles. For the year 2017, a sum of SR 187.3 million has been allocated to this agency to allow them to discharge their function. This represents an additional SR 10 million is compared to the 2016 for new roads that are not being cleaned today. This will present new opportunities for the cleaning contractors.

6.2.19 National Sports Council

Mr. Speaker the Government wants the National Sports Council (NSC) to play a vital role in promoting sports in Seychelles. It is a commitment that every year, a sum of money is allocated to this council and for the year 2017, they will benefit SR 65.5 million from the budget.

6.2.20 Seychelles Bureau of Standards

Mr. Speaker, SBS in 2017 will put emphasis on capacity building of this organisation in terms of infrastructure development, human resources and equipment to enable the organisation to meet the demand of the fast-growing industry. The Seychelles Bureau of Standards is the National Standards Body and the main Conformity Assessment Body in the country providing Standards. The Fish Inspection and Quality Control unit (FIQCU) is the national competent authority responsible to certify all export of fish and fisheries products. This unit ensures that all fish and fishery products intended for export complies with the required standards.

The allocated budget for the year 2017 is SR 19.8 million

6.2.21 Allocations to Social Programs

In the 2017 budget, Government will maintain its commitment to finance social programs targeting the most vulnerable people in our society. The budget for the various agencies are as follows:

- SR 100 million for Social Safety Net by the Agency for Social Protection
- SR 176.4 million for Home Carers which include their 13th month pay
- SR 40 million for subvention to Seychelles Public Transport Corporation (SPTC)
- SR 24 million for travel concessions for the Elderly, Disabled and School Children
- SR 14.5 million for Home Improvement/Re-roofing Scheme for Pensioners through HFC
- SR 25 million for housing finance Subsidy Scheme
- SR 3.5 million for dedicated funds for Schools

In 2017, Government will also offer budget support to the various business schemes.

- SR 10 million for Youth Employment Scheme (Mr First Job scheme)
- SR 3 million for Government contribution to Agriculture Development Fund through DBS
- SR 12 million to subsidise interest rates for the SME's loan up to SR 3 million
- SR 1 million for the Youth Entrepreneurship Scheme (YES)

7. INTRODUCTION OF A SPECIAL PENSION SCHEME FOR A GROUP OF PUBLIC SERVANT UPON RETIREMENT

Teachers, nurses, doctors, police officers and soldiers are professions that are challenging in terms of their working hours and current environment. Thus, it is difficult to ensure that staff work more than 25 years in their current professions. Government will introduce a special pension scheme in July 2017 for these categories of professions. SR 1,000 per month will be given to staff who has work more than 25 years in these professions on top of their normal pension schemes paid by SPF and retirement pension paid by ASP. This will cost around SR 8 million in 2017

8. MANAGEMENT OF NATIONAL DEBT

The Government is committed to reduce its Debt to Gross Domestic Product (GDP) to 50% by the year 2020. With the cost savings to be generated from the fiscal discipline, the Government will utilize part of the expected savings to reduce the debt.

9. CONCLUSION

Mr. Speaker, I will conclude this Budget Address with these simple messages. Seychelles is our country and it is time for us to put our differences aside. Let us share our ideas, hold each other's hand, and work together with our full might.

Our Government has spent countless hours preparing this budget, so that every one of us can see ourselves in this development plan. Opportunities are endless, if we only look at the bright side of our Government's will to share the prosperity of our Seychelles. We have a bright future awaiting all of us. Next year is the start of our endeavor to solidify our economic, social, technological foundation. Let us be smart, sharp and remain resolve in our decisions to take our beautiful Seychelles to a new level. Together we can achieve greatness.

Mr. Speaker, I take this opportunity to express my sincere appreciation to;

- His Excellency, President Danny Faure for his support and leadership to guide us in the preparation of this historic document and to recognize and accept that change is inevitable.
- Vice-President Vincent Meriton for his invaluable contribution, when it mattered
- My fellow Ministers for their words of encouragement and support.
- I owe a debt of gratitude to all my staff, who diligently worked under pressure to produce the final figures in record time.
- Within a short period, the private sector representatives, whom I met offered their words of advice and expressed hope for us to work together.
- Mr. Speaker, I would like to thank you personally for your words of encouragement and support.
- Deputy Speaker also deserve my recognition.
- Honorable Leader of the Opposition and Honorable Leader of Government Business in the National Assembly deserve special mention and thank you for your support.
- The other Honorable Members of our National Assembly, thank you.
- The National Assembly staff – great job for your tireless efforts
- The People of Seychelles, thank you for your overwhelming support and understanding that our dream is alive as **One Nation**.
- Lastly, to my family thank you for being the central pillars of my life.

Mr. Speaker, I rise to move that the Bill entitled “**The Appropriation bill 2017**” of **SR7,796,480,879/-** being a bill to authorize expenditure from the Consolidated Fund for the services of Seychelles for 2017 be approved.

Thank you, Mr. Speaker.