**State of the Nation Address 2008 by the President James Alix Michel**

**12th February 2008**

**‘Realistic, Resilient and Responsible'**

The Honourable Speaker of the National Assembly

President Mancham

Leader of Government Business

Leader of the Opposition

Honourable Members of the National Assembly

Dear Seychellois Brothers and Sisters

"We, the People of Seychelles,

Grateful to God Almighty that we inhabit one of the most beautiful countries of the world,

Ever mindful of the uniqueness and fragility of Seychelles, ...

Aware and proud that as descendants of different races we have learnt to live together as one Nation under God and can serve as an example for a harmonious multiracial society;

Having attained national stability and political maturity despite the pressures of a sadly divided world ...."

People of Seychelles, these words of reflection are found in the Preamble to our Constitution. They are words which describe us as a people who share the same islands and the same sun, and who have overcome many constraints, and who have achieved much in life.

My State of the Nation Address today is inspired by our Constitution which describes us as a Nation that has lived and survived; our Nation was born into a disadvantaged past; where our ancestors struggled; where our generation has grown; where we have our differences, but where we are also unified by the challenges that confront us; where we have become a resilient people who have experienced difficulties, but who have also taken up opportunities, and have come far.

Today we have become a people who look to the future with confidence and determination, ready to face new challenges, to seize new opportunities, to keep on growing, and taking on new responsibilities.

My message to the people of Seychelles today can be described in three words. Faced with the new realities of life, we have become a people who are Realistic, Resilient and Responsible. It is in these three words that we shall find a new inspiration, a new momentum, a new way of doing things, for the new Seychelles that we want to create.

Responsibility

There is a wise saying that a people's responsibility is measured by the way it surmounts challenges and difficulties. It is in terms of such words of wisdom that I view our past, and find a people who, if they have succeeded, it is precisely because they have shown responsibility for their destiny and their future.

When these islands greeted its first inhabitants - our ancestors - they found themselves in an unknown world, with new responsibilities, to start a new society, which today we know as the Seychelles society.

Resilience

A resilient people can stand up to any challenge.

When Seychelles decided to stand on its own feet, we took on a new responsibility. In difficult times we showed our resilience against the temptation of remaining dependant on another power. We built our own destiny. Today we are a sovereign people.

Realistic

For a people to succeed, they have to be realistic. For reality makes us see life for what it truly is compared to what we would ideally like it to be.

When we adopted multiparty democracy, we took our responsibility, and we remained resilient. And at that uncertain period, we were realistic in our search for a new democracy. Today, we have a democracy which continues to evolve and progress.

Throughout our history, we have taken been responsible, we have been resilient against bad influences, and we have been realistic in the face of challenge, and we have guaranteed the progress and stability of our people. This is despite the modern world being increasingly in economic, political and social upheaval.

Life today, Seychellois brothers and sisters, is full of new challenges. Together we should take on new responsibilities. At this new juncture, as a people, it is our right and duty to stand firm, and more than ever, work hard to overcome the challenges before us, and struggle against the scourges which affect us. This is our new reality, and hence, our new responsibility.

If the Preamble to the Constitution reflects the success and pride of our people, it is the same Preamble which will also inspire and guide us in this new era that we are entering, in facing up to the new responsibilities before us.

I shall start with myself. It is my responsibility as Head of State to tell to you the reality. It is my responsibility as Head of State to present the facts to you, facts to inform you in your decision-making, whether in your work or in your family.

The state of our nation requires that each individual, each organisation in civil society, each political party, and - yes, of course - Government, takes its responsibilities. Our responsibility as a people, as individuals, as Government, is clearly defined in this living document which we adopted 15 years ago - our Constitution, the Voice of our Nation.

Our Constitution: The Voice of Our Nation

We have dedicated 2008 to this rich and living document which is the foundation of our new democracy.

I believe that every Seychellois feels that quiver of pride when we participate in celebrating our National Day, when we see our flag flying, and hear our National Anthem reverberating around the stadium. Each time we gather on 18th June at the Unity Stadium, we pay homage to this document that unites us. This document is the source of our progress.

The Constitutional Commission which wrote this document recommended that after 15 years we review it to take into account the developments that have taken place in our country, and the international context.

I am appointing a new Constitutional Review Committee to study the text of the Constitution and to make appropriate recommendations.

Our Constitution gives us the experience that steadies us and helps us to navigate. In troubled waters, our ship is still afloat.

Governance

Our Constitution is the basis for ensuring good governance in our country.

Seychelles has established a reputation as a regional leader in the practice of good governance. It is our intention to give even more attention to different ways of reinforcing good governance in our country.

I invite all national partners to participate in this initiative. Governance does not concern only Government.

One of the first characteristics of good governance is political dialogue and consultation. I have always believed in this principle. That is why I started a series of consultations in our districts, and I have continued to visit communities, schools and workplaces.

It is also in that context that I have met with the Leader of the Opposition in a series of discussions on many matters of national importance. This dialogue has taken place in an atmosphere of mutual respect. We have had the opportunity to exchange points of view on different subjects, such as drugs, political stability, patriotism, increases in the price of fuel and other commodities on the international market, and their impact on the cost of living in Seychelles, perceptions of victimisation, the role of MNAs in the districts..... In politics there will always be diversity of opinion. Such differences are positive for a democracy. But I must also remind all Seychellois that differences of opinion must be expressed with responsibility and with the welfare of our people in mind. We must be honest, sincere and realistic.

In political debates there is always the possibility and temptation to play cheap politics, and such approaches can often create obstacles to the progress of our country. The informal meetings with the Leader of the Opposition, away from the glare of the media, is one way of establishing mutual trust, so that we can move forward as a country. We must establish trust through what we say and what we do. Seychellois have welcomed this initiative.

Governance is a concept of exercising authority and influence for the welfare of the people. Good governance also begins with respect - respect for institutions, respect for laws and respect for individuals.

The first hallmark of respect is being truthful. If you respect someone, you must tell them what is true.

And we must consider that in certain areas, we have to make laws and create stronger mechanisms to guarantee that respect and that truth.

Where it concerns Government, I shall set the example by introducing legislation to promote ethics in the public service - a Public Officers Ethics Bill. It will provide for an Ethics Commission to oversee the implementation of the Act. The Commission will monitor the compliance by public officers, and investigate complaints or accusations of corruption that may be brought against a public officer. This Act will also provide for the declaration of assets by public officers.

Seychelles has already signed several international agreements on corruption, including the United Nations Convention against Corruption. We have a zero-tolerance policy where it concerns corruption, whether it be reality or perception.

I shall also propose legislation to establish a Human Rights Commission. This Commission will establish mechanisms to permit inquiries against any violation of human rights, whether it be by an agency of the state, by a private organisation, or by an individual.

Governance also involves the media and access to information. It involves good communication between Government and the public and also between the electorate and political representatives. My Government will this year place great emphasis on communications and public relations between Government and the population, as well as between Government and public sector workers. The management of internal and external information and communications is very important to help educate and inform the public. Public service officers must build better professional relations with the Seychellois public.

This year we shall review several pieces of legislation to bring them into line with provisions of our Constitution. It is also an appropriate moment to review the law governing the Seychelles Broadcasting Corporation (SBC). This review will take into account the relevant changes in our society, and will permit the audiovisual media to play a stronger role in the development of our democracy.

National media has a key role in our democracy, and it must properly discharge this obligation. The most important responsibility is in educating and informing the public with honesty and objectivity.

Law and Order

Mr Speaker, when we speak of good governance, we must also speak of law and order.

The security of our people is vital.

And perhaps the biggest threat to the internal security of our people is drug-trafficking. We have seen the Police take new initiatives in the fight against drugs, and we have seen a record number of arrests - a total of over 700 cases in 2007, compared with just over 500 in 2006. These arrests have been made possible by coordination between key organisations involved in combating illegal drugs - including the Police, the Defence forces, the Department of Internal Affairs, and Customs. We congratulate all the officers who have worked to enable these arrests.

We must work together to put an end to drug-trafficking which robs our youth of their innocence, which places pressures on the resources of the state, and robs individuals of their right and duty to work. We have a zero tolerance policy on illegal drugs. And we need greater efforts on the part of all concerned to send this message out once and for all.

We have recently established the National Drugs Bureau to spearhead the fight against illegal drugs. It complements the work of the Police in two ways: (1) coordination across all agencies; (b) providing an intelligence service to detect drug trafficking even before the drugs have arrived in our country.

We shall also bring new legislation to given even more support to the work of this Bureau. The new legislation will provide a global strategy to combat drug-trafficking and bring about an improvement in the whole system. We must see an improvement in all aspects, from intelligence gathering to criminal prosecution. This legislation will give the National Drugs Bureau the power it needs to function effectively. The Bureau will be able to catch the criminals affiliated with trafficking, bring them to justice, and put them behind bars, well away from our children.

In addition, my Government will propose legislation to permit the civil forfeiture of assets acquired through criminal activities such as drug-trafficking. We shall also review the Anti‑Money Laundering Act. Research has shown that many drug traffickers use the cover of legitimate businesses for their criminal activities. These legislative measures will help us put an end to the financing which allows drugs to be imported into our country.

It will also enable us to arrest any criminal who uses a business or position to conceal his criminal activities. Corrupt officials, criminal businessmen - your time is up!

Today I am sending out a message to drug traffickers - No one will profit from the innocence of our children without paying the consequences!

Three items of legislation I have spoken about will be presented to the National Assembly within the next one month, that is to say: (1) the Public Officer Ethics Bill, (2) the Human Rights Commission Bill, and (3) the Civil Forfeiture of Criminal Assets Bill, together with the amendments to the Anti-Money Laundering Bill.

I would like to ask all Members of the Assembly to support these Bills when they are presented; please support them for the love of Seychelles, and for the love of our children. They are essential tools that we shall need in our fight against drugs, corruption and criminality in our country.

We are also conscious that there remain many issues to be addressed within our Police Force. There are allegations of corruption within the Police Force, especially where it concerns drugs. Any such practices must be eliminated. It is sad that the impact of the good work of devoted police officers is lost due to criminal elements who do not have the public interest at heart.

The ongoing restructuring of the Police Force is aimed at enhancing its efficiency, professionalism and performance. It will better equip the Police to discharge their role as the guardians of law and order, and to become more effective in combating criminal activity. The reforms in the Police Force are being undertaken with the assistance of international experts; the reforms also take into consideration the recommendations of the Reilly Report of 2007.

The Judiciary

Mr Speaker

My next point concerns the Judiciary. The Judiciary is that independent arm of the State which exists to ensure that justice prevails.

Recently the Chief Justice resigned from his post. I would like to thank him for the service he had rendered to Seychelles during the many years that he held office.

We are awaiting the recommendation of the Constitutional Appointments Authority (CAA) for the appointment of a new Chief justice. Once the appointment is finalised, it would be useful for the new Chief justice to undertake an independent audit of our legal and judicial framework, including our criminal justice system. I believe this would the wish of all Seychellois.

At a time that we are considering updating our Constitution, I believe it is proper that we review the functioning of the Judiciary so that it can become more effective in discharging the role assigned to it by the Constitution. It is important that all Seychellois as well as the international community have full confidence in our judiciary and that we are all satisfied with its operation.

I have often called for more dynamism in the judicial process, so that justice is delivered in a more timely manner. We need a judicial system that is rapid and efficient. A strong and independent Judiciary is essential for national progress.

I ask that everyone respects the independence of the Judiciary. We are a small country. We need respect for each branch of the State so that the whole country can move forward.

As I have already mentioned, governance does not concern only the State. There are many members of our society who must also take their responsibilities seriously, and offer their services in an honest, comprehensive and transparent manner. Lawyers have an important role to play in the dispensation of justice, and it is important that their profession also be well‑structured to offer a better service to its clients.

There are allegations of corruption in that profession. I trust the new Chief Justice will take appropriate measures to eliminate corruption that may exist within the legal profession, and to enhance ethics within the Judiciary as a whole.

We must enhance public confidence in the legal profession, and consider ways of widening its scope, for example in the context of our offshore sector and other financial services.

But we cannot develop this confidence as long as we cannot rely on the honesty and professionalism of the legal profession.

Seychellois Brothers and Sisters

There is no place for corruption in Seychelles. There is no place for fraud. The series of measures that I shall present before the Assembly will contribute to making Seychelles one of the most corruption-free countries in the world.

The Legislature

Before moving on to issues dealing with the economy, I would like to remind Members of the Legislature to also work with greater responsibility. I had insisted last year that we must have a serious National Assembly, and more than ever before, we must have representatives of the people who are prepared to debate subjects of national importance with honesty and sincerity. I appreciate the undertaking given by Members on both sides of the Assembly, to focus on issues of substance in a constructive manner without engaging in cheap politics.

The Economy

1. Cost of Living.

Mr Speaker

I would like to share with you my thoughts on our current economic situation, and some reflections on the future.

The first issue is the cost of living.

The rise in the cost of living is of grave concern to my Government. It troubles me because I know that there are families who find themselves in difficulty to cope with household expenses. It troubles me because there are families struggling just to make ends meet. There are families where only one parent works; there are families whose members work very hard and have several loans to repay. I am concerned because I love my people, and when they suffer, I too feel their suffering.

The reality is that there is no short-term solution, nor a magic wand that can resolve the situation, because the general cost of living is dictated by world economic trends beyond our control. For many years, Government had adopted an approach of absorbing the increasing cost of commodities through subsidies. We had to take that approach at the time in view of limited economic growth, and also to help those who were unemployed, or who were attached to specific employment support schemes.

We can no longer sustain such an approach; if we want to progress on to the next stage of our economic development, we have to be realistic, resilient and responsible.

Last year, when I launched the Seychelles Strategy 2017, we were confident that we could make gradual adjustments to subsidies until we reached equilibrium. Unfortunately the relentless increases in the price of petrol on the international market eroded the benefits that were gained through improvements in the rest of the economy, with surplus funds being channelled to meet the additional costs of importing fuel. Our fuel bill rose from US$17.5M in 2002 to reach US$60M in 2007.

This is where our foreign exchange is going.

Everywhere, people are asking whether the world is heading towards a major economic recession. The unprecedented rise in the international price of petrol, together with major loss of confidence in bank credit systems have resulted in a state of uncertainty and confusion in the world economy.

This is how global economic trends are having a direct impact on us.

The price of fuel reached US$100 per barrel in December 2007, a world record. This resulted in price increases in almost every product and basic commodity on which we depend in Seychelles.

This is the new reality we have to face.

All countries that import oil have had to absorb this shock.

Our current price of fuel for vehicles is SR12 per litre at the pump. In Mauritius the price is the equivalent of SR11.59, and in Singapore it is SR11. In the United Kingdom it has reached over SR19 per litre. In the European Union, most countries are selling petrol at over the equivalent of SR15 per litre.

I am drawing your attention to these points because they represent a reality that we must face everyday.

Dear Seychellois brothers and sisters, I see what you see.

Yes, the cost of living has increased. Yes, life is more difficult when things become more expensive.

Yes, we have suffered the inconveniences arising from a shortage of certain commodities on the local market recently. I am aware that this is a serious problem which affects and frustrates all Seychellois. But I am addressing it. I am putting in place a financing structure which will allow the Seychelles Trading Company (STC) to supply the local market with essential commodities on a regular basis. This being the case, the private sector, especially merchants, also have a role to play in this regard. Let us not forget that all merchants can import any essential commodities. It is therefore important that they also have a social conscience, and review their priorities with regard to what they import.

For as long as I am here, I will continue to look for ways to help our people, especially during the difficult times.

My government will always strive so that the ordinary family has enough to get by. My government will continue to bring forward new initiatives this year that will contribute towards an improvement in the cost of living situation of all Seychellois.

When addressing the cost of living issue we will have to be guided by three principles which I have already mentioned:

\* We have to do it in a responsible way  
\* We have to be realistic  
\* We have to work hard and become resilient

My government will propose a bill - a Competition Law -- to oversee competition in our country. Under this law traders who abuse the rules of competition and consumer rights will face legal charges. Such a law will be in line with modern legislation in effect in several countries.

Prices that are increasing all over the world automatically cause a rise in the cost of living here in Seychelles. Unfortunately, there are traders who use this increase to exploit Seychellois consumers.

The new law will also enable government to take action where appropriate against big companies which are enjoying a monopoly or have an exceptional advantage that allows them to maintain the price of a certain commodity at an unacceptably high price.

As part of efforts to combat rising cost of living, government asked PUC to undertake a study on ways to assist the neediest families.

The first phase of the study has been completed and I can confirm that we have put in place a pricing mechanism that will allow families using less than 300 units of electricity a month to benefit from a discount on the rates announced in the 2008 budget. This means that a family that was charged R264 under the new rates will now only pay R204.

PUC has also started an exercise to reduce any wastage and to look at innovative measures to reduce the costs of operations.

Together with this revision, we have to continue encouraging families to make savings on their consumption of electricity.

These new initiatives complement the many programmes already in place and which we will continue to implement to bring relief directly to the families mostly in need.

The programmes include the housing projects. Although the costs of construction materials continue to rise, the government housing programme is based on a family's ability to pay.

In the context of responsibility, I have to mention that there are many who abuse the service government offers and are not paying their dues at the end of the month. We have to ask all Seychellois to take on their full responsibility.

The demand for houses to rent continues to grow, and I am concerned that the private sector is not doing enough to ensure that rent is reasonable and that the houses are in a suitable state. It is a sector where, unfortunately, there is a lot of abuse, and this puts added pressure on the government's housing programmes. The Ministry of National Development will undertake discussions with landlords to find a solution that will be a relief for those who are renting houses from the private sector. We hope that the discussions will promote a better operating environment for the landlords, as well as the tenants.

We are reorganising our Means-Testing system to ensure that people who are truly in need, benefit from state support. Means-Testing is also under review in order to reduce bureaucracy and to give assistance faster in emergency situations. When a person is declared permanently invalid, we expect the assistance be to permanent as well, hence no need for constantly re-applying.

Following my announcement last year on the subject of assistance regarding day-care centres, I am pleased to announce that specific funds are to be dedicated under the Social Security fund to assist those most in need. This financial assistance will be paid directly to families that make a request, on the basis of means testing.

As regards to public transport, government will continue to absorb the higher costs of fuel consumed by SPTC in order to keep the bus fare at an acceptable and stable level.

2) The economy in general

Mr Speaker,

The cost of living is, of course, the preoccupation of any family.

But as a nation we also have to look at the issue in its global context. As your President, I have to present you with the facts of our entire economy.

All persons who are in a position of leadership have to do the same.

Our economy is growing. Our growth rate in 2007 was 5.3%. Our performance has been acknowledged by the International Monetary Fund, as well as other world economic organisations.

Our economy is moving despite the constraints such as the shortage of foreign exchange, the rise in the prices of petroleum products and the costs of raw materials which continue to increase all over the world.

3) The foreign exchange situation and the responsibilities of the banks and other economic actors

Our earnings in foreign exchange are on the increase but we are also spending more.

The importation of petroleum products alone used up 60 million dollars (US), without taking into account the arrears accumulated as a result of the rising costs of the fuel.

In 2007 there were some 40,000 trips overseas undertaken by Seychellois. The banks allocated more than 18 million dollars for overseas travel alone.

We started the gradual process for the liberalization of foreign exchange in 2006 and 2007. This enabled us to increase the amount of foreign exchange entering our country, as well as the amount of forex transiting through our banking system. Measures announced recently in the budget, make provisions for changes in some payments and this will further improve the amount of foreign exchange for our needs.

I present the banks now operating in Seychelles with a challenge. Presently there are no government controls preventing the banks from offering foreign exchange account facilities to individuals and companies.

But it appears that this remains a difficulty for many persons. I trust that banks will make further significant efforts to simplify their procedures in order to encourage people to open foreign exchange accounts.

Many people have also complained that the banks are not offering competitive rates on their services, the interest rates are not attractive and also they are not promoting access to credit by Seychellois entrepreneurs.

I have always considered the banks as faithful partners in the development of Seychelles. Our financial and banking sector have to become more competitive to overcome the challenge before us, and also to enable all of us to seize the opportunities which our economy is creating.

There is also a lot of foreign exchange linked to investment arriving in our country. In 2007 the amount generated by our economy was 948 million dollars according to Central bank estimates. This compares with 644.6 million dollars in 2003. But only 268.1 million dollars pass through our banking system.

It is normal that any investor has the opportunity to repatriate their profit and this is guaranteed in our investment code.

But I am not satisfied with the way many investors and financial institutions are transacting money overseas without it coming into any account here in Seychelles. This does not involve only foreign operators, but Seychellois businesses as well.

It is time for the financial institutions, including the economic operators, to rectify the situation and ensure that the majority of the foreign exchange generated by the Seychelles economy goes through our banking system.

4) The development of businesses and the entrepreneurial culture

Our people are, more than ever before, becoming entrepreneurs. I have seen businesses of different sizes starting up. In certain cases we even see the concept of products and services that allow the businesses to position themselves on international markets.

An interesting case for me is the decision of the management and employees of Foodpro, formerly of SMB, to create their company to continue providing the service as a private company. We are proud that when the decision is taken to privatise a state asset, this is done is such a way that enables workers to have a share in what the company is creating. I take this opportunity to commend them.

I have also seen several small businesses coming along to produce more wealth for themselves and their workers. The industrial zone at Providence is becoming a small industrial town where different types of businesses and services are sprouting up and prospering. During my visit there recently I saw the many opportunities that exist in our economy. It also allowed me to see first hand the constraints the businesses face and together come up with ideas on how to address some of the issues.

We see many young people who are ready to take their future in their own hands and take a loan to invest in a small business. In 2007 the Concessionary Credit Agency disbursed R9.68 million worth of loans. Of the 310 loans, 215 were allocated under the Young Enterprise Scheme. The Development Bank disbursed R62 million worth of loans in 2007, compared to R59.3 million the year before.

There are 1172 cottage industries registered with SENPA. In 2007 there were a record 408 cottage-industry applications.

5) Investment

An important spin-off that is a result of the impressive level of investment we have seen in our country recently is the demand for support services and products. This continues to drive the growth in small businesses. Even more opportunities are presenting themselves, and government is taking several initiatives to ensure that each investment project has a multiplier effect in our economy.

Our Investment Code requires the participation of local businesses in the different projects. There are many instances where this is happening, but I am also aware that many companies are looking for ways to avoid their responsibilities. The ministry concerned, together with the Seychelles Investment Bureau, will undertake a serious exercise to ensure compliance with this policy.

The provisions to promote the participation of Seychellois businesses in projects exist! We have to implement them.

We also require investors to present a social investment strategy in each district where there is a project.

Seychellois brothers and sisters,

We all recognise that Government has put in place an environment which is favourable for investment. And my government will always encourage local investment. Nonetheless, we have to recognise that local investment alone will never suffice to meet the development targets we have set. It is for this reason that we need to attract foreign capital. All countries- even the most developed- seek foreign direct investment. All the more reason, that a small country, like Seychelles, with limited resources, needs foreign investment. This allows the country to create more wealth, accelerate development and guarantee the future for all Seychellois.

We have to work together in order to bring more benefits to our country from investments. We have to continue empowering the people of Seychelles to enable them to become bigger investors.

It is with this in mind that government is setting up a holding company this year. This company will be responsible for the management and commercialization of assets, shares and investments belonging to the State. The holding company will be another tool to be used by government to help double Seychellois wealth by 2017. Once it is fully established, Seychellois will also have the opportunity to buy shares in this company

6) Tourism

2007 was another record year in visitor arrivals when 161,273 tourists came to Seychelles. This represents an increase of 15% over the 2006 figure. Furthermore, we are seeing an increased participation by Seychellois businesses in that sector. During 2007 alone there were 16 new car hire and small maritime businesses. There were also 14 new small hotels and restaurants. This Assembly also approved the revision of the Tourism Incentives Act (ITA) to promote and give more protection to the small Seychellois businesses in the sector.

As regards to aviation, recent events present Air Seychelles with a major challenge. Our national airline is going through a difficult period as a result of an accident in Paris which was outside its control. Today I salute the great Air Seychelles team that is working hard night and day to overcome this challenge. I appeal to all Seychellois to give all the support that the Air Seychelles team needs.

7) Fisheries and port activities

Our fishing industry continues to generate more revenue. The total value of all exports of fish reached R1.5 billion in 2007, representing a 36% increase on the 2006 figure.

The growth is especially due to the good performance of the semi-industrial sector where there was an increase of 30% in tonnage.

On the other hand, at the same time we recorded a 45% decrease in the industrial sector tonnage.

More than 5,000 Seychellois are actually earning their living, in one way or another, in the fishing sector and port activities.

We also have to ensure that our fisheries remain sustainable in order to guarantee a source of revenue for ourselves and our children.

The port authority is finalizing its plans for investment and greater efficiency following a study by the Commonwealth.

8) SEPEC

In the year when petroleum prices reached record levels internationally, SEPEC played its role well as a stabilizer in our economy. As explained before, the increase in the prices of fuel has put a lot of pressure on our economy and we have to prepare ourselves for the negatives effects which will continue for some time.

In spite of the increase in the price of fuel at the petrol stations, SEPEC continues to use the profits from its international operations to subsidise the local market. Without this exceptional contribution by SEPEC we would have been in even greater difficulty. We would have been in the situation experienced by certain countries recently where electricity supply was interrupted and a black market in fuel has developed.

A large proportion of the petroleum products imported by SEPEC is for use by PUC to meet the growth in electricity demand as a result of the increase in houses, businesses, hotels, etc. Actually 45% of all the petroleum products imported into our country are for electricity production.

Despite the constraints that SEPEC has faced due to the price of fuel, the company has continued to play a remarkable role in our economy. Our 5th tanker will become operational this year and our fleet is expected to generate significant revenue for Seychelles in years to come.

The search for oil is continuing. According to experts, the data collected so far is more than encouraging.

9) Energy

People of Seychelles,

The issue of energy is one that is critical for us, and for our future. The amount of petroleum products our country is consuming now is not sustainable in the long term. Government is presently drafting an energy policy that will look at radical solutions that we will have to adopt.

We will also set up a special energy commission to guide the exercise.

We have to look for innovative ways to conserve energy, and also other resources such as water.

Government will remove all taxes, including GST, on certain solar energy products such as solar panels.

In 2007 we needed 5 million dollars a month to pay for the importation of petroleum products. In 2008 we will need 7 million dollars a month.

Every saving we are able to make means more money set aside to reinvest in our people, the education of our children, and care for the sick.

10) Financial and offshore sector

Our financial and offshore sector promises a lot for the future. According to SIBA, offshore activities grew by 31.64% in 2007 and contributed 3.85 million dollars in government revenue. Seychelles is one of the jurisdictions that has established a good reputation for its reliability, transparency and efficiency. This is illustrated by the fact that one of the big international banks, Barclays, has already set up an offshore branch here. Other renowned financial institutions have shown an interest in following that example.

Several young Seychellois are already carving an interesting and prosperous career for themselves in that sector.

Mr Speaker,

I have reviewed several aspects of our economy and have outlined many challenges that we face and also the many opportunities in front of us.

I appeal to all political leaders, and to all the people of Seychelles that it is alright that we discuss and exchange views on any strategy, but once we have taken the decision to move forward, let us come together to overcome the challenges and to seize the opportunities for the benefit of all.

International relations

Dear People of Seychelles,

The situation in the world today is a complex picture full of uncertainties. Happily, in this divided world Seychelles achieved a breakthrough on the international scene with its message of unity and stability, and also the message of love for our planet, the environment and for humanity.

The United Nations has declared 2008 the Year of Planet Earth. Seychelles is using all the means at its disposal to support this theme. The world will listen to our voice because over the years we have continuously given importance to the environment in all development projects.

We have reinforced our diplomatic representation, and have also mobilized our network of honorary consuls to increase Seychelles' visibility in the world.

True to this objective, I have undertaken several missions abroad. It is important that we do our part to render our country more visible to the world. I ask every Seychellois to also be an ambassador for our country. We can play that role when we are talking to a visitor or when we are overseas visiting a family or a friend. Let us take the Seychelles message to the world - the message of patriotism, unity, and love for our fellow human beings. When we take note of what is happening in certain neighbouring countries we have to also realize that ours is truly a blessed country.

We are an example to other countries in many ways.

We are a country that is open to the world, and despite being small, we stand side by side with the biggest countries to undertake discussions on an equal basis.

Our foreign affairs policy is based on this mutual respect.

As a small country, it is also important that we promote this dynamism of respect among our closest neighbours. During 2007, Seychelles assumed the presidency of the Indian Ocean Commission. I am proud that during this period we successfully conducted negotiations with the European Union on aspects of the economic partnership agreements. This was an issue that was critical for the countries in our zone, and Seychelles played a key role in defending the position of our brothers and sisters in the Indian Ocean, side by side with our own interests.

The Indian Ocean Commission is the organization of proximity for us, and it is important that it is able to defend our position in all aspects, including the difficult situation of small island states in the world economic and political climate.

In that circumstance I have taken the initiative to organize a special conference on this for the Indian ocean Commission. The conference will be held here next month.

Environment

As we are reminded by the preamble of our Constitution, we are grateful to God that we inhabit one of the most beautiful countries in the world. The beauty nature has given as our heritage is unique and is so fragile that we require the efforts of all to preserve it at all cost.

We have done a lot for the environment, but a lot more remains to be done. This is the responsibility of all Seychellois. I feel proud when I see our youth setting the good example in environment protection. I take this occasion to congratulate all the teachers, NGOs and the private sector that put a lot of emphasis on getting our children to take care and appreciate our fragile and unique environment.

In my National Day address last year I talked on the situation of litter in our country and the level of pollution in our country. I have taken note that a lot is being done and I see the collective effort to render our country cleaner, more beautiful and more welcoming.

We have to continue our effort to realize our dream of a Seychelles that is free of litter, free of wastage and free of pollution. We have to work hard to achieve a waste-free Seychelles. We have to put in place a better waste collection and waste disposal system and also a recycling project. The landfills receive 62 tonnes of waste a day. Space is limited, which means we have to make sure that this problem does not overwhelm our capacity.

Our environment is the concern of all of us. Let us do our part to preserve it.

Employment: Working harder to earn more

When the people of Seychelles gave me the mandate to serve them, I was aware of the huge responsibility handed to me. I was aware of the heat coming from the kitchen, but I was determined to get into the kitchen because I always work hard. Work and responsibility are the key. I have always worked hard and I am not afraid of hard work.

All work is noble. Work earns us dignity. Work gives us a sense of accomplishment and pride. Work is one of our fundamental duties under article 40 of our Constitution.

There are many employment opportunities in our country today. The amalgamation of a good economic environment and the well-planned employment strategies have brought about further reduction in the rate of unemployment. In December 2006 the rate of unemployment was 3.4%. It went down further to reach 1.9% in December 2007. This is the lowest unemployment rate ever recorded in the history of Seychelles. At present there are more than 500 vacancies in the country, and these are job opportunities which our Seychellois have to take.

Strategy 2017 puts a lot of emphasis on the participation by every Seychellois in the economy of our country. Everyone has to acknowledge that it is through work that we create wealth, that it is work that causes the growth of our economy, allows for the redistribution of wealth and safeguarding the welfare of our society.

The result of economic policies together with the strategies in place is that more people are in permanent employment. As a consequence, participation in the Unemployment Relief Scheme (URS) is declining. Presently there are only 120 young people on the programme, compared to 400 in 2005. The introduction of a national minimum salary in December last year also guarantees a more decent salary for all Seychellois.

For us to be able to double our GDP by 2017, we must develop new ways of working to reduce costs, reduce wastage and maximize usage of our core competencies and technological resources.

We are in the process of setting up a specialized agency to assist persons, who, for one reason or another, are only able to work part time. This service will also be available for persons currently in full-time employment but who may feel they would like to engage in another job. This employment agency will commence its work under government guidance but will eventually be privatized.

I would like to take this opportunity to also make a special mention for all those devoted workers who do their job with love. There are many such people all over our country. They are men and women who see their chosen job not only as means of making ends meet but which also forms part of their own search for personal satisfaction.

I would also like to salute those single parents who are working hard for their children. I salute the young responsible Seychellois who have discovered the value of hard work. There are many who do more than one job because they want to realise a dream. We are a nation which is often resourceful and which can work hard when we want to.

We should always remember at the same time, those who are vulnerable in our society, the elderly and those with disabilities, those single parents who maybe would like to seek further employment but are unable to do so due to commitments with their children, the families struggling with several loans....... We must not forget people in such situations. They need support from our society and as long as I am here, and as long as resources permit, such people will not be left behind. My Government will also endeavour to find ways to help make their lives more comfortable.

Mr. Speaker,

A further subject I wish to address in the context of employment is that of security clearance. Security clearance is a form of check which exists in all countries, but which in Seychelles has often been criticized and politicised. Government is looking to review and simplify recruitment procedures in the public sector. When the new system is operational, any negative perceptions that may remain that relate to security clearance will be tackled.

Government Restructuring

Following restructuring of government in the past year, each ministry has had the opportunity to share their vision with the nation in our national media. These visions have been translated into plans of action which are being implemented in due course by respective departments.

The restructuring initiative was aimed at improving their effectiveness, productivity and service levels.

I am conscious that there is still much to do and that many sectors may still have to review their organization. Let us work together to ensure that Government is duly working for the benefit of the people of Seychelles! We need therefore a system of public service which is responsible, efficient, responsible and based on performance.

Training will play a crucial role in this process of improving public service and we will be depending on institutions such as SIM and our new university to assist along these lines.

Salaries in the public and private sectors

The 2008 budget has provided certain increases in public sector salaries at different levels. As stated already, this increase is in accordance with what is possible bearing in mind our current fiscal position.

At the same time, Government is undertaking a study on a more global revision of salaries in collaboration with the Commonwealth. This study will provide the general structure for all salary grades in government.

It is our hope also that this study will also permit the implementation of a system of benefits and incentives according to performance to help increase efficiency in the public service.

Seychellois brothers and sisters,

I am also fully aware of the fact that many companies have not adjusted their salaries despite all the concessions and assistance provided by Government.

I call particularly on the hotels to ensure a reasonable package for Seychellois workers as the tourism sector is performing so well and also as they are reaping the benefits of recent re-adjustment in the rupee.

Government has been continually discussing with the hotels and I congratulate those that have introduced a service charge which helps productive workers to benefit more based on their performance. But there is still much to do and I call on all partners to address the issue so that workers can be adequately remunerated.

Seychellois Youth

Seychellois youth will always remain close to my heart, and always occupy a high position on my list of priorities. Optimism, energy, motivation, courage and strength are words easily identified to describe the youth of Seychelles. They are the ones who will continue the road towards prosperity and progress. They are the strength of our nation. My Government has strived to put many opportunities at their disposal and many have taken up these opportunities- either in terms of further study, creation of a small business, advanced training, building their own house....the list is long.

The youth of today, seizing the opportunities offered by our country, is the pride of the nation. A youth who is strong, responsible and ready to reject negative influences is a youth who will go far in life.

There is no greater pain than to discover one's child giving in to negative influences. The healthy child you have borne and who is now not working and idling time away in unhealthy pursuits.

I ask all Seychellois to put our differences aside and give a helping hand to rescue our youth that may be at risk from such negative influences. No one can claim that this does not concern them. All our children are vulnerable.

Substance abuse can shatter a family, destroy a life. It places a lot of pressure on the state's resources as well as bringing a lot of suffering in its wake.

- simply ask the mother who has seen her child steal from her to buy drugs

- ask the worker who has had the fruits of his labour stolen by a person desperate to find the means to buy drugs

- Ask the teacher who is sees her students smoking drugs

- or the nurse and doctors who witness the devastating medical effects on our young population.

Education

Recently, we have launched the Young Leaders Programme- whereby the youth of Seychelles are being empowered as the leaders of the new Seychelles being created.

The creation of a foundation for the University of Seychelles is also another opportunity that our country is offering its younger generation. Donations are continuously received, and I have appreciated the effort from those who have dedicated part of their monthly salaries as a contribution towards the foundation. Such gestures are testament to the appreciation they feel for their country and the importance they place on success of its youth- I take the opportunity to express my sincere thanks.

As our country progresses, as we rise to meet new challenges, our educational system also has to adapt to new developments. It has to prepare our youth to integrate into a society where competition becomes more intense, where modern technology changes ways of doing things, and where we are preparing a generation to begin tertiary level studies on home soil.

As a nation we must maintain our commitment to education; maintain our commitment as an investment for the future.

We have to aim for the improvement of educational and teaching standards in general at all levels, and ensure that even more of our young people are able to reach the standard of competency required to take up the key posts being created in the new wave our country is riding.

I also take the opportunity to thank all teaching personnel for their exemplary work and their devotion towards our children and youth.

Health

The proper standard of care begins with the welcome that a patient receives and is then continued through a professional service, with a compassionate touch and the environment which surrounds him. There are often small gestures which can mean a lot.

This year we celebrate the 30th year since the introduction of free primary health care in our country. The whole community should also take on increased responsibility for the health of inhabitants, as well as where appropriate, the provision of certain aspects of health care.

Government is currently considering options for the formation of community health associations to permit more input and participation by members of the community in preventative programmes and other health initiatives at district level.

Government has recently implemented a separation between the formulation of health policy and the provision of health services to the population. The principal role of the health authority is to establish and reinforce the structures and procedures in the health service, improve professionalism and efficiency and provide a better care and treatment experience for the patient.

This reorganisation represents the first phase towards the creation of an autonomous authority which will ensure the provision of a health service which meets all our expectations as a modern society.

The Ministry of Health and Social Development will also intensify its efforts to ensure that health services offered at the home are also made more efficient. The Ministry will also remain at the forefront of the fight against social ills affecting our society such as HIV/AIDS, prostitution and substance and alcohol abuse.

I take the opportunity to thank all doctors, nurses and all health workers, in government or the private sector, for their contribution and hard work towards ensuring the health of our nation.

Community Development

We have already begun implementation of the vision to make our communities more vibrant and active. In the context of our decentralisation policy, several departments have been seconding staff in the districts with a view to bringing key services closer to the people.

The Community Development Department have also been organising a series of open days to sensistise our population on different activities and services that are available at district level and involve local inhabitants more directly in community activities.

We need a constant effort on the part of everyone to ensure that our districts are vibrant communities. All inhabitants have a responsibility to make this possible.

We need communities who have a real power to make a difference. We want communities centred on the spirit of solidarity and mutual assistance which so often characterises community life in Seychelles.

Sports, the Arts and Culture

The year 2007 has been an historic year in our sporting progress. We have won our first gold medals on the African continent and we have also been very successful in the Indian Ocean Island Games.

As a small country, we are often achieving things that at one point we believed to be impossible. We are proud, for example, when we see a Seychellois officiating at high level football match such as at the Africa Cup of Nations. Hard work always reaps just reward.

I congratulate all athletes, all their families, their coaches and other officials for the exceptional performance of 2007 which has been the pride of our nation.

This year we are also organising a regional sporting event of great importance. I take the opportunity to express our full support to the organisers of the CJSOI Games and all participating athletes. Ale Sesel!

In the arena of arts and culture, I have also been proud to see artists, through their work and talent, continue to develop the concept of national unity and love among Seychellois- the concept of one Seychelles!

I have always believed that our work can unite us, and our artists have often proved this point.

The transformation of the National Arts Council and the National Sports Council into autonomous bodies will also further benefit the development of arts, culture and sports in our country. These two authorities will be better equipped to mobilise local talent in a more commercial manner on the national and international stages. They will also have a role for bringing sports and culture closer to the community through programmes in the districts.

Conclusion

The importance of hard work and appreciating the value of our country

Mr. Speaker,

Our country has given a lot and sacrificed a lot. Today our country still has and will always have the responsibility to help its people to blossom, no matter what difficulties or challenges may lie ahead. Through the establishment of social and economic programmes which place people at the centre of development, our country has also offered opportunities for the participation in the creation of wealth of our country and the sharing of this wealth amongst all our people. Today many countries in the world admire our social system which our people have access to. To get as far as we have, we have worked hard and struggled.

We need to appreciate the value of what we have achieved as a nation, and also the value of the hard work that has made these accomplishments possible. We express our gratitude and recognition towards all those who have worked, struggled and sacrificed to allow us to reach where we are today.

We are currently living in a global village. What occurs in one part of the world has a direct and indirect effect on our country. There is a saying that when America sneezes, the world catches a cold. When China enters into increased construction it places increased demands on building materials, when the value of the US dollar falls, the value of cross-Atlantic investment is affected, hence the value of investment of Europe into other parts of the globe including Seychelles. When there is instability in the Gulf, the price of petrol shoots up around the world. We have to take into account all these global forces and trends and there effect on our small corner of this global village.

We have many aspirations as a people; we have a vision to achieve our 2017 targets. To achieve them, we have to make certain decisions that ask for more responsibility and that ask that we all re-look at our priorities as individuals, as a government and as a nation.

People of Seychelles, it is time to ask what we can do for our country, in this period where, despite our small size, despite our specificities as a small island state, despite our vulnerability, we have to stand side by side with economic giants and face the consequences of globalisation.

Globalisation does not take into account the size of any country, nor does it take into account the size of our population of less than 85,000, nor does it take into account a lack of natural resources.

It would be irresponsible on behalf of any politician to engage in cheap politics based on this. It would be irresponsible, and even ridiculous on behalf of any leader to pretend that an increase in any fuel price is simply a government invention.

At a stage where government is consolidating its macroeconomic reforms which depend largely on a fiscal surplus, it is irresponsible for a leader to request that such a surplus is transformed into further wage increases for the public sector.

It would be irresponsible for any leader to wash their hands of the situation and claim that it is only the concern of the current government in power. This would be false and dishonest- we all need to work together to take on our responsibilities as a nation, we all need to work together to find solutions for those that most vulnerable.

I am pleased to note that the Leader of the Opposition has recognised, in debates in this Assembly, the need to educate the Seychellois people and that we have to be able to identify our priorities.

We are currently undertaking fiscal measures that are not necessarily popular because there is no alternative. It is not up to the government, nor the private sector to decide if petrol or gas prices rise or fall on international markets. But we all have to pull together to face the consequences of such shifts in international events.

It would be immoral for me to stand before the Seychellois people and tell them that it is reasonable to continue spending in a way which is unsustainable.

I am conscious that many are making efforts to address our priorities. We are a mature nation. We are an intelligent nation. I am sure that we can rise to see off our new challenges in a responsible manner.

Resilience of the Seychellois people

People of Seychelles,

Article 40 of our Constitution speaks of the fundamental responsibilities of our people, it reminds us that it is our responsibility to develop the national interest in unity, work conscientiously, contribute towards the well-being of our community, protect, preserve and further enhance our environment and work towards the aspirations expressed in the preamble of our Constitution.

Seychellois, the hour has arrived to turn the page from the past towards the building of our new Seychelles. That which we have acquired through our work in the past must be preserved, and let us also learn and grow from our experience. Our sense of responsibility, of realism and resilience will help us to take up this next chapter.

Let us continue to build a Seychelles where hard work is recognised and duly recompensed, where responsibility is our second nature, where opportunities are in abundance, where justice and law and order reign, and where our differences make us stronger.

Our new Seychelles is one which must face global realities.

A Seychelles, where every child, youth and adult continues to benefit from equal opportunity; where every Seychellois recognises that he must work hard to increase his level of comfort.

A Seychelles with no room for corruption, malice or favouritism.

This is my vision for Seychelles, but like all things that eventually bring about something good, it will not be achieved easily.

The stage we are currently in, difficult as it may be, is a necessity if we want to move forward. It is a choice, but a choice that we should take together, as a nation. History has shown that we can accomplish a lot. It is difficult decisions such as those we face now, which will mark our place in history.

People of Seychelles, there are moments in the life of a leader where difficult decisions must be made, but they must be made with courage, for the people and for the nation. At the beginning of my term of office, I stressed that I was a President for all Seychellois. I am not simply a President seeking another term. I have a clear vision for the country and for my people.

Too often, around the world, partisan politics can create a barrier for national development. Seychelles has not been exempt from this illness. But, I believe that Strategy 2017 which was launched last year goes beyond political lines. It is not a document written to win elections- it is a vision for the Seychellois people. It creates a platform that the next generation of leaders, from whichever party, can build on. Let us ensure we build that solid foundation.

And let me say one thing. I am determined in the task ahead of me. I am determined to continue with my reform programme. This programme is capital for the future and progress of Seychelles. It is for this reason that I ask all Seychellois- whatever his political affiliation, to support me in this demarche. I am determined to take Seychelles further, to take Seychelles to further progress and prosperity. There are no barriers that will prevent me from realising this vision, for my people, for my country.

Mr. Speaker,

It is true that we are going through a difficult period. But which country is not facing difficult times at this moment? Seychelles is no exception. But with courage and determination, with reform which is taking effect, I have hope, I have confidence, and conviction that we can overcome these challenges. Today, I wish to share this hope with you brothers and sisters. Together we can achieve it, when we unite our efforts, our talents, our abilities. Together we can do it, for Seychelles.

In a world which is often distressed and plagued by uncertainty, I know that God is by our side.

As stated in the preamble to our Constitution- we place our trust in God who continues to bless our beautiful Seychelles.