Ministry of Tourism

Annual Report on Performance of the Ministry of Tourism for the Financial Year 2016/2017

October 2017
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ANNUAL REPORT ON THE PERFORMANCE OF THE MINISTRY 2016-2017
Statement from the Minister of Tourism

I am pleased to present the Annual Report of the Ministry of Tourism for the fiscal year 2016/17.

The tourism industry in Mauritius, which emerged in the 1980s, has triggered a paradigm shift from a monocrop sugar-based economy to a service-oriented economy, and has made long strides to become a major contributor to the overall socio-economic development of the country. Against this backdrop, the vision of the Ministry of Tourism is to make Mauritius a leading and sustainable tourism island destination contributing towards the transformation of Mauritius into a high income nation.

The performance of our tourism sector in the fiscal year 2016/17 has been commendable, despite the challenging global economic environment, thanks to aggressive marketing efforts. Tourist arrivals reached 1,275,227 in year 2016, representing a growth of 10.8% as compared to the year 2015, with increase in arrivals from Germany (37.9%), UK (9.4%), France (6.9%) and India (14.6%). It is worth noting that Turkey registered an increase of 247.2% (from 1,004 to 3,486) as a result of direct flights.

Tourism earnings reached Rs 55.8 bn for the year 2016 as compared to Rs 50.2 bn in the year 2015. The low season strategy for the period May to September 2016 led to a 9.2% increase in tourist arrivals over the corresponding period 2015. For the first semester of 2017, tourist arrivals increased by 6.7% over the same period in 2016, and the forecast of tourist arrivals for the year 2017 is estimated at 1,360,000, representing an increase of 6.6%.

Furthermore, an e-Licensing System is operational at the Tourism Authority since March 2017, whereby tourism operators now apply for and obtain their licence online. These achievements would not have been possible without a robust combination of policies and strategy, which has enabled Mauritius to successfully penetrate the top notch segment of tourists by positioning itself as a dream destination. It is worth noting that in the Travel and Tourism Competitiveness Report 2017, Mauritius ranks 55th out of 136 countries and 2nd in Sub-Saharan Africa, after South Africa. Mauritius has also obtained the Best Destination 2016 by the luxury trade magazine, Luxus Insider (ITB, 2017) and Best Family Vacation Destination by China Tourism Industry Association (2016).

I thank the staff of the Ministry of Tourism for their commendable performance during the past year and am confident they will continue their work with the same zeal, dedication and even more enthusiasm.

The Hon. Anil Kumarsingh Gayan, SC
Minister
The tourism sector has performed steadily during the Year 2016-17 and for the year 2016 a double digit growth of 10.8% has been registered.

This performance constitutes a record given that for two consecutive years double digit growth has been achieved since over a decade. The trend is positive for the first semester of Year 2017 in terms of tourist arrivals as well as tourist spending and the Statistics Mauritius has also revised upwards its forecast.

The Ministry, together with the parastatal bodies falling under its aegis, has during the year organised many events/functions:

- **Festival International Kreol (November 2016)**

  The success of the 11th edition of Festival International Kreol (FIK) has gradually placed Mauritius on the map of the world Festivals. FIK 2016, organized by this Ministry in collaboration with the Ministry of Arts and Culture, met its two main objectives to improve the visibility of Mauritius internationally and show-case the authenticity of the kreol culture through local music, arts, language and cuisine, demonstrating the richness of our Mauritian culture. The event was held from 17 to 26 November 2016 among the main ones being Konferans, Regat ek Festival Kiliner, Sware Afrikin, Konpetition Konkour Sega Tipik, and above all the Gran Konser. The theme “Lang Kreol: Siman la Nasion” was debated during the Konferans. It offered the Mauritian a fascinating week full of the colours, sound and fragrances of the kreol world that treasures its traditions as well as its present.

  Some 150,000 people participated in the 11th Edition of FIK thus making the event one of the most popular events organized in Mauritius. FIK was greatly mediated both locally as well as by international press. The FIK has also been an opportunity for singers, dancers, musicians, artists, and designers from different parts of the world to interact, inspire and create a new kreol awakening.

- **Assises du Tourisme (June 2017)**

  The Assises du Tourisme was organised by the Ministry of Tourism on 02 June 2017 to reflect collectively at national level with a view to develop a road map for the tourism sector. Post Assises workshops are being organised to address an Action Plan elaborated for the implementation of the recommendations of the Assises with a view to facing emerging challenges and propelling the industry to new heights of development.
IORA Seminar on Sustainable Tourism (May 2017)

As the UNWTO has designated the Year 2017 as the International year of Sustainable Tourism for Development, the Seminar on Sustainable Tourism was organised in collaboration with IORA and was attended by 13 member states and 3 Dialogue partners.

Nowadays, the tourism industry is evolving in a highly competitive environment be it from similar island destinations as well as customers’ needs and tastes which are fast changing. In order to continue to prosper, it is imperative for the Ministry to strive to constantly challenge the ‘Business as usual’ approach to fully meet the expectations of customers. For this reason, the Ministry of Tourism has adopted a customer-centric approach with a view to rejuvenating the industry and repositioning Mauritius as a leading island destination.

The Ministry, with the support of its two parastatals namely, the Mauritius Tourism Promotion Authority and the Tourism Authority in collaboration with all stakeholders of the sector will strive to develop the sector further as tourism is reaching to becoming the fastest growing industry internationally.

Mrs. C.R. Seewooruthun
Permanent Secretary
2017 is the International Year of Sustainable Tourism for development

“This year’s World Tourism Day, held on 27 September, will be focused on Sustainable Tourism – a Tool for Development. Celebrated in line with the 2017 International Year of Sustainable Tourism for Development, the Day will be dedicated to exploring the contribution of tourism to the Sustainable Development Goals (SDGs). World Tourism Day has been celebrated since 1980 on September 27, the day in which the Statutes of the World Tourism Organization (UNWTO) entered into force.

Peace and Dialogue, Energy, Accessibility, World Heritage and Water and Tourism have been some of the topics tackled on the 37 previous editions of World Tourism Day.

Last year alone, 1.235 million travellers crossed international borders in one single year. By 2030, this 1.2 billion will become 1.8 billion. The question, as we celebrate World Tourism Day 2017, is how we can enable this powerful global transformative force, these 1.8 billion opportunities, to contribute to make this world a better place and to advance sustainable development in all its three pillars. This World Tourism Day, whenever you travel, wherever you travel, remember to respect nature, respect culture and respect your host”.

UNWTO Secretary-General Taleb Rifai - PR No. 16111
INTRODUCTION

The Annual Report has been prepared according to guidelines issued by the Ministry of Finance and Economic Development to highlight the progress made towards achieving set targets and attaining the objectives of Government.

The Report is a mechanism that promotes transparency and accountability in respect of resources provided by the National Assembly and services delivered thereon. It also provides information to tourism stakeholders and the public at large.

The Ministry is committed to delivering a quality service to its customers and creating an enabling environment for sustained tourism growth through the articulation of right policies and strategies.

INDUSTRY PERFORMANCE

Today tourism is one of the fastest growing socio-economic sectors that is fuelling economic growth and creating jobs and business opportunities in the country. The growth of the tourism sector has outperformed the national average. In fact, the growth rate in the sector for the year 2016 was 7.8% of GDP compared to 3.8% of the national GDP average. It is expected that tourism growth for 2017 will be around 6.6% whereas the national GDP will be around 3.9%. Tourist arrivals in 2016 grew by 10.8% which far exceeds growth of international tourist arrivals, which according to the UNWTO reached 3.9%.

After more than a decade, the tourism sector registered double digit growth two years in a row. The growth momentum for 2017 is being pursued with a modest increase of 6.6% in tourist arrivals, taking into account a larger tourism base as compared to the previous year.

The top 10 source markets, with exception of China, registered positive growth in 2016 with Germany, India and U.K recording impressive growth of the order of 37.9%, 14.6% and 9.4% respectively.

After registering a negative growth during the years 2011 to 2014, France rebounded with a positive growth of 4.4% in 2015 and maintained its momentum with a 6.9% growth in 2016. Likewise, Italy posted a positive growth of 7.4% last year after eight years of negative growth.
New markets

Tourists arrivals from all the new markets have registered outstanding performance, particularly Poland (90%), Austria (45.7%), Netherlands (45.5%), Sweden (25.1%) Switzerland (18.2%), and Belgium (10.2%).
Market Diversification Strategy

Mauritius is largely dependent on European visitors with France being the largest single market followed by UK and Germany. The diversification strategy adopted by the Ministry since 2008 focusing on emerging markets like China and India is paying dividend. So much so that the euro zone which constituted about 67% of our total tourist arrivals in 2009 has gradually declined to reach 57% in 2016. Conversely, tourist arrivals from Asia which stood at 7% in 2009 increased to 16% in 2016. Likewise, tourist arrivals from Africa increased from 23% in 2009 to 28% in 2016.

Overall Performance of the Tourism Sector

The positive results achieved over the past two years clearly demonstrate that the sector is back on the growth trajectory after more than five years of stagnation between 2009 and 2014. The injection of additional air seats capacity and adoption of a more liberal air access policy by Government have greatly contributed to boost tourist arrivals.

STRUCTURE OF THE REPORT

This report is divided into four parts. After the introduction, Part I outlines the vision, mission, roles and functions of the Ministry. It also gives a brief overview of the parastatal bodies operating under its aegis and their key functions. Finally, the human resources at the disposal of the Ministry for policy making and service delivery are briefly presented.

Part II describes the major achievements of the Ministry for the previous financial year. The status on the implementation of budgetary measures pertaining to the tourism sector and key actions of the Ministry is also highlighted.

Part III summarises the financial performance of the Ministry. The expenditure incurred under the different Headings/Sub Headings are provided.

Part IV analyses the trend and challenges facing the tourism sector and that may impact on the policy orientation of the Ministry. The strategic directions of the Ministry over the next three years are defined.
ABOUT THE MINISTRY
VISION AND MISSION

Our Vision:

A leading and sustainable island destination.

Our Mission:

- To propel the tourism sector as a key engine of growth.
- To enhance the visibility of Mauritius as a top class tourist destination in traditional, emerging and new markets.
- To broaden the tourism product portfolio to include eco-tourism, spa and wellness tourism, cruise tourism, cultural tourism, business tourism and sporting events.
- To promote Mauritius as a clean and safe tourist destination.
The Ministry of Tourism is responsible for the formulation and implementation of strategies and policies for the harmonious and sustainable development of the Tourism Sector and the promotion of leisure for the benefit of the citizens and tourists. The key functions of the Ministry are to:

1. Assist in tourism planning through the development of tourism policies and preparation of long-term plan.
2. Support the development and upgrading of tourism structures and infrastructure.
3. Work in close collaboration with all its stakeholders, including international organisations, for the development and promotion of sustainable tourism.
4. Appraise and monitor tourism projects.
5. Elaborate and implement standards, norms and guidelines for tourism activities.
6. Formulate legislation to regulate the tourism sector.
7. Create awareness on the importance of sustainable tourism development and support enterprises in their drive to be environmentally compliant.
8. Prepare and provide statistical data and information on tourism matters.
9. Make leisure and recreational activities accessible and affordable to the population at large.
OVERVIEW OF THE MINISTRY

The Ministry of Tourism is divided into two main sections, namely the Technical Section and the Administration Section. The Technical Section has been organised into three distinct units – the land-based, sea-based and leisure units.

The land-based unit deals with projects, policies and programmes relating to the accommodation sector, restaurants, night clubs and private clubs, eco-tourism and signage programme, amongst others. The unit also elaborates guidelines and regulations relating to the accommodation sector.

The sea-based unit deals with projects and policies pertaining to nautical activities and also prepares guidelines and regulations pertaining to sea-based activities and pleasure craft.

The Leisure Unit is responsible for promoting leisure and recreational activities for the citizens and tourists and is supported by officers of the Leisure Events Cadre. The unit organises leisure activities at national level, provides assistance in terms of logistic support to other leisure-oriented organisations and collaborates with other Ministries and Departments for the organisation of leisure activities.
MAIN LEGISLATIONS

The legal framework governing the Tourism Sector comprises:

- Mauritius Tourism Promotion Authority Act 1996
- Tourism Employees Welfare Fund Act 2002
- Tourism Authority Act 2006

OVERVIEW OF PARASTATALS OPERATING UNDER THE AEGIS OF THE MINISTRY

The Ministry has set up three parastatal bodies to better promote the destination, regulate tourism activities and cater for the welfare of tourism employees. The roles and functions of each body is briefly highlighted.

- Mauritius Tourism Promotion Authority (MTPA)

The MTPA was set up under the Mauritius Tourism Promotion Authority Act 1996 as a parastatal body. Its objects are as follows:

(a) Promote Mauritius abroad as a tourist destination
(b) Provide information to tourists on facilities, infrastructures and services available to them in Mauritius
(c) Initiate such action as may be necessary to promote co-operation with other tourism agencies
(d) Conduct research into market trends and market opportunities and disseminate such information and other relevant statistical data on Mauritius and
(e) Advise the Minister on all matter relating to the promotion of tourism

MTPA’s role is to enhance the image of Mauritius as a prime holiday and up-market destination by consolidating our traditional markets, penetrating emerging markets and exploiting niche segments in new markets.

- Tourism Authority (TA)

The TA was set up as a corporate body under the Tourism Authority Act 2006 to sustain the development of Mauritius as a high quality and safe tourist destination.

The objects of the Tourism Authority are to:

(i) Promote the sustainable development of the tourism industry;
(ii) Foster and encourage the conduct of activities in the tourism industry in a responsible manner in order to preserve the integrity of the Mauritian Destination;
(iii) Coordinate, support and interact with the organisations and institutions which promote the tourism industry;
(iv) Foster research for the effective implementation of tourism policies;
(v) Promote public understanding and interest in the tourism industry;
(vi) Develop and implement tourism and tourism related projects;
(vii) Promote coordination and cooperation between the public sector agencies and the private sector organisations engaged in the tourism industry.

The Tourism Authority's role is to regulate the tourism sector and ensure that tourism activities are conducted in an orderly and sustainable manner.

- **Tourism Employees Welfare Fund (TEWF)**

The TEWF was set up under the Tourism Employees Welfare Fund Act 2002 to cater for the economic and social welfare of employees of tourism enterprises and their families.

The objects of the Tourism Employees Welfare Fund are to set up welfare schemes/projects and carry out such other activities as considered desirable for promoting the welfare of employees of tourism enterprises and their families.

The Fund currently operates 15 schemes consisting namely of educational grants, social grants and soft loans to assist employees in improving their quality of life and meeting the educational expenses of their children. It also organises training programmes and leisure activities for the benefit of its members.

**About Our People**

The Permanent Secretary is the Administrative Head and Accounting Officer of the Ministry. She is assisted in her duties by a Deputy Permanent Secretary, three Assistant Permanent Secretaries and officers of the Technical Cadre, namely Tourism Planner Cadre, Leisure Events Cadre, Financial Operations Cadre, Human Resources Management Cadre, Procurement & Supply Cadre as well as Officers belonging to the General Services grade. She is responsible for the general supervision of the different sections of the Ministry and translating Government policies and programmes into action. The Ministry of Tourism is currently manned with 89 staff. The organization chart of the Ministry is at Appendix.
The Ministry has recently retained the services of two Trainees under the Youth Employment Programme. There are also three Interns employed under the Service to Mauritius Programme to provide support to the Ministry and expose them to the world of work to enhance their employability on the labour market. One Health and Safety Officer from the Ministry of Civil Service and Administrative Reforms serves the Ministry on a part time basis.

**Training and Development**

Training and Development is an important component of the Human Resource Management and is part of the overall strategy to nurture a culture of performance in the Public Service. It is critical for organizational development and competitiveness since it produces a positive change in the functioning of the organization and enhances productivity.

The staff of the Ministry is provided with regular training to keep them abreast of new skills, trends and techniques. The Officers benefit from both generic and specific trainings. The objectives of the generic training programmes are mainly to increase the employees’ sense of responsibility and accountability. Specific training programmes, on the other hand, aim at improving the officer’s technical competencies and knowledge.

Overseas trainings offered by International Organizations are mostly extended to technical cadres as well as officers of para-statals operating under the Ministry. These trainings (workshops/seminars/conferences) purport to upgrade the technical skills, abilities and competencies of the officers. The international exposures help the trainees to broaden their horizon and establish networking with their counterparts of other countries.
Several training courses have been carried to sensitize the staff on health and safety issues. A course on stress management has been carried out for the welfare of the staff.

During the financial year 2016/2017, 49 officers followed training courses as follows:

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<th>Training</th>
<th>No of Staff</th>
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<tr>
<td>Local</td>
<td>36</td>
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<tr>
<td>Overseas</td>
<td>13</td>
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One Team building exercise involving officers of all levels had been carried out during the last financial year. All vacancies in the departmental grades have been filled or reported to Public Service Commission. All forthcoming vacancies that are likely to arise from retirement or otherwise are closely monitored and proactive action are taken.
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### Mauritius Tourism Promotion Authority

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<td>Fax : 213-5462</td>
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<tr>
<td></td>
<td>Email : <a href="mailto:tewfund@intnet.mu">tewfund@intnet.mu</a></td>
</tr>
<tr>
<td>Programme Welfare Officer</td>
<td>Mr. UPPIAH Sivasankara</td>
</tr>
<tr>
<td></td>
<td>Phone : 211-4343</td>
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<td></td>
<td>Fax : 213-5462</td>
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<td></td>
<td>Email : <a href="mailto:tewfund@intnet.mu">tewfund@intnet.mu</a></td>
</tr>
</tbody>
</table>
PART II - ACHIEVEMENTS OF THE MINISTRY

ACHIEVEMENTS OF THE MINISTRY
In spite of the economic recession in the Euro Zone, the tourism sector performed remarkably with a double digit growth, far exceeding the initial forecast.

Tourist arrivals reached 625,859 January – June 2017, representing a growth of 6.7% as compared to the year 2016 with increase in arrivals from Reunion Island (+8.1%), Germany (+13.6%), UK (+6.8%), and India (+7.8%). However, tourist arrivals from France decreased by 1.2%.

Tourism earnings reached Rs 55.9 bn for the year 2016 as compared to Rs 50.2 bn in the year 2015. In 2017, it is forecasted to reach Rs 60 bn representing 3% increase over 2016.

For the second year in a row, a double digit growth in tourism arrivals was registered, which is a record performance since a decade.
The low season strategy for the period May to September 2016 led to a 9.2% increase in tourist arrivals over the corresponding period 2015. In 2017, for the same period, an increase of 8% is expected.

An e-Licensing System is operational at the Tourism Authority since May 2017 whereby tourism operators can apply for and obtain their licence online.

A total of 626 new licences have been issued as at June 2017, comprising 108 Tourism Enterprise Licences, 140 Pleasure Craft Licences (Commercial and Private) and 378 Skipper Licences.
**New Policy Framework for the Pleasure Craft Activities**

In August 2016, the Ministry introduced a new policy framework called Pleasure Craft Management System for the management, licensing and operation of pleasure craft in a bid to reinforce safety and security of pleasure craft activities, which form part of our core tourism product. The new policy framework requires that:

- the design and construction of pleasure craft in Mauritius to be in accordance with ISO 12 217 standard;

- the carrying capacity of pleasure craft not ISO certified to be determined in a scientific manner based on the Australian method, which takes into account adverse weather conditions and rough seas; and

- the skippers to be classified in three categories as per their competencies, namely ocean going, up to 24 nautical miles and up to 12 nautical miles.

The new policy framework does not only enhance safety and security at sea but also fosters the harmonious development of the pleasure craft sector.

**Elimination of Low Season**

For two years in a row, the Ministry has succeeded in eliminating the low season through the organization of specific sport events and shopping fiesta with the collaboration of tour operators, airlines and hoteliers during period May to September. Special promotional packages were also offered targeting proximity market like Reunion Island.

Last financial year, MTPA launched its “Mauritius 365” campaigns to make Mauritius more appealing during the low season. This project promoted Mauritius as an all year round destination with a wide range of activities that caters for multiple segments. The campaign comprises a series of events such as Mauritius Open Golf Tournament, Rugby 10 Tournament, International Chef Competition, Cycling and Mauritius Extravaganza. This low season strategy resulted in an increase of 9.2% in tourist arrivals for period May to September 2016 over the corresponding period 2015.
Business Facilitation

In the spirit of business facilitation, the Tourist Enterprise Licence in respect of hotel, guesthouse, tourist residence and domaine have been replaced by a Tourist Accommodation Certificate (TAC). The TAC constitutes an omnibus permit which combines all activities (restaurant, beauty parlour, health and fitness, spa and wellness, boat house, shops, boutiques and bar) operated by a hotel, guesthouse, tourist residence and domaine. Accordingly, operators are now required to pay a single operating fee for all their activities as opposed to a Tourist Enterprise Licence fee in respect of each activity.

The IT Infrastructure of the Tourism Authority has been completely overhauled and replaced by a new IT platform where the public can apply and obtain a licence online and effect payment thereof electronically. This measure will greatly improve service delivery by the Tourism Authority and reduce cost of doing business for tourism operators in line with the measures announced at paragraph 202 of Government Programme 2015-2019.

Hotel Classification

As announced at Paragraph 200 in the Government Programme 2015-2019, a hotel classification system was introduced by the Ministry and implemented by the Tourism Authority in February 2016, in a bid to consolidate the tourism industry with well-defined criteria for operational standards. The classification system which adopts a customer-centric approach has greatly contributed towards upholding the image of Mauritius as an upmarket destination and reinforcing tourist confidence by ensuring value for money.

The hotels are assessed on the basis of 600 criteria grouped under 27 sections, guest reviews, social media monitoring services and mystery shopping. Only hotels that score a minimum of 80% under each section are awarded a star rating by the Star Rating Committee which consists of industry professionals from the public and private sector.

As at date, 99 hotels have been graded in the different categories as follows:

<table>
<thead>
<tr>
<th>Star Category</th>
<th>Number of Hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five Star Luxury</td>
<td>7</td>
</tr>
<tr>
<td>Five Star</td>
<td>25</td>
</tr>
<tr>
<td>Four Star Superior</td>
<td>3</td>
</tr>
<tr>
<td>Four Star</td>
<td>23</td>
</tr>
<tr>
<td>Three Star Superior</td>
<td>7</td>
</tr>
<tr>
<td>Three Star</td>
<td>25</td>
</tr>
<tr>
<td>Two Star</td>
<td>9</td>
</tr>
</tbody>
</table>
Organization of Indian Ocean Rim Association Workshop

The Ministry of Tourism, in collaboration with the Indian Ocean Rim Association (IORA) Secretariat, hosted the Workshop on Sustainable Tourism Destination Management under the theme: “Enhancing Capacities of Member States for Sustainable Tourism through sharing of experiences and best practices” at Le Meridien Hotel, Pointe aux Piments, in Mauritius on 3 and 4 May 2017. The Workshop was attended by representatives of 13 Member States namely Bangladesh, Comoros, India, Indonesia, Iran, Kenya, Madagascar, Mauritius, Seychelles, Somalia, South Africa, Sri Lanka and UAE and 3 Dialogue Partners, Japan, China and UK.

The objectives of the 2-day Workshop were to:

i) promote the importance of sustainable tourism development in the destinations of the Indian Ocean Rim (IOR) region;

ii) enhance Member States’ capacities for sustainable tourism through the sharing of best practices;

iii) encourage sharing of knowledge and experience on sustainable tourism management in a destination and

iv) encourage the development of capacity building programmes between Member States.

Five working sessions were held over two days and participants made presentations on topics related to tourism sustainability and shared experiences on best practices in member states. Recommendations emanating from the working sessions as well as potential projects in sustainable tourism destination management were formulated. The report of the workshop was tabled at the Committee of Senior Officials Meeting for approval in August 2017 in Bali, Indonesia.
Assises du Tourisme 2017

The "Assises du Tourisme" 2017 was organised by the Ministry on 02 June to brainstorm on the challenges facing the industry and to chart a roadmap for the short and medium terms so as to reposition the sector in the new business environment.

More than 200 tourism stakeholders from the public and private sector participated in the Assises, which revolved around four axes: accessibility, visibility, attractiveness and sustainability of the destination.

Four main recommendations emanated from the Assises:

(i) establishing Mauritius as a festive and vibrant destination and a tourism hub in the Indian Ocean;
(ii) consolidation of the destination branding as well as online visibility through social media, search engine marketing and mobile apps;
(iii) mainstreaming of eco-friendly practices in tourism development; and
(iv) increasing the airlift from China to Mauritius to capture a greater share of the Chinese outbound tourists.

The "Assises du Tourisme" provided an opportunity to re-evaluate the performance of the sector and to define a strategy for its long term sustainability.

Post Assises workshops are being organised to fine-tune the recommendations and draft a strategic plan for the sector based on a shared vision of enhancing the global competitiveness of the destination. The strategic plan will articulate the policies, strategies, projects and programmes that would be implemented over a period of three years to respond to the emerging challenges and enhance the visibility and attractiveness of the destination.
Promotional Activities

During the last financial year, MTPA conducted several marketing campaigns in the traditional, emerging, new and regional markets. This has greatly contributed to boost tourist arrivals and tourism earnings. As a matter of fact, tourist arrivals increased by 10.8% and tourism receipt by 11.15% in 2016.

The MTPA has through the following destination promotional campaigns maintained the visibility of Mauritius as a prime holiday and upmarket destination:

i. Participation in 26 overseas tourism fairs.

ii. Organization of 14 roadshows

iii. Organization of 40 events at national level with participation of tourists.

iv. Organization of 20 FAM trips.

v. Sponsoring of AfrAsia Bank Mauritius Open Golf 2017

Licences

During the last financial year, the Tourism Authority issued 965 new licences as follows:

<table>
<thead>
<tr>
<th>Licence</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist Enterprise Licence</td>
<td>140</td>
</tr>
<tr>
<td>Tourist Accommodation Certificate</td>
<td>110</td>
</tr>
<tr>
<td>Pleasure craft licence (Commercial)</td>
<td>44</td>
</tr>
<tr>
<td>Pleasure craft licence (Private)</td>
<td>161</td>
</tr>
<tr>
<td>Skipper</td>
<td>510</td>
</tr>
</tbody>
</table>

The Tourism Authority, which is responsible for inter-alia to uphold the image of Mauritius as a world class destination, closely monitors the activities and operation of the hoteliers, pleasure craft operators and other tourism operators to ensure that they comply with the established norms, standards and guidelines. The Authority effected 7209 inspections and established 1521 contraventions.
Achievements of Tourism Employees Welfare Fund

The Tourism Employees Welfare Fund (TEWF), which caters for the welfare of the tourism employees, has during the financial year 2016/2017:

(i) provided soft loan to the tune of Rs 28 million to employees of the tourism sector to assist them in improving their quality of life and meet the educational expenses of their children;

(ii) organised five outdoor activities (hiking, island tours, mountaineering and local visits) and several sports activities (football tournament, mixed volleyball competition and mixed petanque festival) to cater for the leisure needs of the tourism employees and their families. More than 8,000 employees benefited from these activities.

(iii) organised a run for health with the participation of 1,200 persons.

(iv) organised several competitions among the employees of the hotels to instil a culture of excellence, namely, housekeeping competition, cocktail competition, pastries chef competition, ice carving demonstration, front office competition, table dressing competition and chef challenges; and

(v) 100 students of the employees of the tourism sector benefitted from scholarship amounting to Rs 1,009,600.

Biking Tracks

Two Biking Tracks at Moka and Albion have now been completed
Mauritius obtained the following awards:

- The Island with the Most beautiful hotels in the Indian Ocean by JT Touristik (ITB, 2017) – (March 2017)
- Best Destination 2016 by the luxury trade magazine, Luxus Insider (ITB, 2017) – (March 2017)
- Best Film Shooting Destination – Poland by le magazine SUCCESS (November 2016)
- Indian Ocean’s Leading Honeymoon Destination 2017 – 24th World Travel Awards
- Golf Destination of the Year, Africa, the Indian Ocean & the Gulf States by the International Association of Golf Tour Operators (IAGTO) (October 2016)
- Best Tourist Destination 2016 on social networks in France by We Like Travel (2016) – (September 2016)
- Meilleure Destination Touristique Étrangère sur les réseaux sociaux – by Social Media Agency – We like it, France (September 2016)
- Best Foreign Tourism Board, Victoires du Tourisme by Le Quotidien du Tourisme, France et BFM Business (June 2016)
STATUS ON IMPLEMENTATION OF BUDGETARY MEASURES

In the budget speech 2016-2017, a series of measures were announced by the Minister of Finance and Economic Development. The implementation status of the measures pertaining to the tourism sector is highlighted below.

❖ Paragraph 100 - Introduction of Mauritius calendar encompassing an annual calendar of national events for greater integration of tourism development with aspiration of the population

A comprehensive calendar of events was drawn up in consultation with all stakeholders and uploaded on the website of:

- Government Online Center
- MTPA
- AHRIM
- Tourism Authority
- Ministry of Arts and Culture
- Mauritius Embassies and Consulates Overseas

Total number of hits recorded on MTPA’s website was 98170 as at date.

❖ Paragraph 107 - To give an impetus to the duty free island while diversifying our tourism source.

To diversify our tourism source, MTPA has:

i. Intensified marketing effort in Africa targeting new rich. Consequently, in 2016 tourist arrivals from Africa increase by 2.5% with Ghana registering a growth of +30.7%, Zimbabwe +8.2%; South Africa +2.8%.

ii. Carried aggressive marketing in Gulf regions which resulted in a growth of 5.6% in Tourist arrivals in 2016.

❖ Paragraph 108 - Provision of an additional Rs 40 million for marketing the air corridor initiative.

- MTPA, in collaboration with Air Mauritius, initiated actions to activate the air corridor on the African side. MTPA organized tourism promotion activities in Malaysia, Singapore, Tanzania and Mozambique.

- MTPA signed an MOU with Tanzania Tourism Board for the promotion of a twin center destination offer with Tanzania known as the “Bush and Beach” product.

The real impact of these initiatives could only be measured in year 2017.
Paragraph 104 - Facilitating the setting up of a World Class Aquarium.

- Mauritius Port Authority vested 1.5 hectares of land at Les Salines in Oceanarium (Mauritius) ltd.
- Regulations to exempt VAT on entrance fees for a period of eight years have been promulgated
- Tender for construction launched on 25 October 2017

A.8D (iv) - In line with the one Stop-Shop Concept, liquor licence in respect of tourism activities (hotels, guesthouses, tourist residences etc) will be issued by the tourism authority instead of MR

Applicants of liquor licence in respect of tourism activities now submit their application directly to the Tourism Authority which transmits to MRA for processing. Consequently, applicants are no longer required to submit their application to two different bodies.

C.12 - The Tourism Employees Welfare Fund Act (TEWF) will be amended for any hotel or airport based taxi operator to pay monthly contribution to TEWF.

- TEWF Act was amended through the Finance Miscellaneous Provision Act and Tourism Employees Welfare Fund (collection and contribution) Regulations were introduced on 05 November 2016.

- TEWF carried out sensitization campaigns to encourage the hotel and airport based taxi operators to join the Fund.

- As at to date, only one taxi operator joined the Fund.
Status of Implementation of Key Actions 2016/2017

The status of the Key Actions and Key Performance Indicators (KPIs), pertaining to the Ministry of Tourism which were included in the Budget 2016/2017, is shown below:

- **Maintain Mauritius as a prime holiday and up-market destination through organization of fairs/ road shows/ exhibitions/ workshops in traditional, emerging, new and regional markets to increase tourism earnings and tourist arrivals in FY 2016/2017.**
  - Tourist arrivals for the financial year 2016/2017 reached 1,314,266 tourists which was well above the set target of 1.29 million.
  - Tourism earnings attained Rs 57.9 billion as opposed to the target of Rs 54.7 billion.

- **Improve and diversify tourism product through creation of additional boat-free zones, construction of jetties/slipways and cycling tracks.**
  1. **Number of additional boat-free zones created** (Target: \( \geq 1 \))
     The boat free project was kept on hold pending determination of court case lodged by pleasure craft operators of Mon Choisy.
  2. **Number of additional jetties/slipways constructed** (Target: \( \geq 1 \))
     The Tourism Authority is working in collaboration with the Beach Authority to align actions for jetties and slipways. The EIA for the construction of a jetty at Trou D’eu Douce has been contracted out to an Engineering Consultant.
  3. **Number of cycling tracks constructed** (Target: \( \geq 1 \))
     2 cycling tracks completed at Albion and Moka

- **Increase participation in leisure activities organized by the Ministry.** (Target: 225,000)
  A total of 318,000 participants benefited from the different leisure events organised by the Ministry compared to the initial target of 225,000.
Good Governance

➤ **Coordination Committee on Sea-Based Tourism Projects**

A Coordination Committee comprising representatives of key Ministries and Departments was set up in March 2017 under the chair of the acting Director of the Tourism to inter-alia look into the proper planning and judicious management of nautical activities in our lagoon. It also advises the Minister on policies and measures for the sustainable development of the sea-based sector and act as a one-stop shop for conveying clearances on sea-based tourism projects. The Committee meets on a monthly basis. So far the Committee had three meetings to:

(i) Brainstorm on marina development in Mauritius
(ii) Review embarkation points throughout the island
(iii) Peruse the recommendations contain in the Master Plan for management and zoning of lagoon for the tourism sector; and
(iv) Examine sea-based projects from promotors and make recommendations to the Minister thereon.

➤ **Technical Committee on monitoring of Hotel Projects**

The Technical Committee on monitoring of Hotel Projects follows up on projects that have been approved by different Ministries which date back to 2006. The main function of the committee is to review progress of different hotel projects and report on the bottlenecks impinging on the implementation of any project.

Regular meetings are held with the Ministry of Environment and Sustainable Development and the Ministry of Housing and Lands. The Ministry liaises with the promotors on a quarterly basis to update the database of hotel projects.
As at to date, the following hotel development projects have been approved:

(i) Clear Ocean Ltd – LOI issued on 31 March 2017 for a 5-star Hotel at St Felix
(ii) KPMM (Mauritius) Ltd – LOI issued on 23 March 2017 for a 5-star Hotel at Bel Ombre
(iii) United Properties Ltd – LOI issued on 24 August 2017 for a 4-star Hotel at Caudan, Port Louis
(iv) Jin Fei Economic Trade and Cooperation Zone Co. Ltd – No objection letter issued on 31 August 2017 to BOI for a 5-star Apart Hotel under Invest Hotel Scheme.
(v) Generess Hotel Ltd – LOI issued on 18 May 2017 for a 4-star Hotel at Baie du Tombeau
(vi) Plaisance Business Hotel Ltd – LOI issued on 20 July 2016 for a 4-star Hotel at Plaisance

➤ Audit Committee 2016/2017

The Ministry has set up an Audit Committee to review the control and governance processes throughout the organisation. It also advises the Accounting Officer on corrective measures to minimise risk of abuse and malpractices. Moreover, the Audit committee follows up on the recommendations made by the National Audit Office in its Management letter and the report of the Internal Controller.

The Committee is chaired by a senior official of the Ministry and meets on a monthly basis. During the last financial year, the Audit Committee met on four occasions to:

a) Review progress in implementation of corrective actions; and.
b) Identify areas and control systems that need to be strengthened to avoid any further queries in the future.

➤ Gender Cell

The Ministry has set up a Gender Cell under the chair of the Deputy Permanent Secretary to look into issues relating to gender mainstreaming in policies, strategies and programmes. The Gender Cell has drawn up the Ministry’s Gender Policy Statement which has been circulated to all officers.
Occupational Safety and Health Committee

The Ministry has set up an Occupational Safety and Health Committee to look into issues relating to safety, health and welfare of employees at work and promote a working environment which is safe and without health risk. The Committee, which is chaired by the Deputy Permanent Secretary, meets every two months to examine the grievances of the staff, formulates projects for enhancing the working environment and examine issues affecting the health and safety of officers.

Sensitization programme has been organised to sensitized the officers on safe use of computers, provisions of the Occupational Health and Safety Act and techniques for managing stress at work.
Financial Highlights

As per the budget estimates, Tourism has only one vote under its control, namely: 3-1 Tourism

Analysis of Major Changes

Decrease of recurrent budget from Rs 730,500,000 for year 2015/16 to Rs 722,000,000 for year 2016/17 is due to a decrease in Grants to Tourism Authority from 100 million to 80 million.

Decrease in Acquisition of non-financial assets from Rs 15,500,000 to Rs 5,000,000 is due to fact that the Zoning of Lagoon project has been transferred to the Tourism Authority.

Statement of Revenue and Expenditure

90% of Expenditure under vote 3-1 has been incurred under Grants which are provided to the Mauritius Tourism Promotion Authority and Tourism Authority.

Statement of Revenue from Tourism Enterprise Licence

<table>
<thead>
<tr>
<th>Revenue</th>
<th>2015-2016 Actual</th>
<th>2016/2017 Estimates</th>
<th>2016/2017 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Rs Million</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales of Goods and Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fines, Penalties and Forfeits</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous Revenues (Tourism</td>
<td>109,680</td>
<td>115,000</td>
<td>99,293</td>
</tr>
<tr>
<td>Enterprise Licence)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Total Revenue from Property</td>
<td>109,680</td>
<td>115,000</td>
<td>99,293</td>
</tr>
<tr>
<td>Income, User Fees and Other Sources</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The pie chart below gives a graphical distribution of the expenditure incurred during the last financial year.

![Pie chart showing expenditure distribution]

Table 7: Statement of Expenditure under Vote 3-1

<table>
<thead>
<tr>
<th>Head/Sub-Head of Expenditure</th>
<th>2015-2016 Actual (Rs '000)</th>
<th>2016/2017 Estimates (Rs '000)</th>
<th>2016/2017 Actual (Rs '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation of Employees</td>
<td>40,522</td>
<td>48,429</td>
<td>41,995</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>20,942</td>
<td>23,000</td>
<td>27,541</td>
</tr>
<tr>
<td>Subsidies</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Grants</td>
<td>666,133</td>
<td>650,571</td>
<td>650,141</td>
</tr>
<tr>
<td>Social Benefits</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other Expense</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Acquisition of Non-Financial Assets</td>
<td>5,792</td>
<td>5,000</td>
<td>127</td>
</tr>
<tr>
<td>Acquisition of Financial Assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>733,389</strong></td>
<td><strong>727,000</strong></td>
<td><strong>719,804</strong></td>
</tr>
</tbody>
</table>
WAY FORWARD
TRENDS AND CHALLENGES

Today the Tourism Sector is called upon to operate in a fast changing world that is characterised by uncertainty and hyper competition. Fundamental changes in the global tourism environment such as emergence of low cost destinations, rising cost of air tickets and the changing patterns of travel are also impacting adversely on our tourism industry.

TRENDS

The global tourism environment is being reshaped by the following emerging trends:

- Rising middle class with propensity to travel
- Growing Chinese outbound tourist leading the pack
- Increasing demand for eco-friendly destination
- Millennials looking for adventure
- Emergence of cost conscious travellers following the international financial and economic crises
- Growing demand for all-inclusive packages
- Baby boomers with disposable income for overseas travel
SWOT ANALYSIS

A SWOT analysis of the sector revealing the internal strengths and weaknesses as well as the opportunities and threats emanating from the external environment is brieflyhighlighted in the matrix below:

**STRENGTHS**
- Political stability
- Strong public and private sector partnership
- Safety and Security
- Excellent service delivery
- Strong hotel branding and destination goodwill
- Multiple award winning destination with more than 60 years tourism experience
- Excellent air quality (Ranked 2nd in the world)
- All year round tropical climate with mild winter
- Strong institutional support

**WEAKNESSES**
- High cost of travel due to remoteness from major tourism source markets
- Lack of resilience against external shocks
- Heavy dependence on European tourism source markets
- Low tourists spending outside hotels
- Decline in Chinese tourists
- High staff turnover due to poaching
- Stray dogs
- Lack of nightlife

**OPPORTUNITIES**
- Instability in Middle East
- Air corridor
- Acquisition of new aircrafts by Air Mauritius
- Cruise tourism with the construction of a new cruise terminal
- Diversification of tourism product portfolio
- Exploitation of new markets in Gulf, Scandinavian countries and ASEAN countries
- Countries recovering from Eurozone crisis (E.g. Italy)
- Introduction of direct flights from Saudi Arabia, China, Netherlands and Turkey
- E-marketing and social media platforms for enhanced visibility of the destination

**THREATS**
- Rising cost of air tickets
- Changing patterns of travel
- BREXIT impacts and Weakening Euro
- Intense competition from emerging and similar destinations like Maldives, Sri Lanka and Seychelles
- Changing profile of travelers
- Emerging trend of all-inclusive packages
- Adverse impacts of climate change
- Economic recession in South Africa
- Airlift constraints in India, France and China
Strategic Direction

In an effort to propel the tourism industry to new height of development so that it can contribute towards the vision of Government to transform Mauritius into a high income nation, the Ministry will re-orient its strategies and policies along the following directions:

- Pursue growth in tourist arrivals at an average annual rate of at least 5%.
- Promote the authenticity of our tourism products and instill a renewed sense of place which will be achieved through tourists' experience of our wildlife; vibrant heritage, unique local assets, local cuisine.
- Consolidate and reinforce the image of Mauritius as a leading, all year round island destination.
- Accelerate market diversification strategy to reduce dependence on Euro Zone.
- Broaden tourism product portfolio to cater for changing profile of travelers.
- Established Mauritius as a festive and vibrant destination in the Indian Ocean.
- Maintain attractiveness of Mauritius as a top class destination.
- Ensure the sustainable conduct of nautical activities.

Conclusion

The successful implementation of the forgoing policies and strategies will not only sustain tourism growth but also ensure the long term viability of the sector.