



REPUBLIC OF MAURITIUS

**NATIONAL AUDIT OFFICE**

# **PERFORMANCE AUDIT REPORT**

## **IMPLEMENTATION OF SUSTAINABLE TOURISM STRATEGIES**

Ministry of Tourism

FEBRUARY 2017



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## **ABBREVIATIONS AND ACRONYMS**

AHRIM	Association des Hôteliers et Restaurateurs de L’Ile Maurice
EoI	Expression of Interest
HRD	Human Resource Development
MTPA	Mauritius Tourism Promotion Authority
TA	Tourism Authority
TSSP	Tourism Sector Strategy Plan
UN	United Nations



## EXECUTIVE SUMMARY

Government took a laudable initiative to commission the preparation of the Tourism Sector Strategy Plan (TSSP) 2009-2015 to sustain the tourism sector. The audit objective was to assess whether strategies adopted to sustain the sector were efficiently and effectively implemented and whether tourism infrastructure was adequately maintained.

### ***Key Findings***

#### *Use of the Tourism Sector Strategy Plan 2009-2015*

Government spent € 34,520 (some Rs 1.3 million) in the preparation of TSSP 2009-2015. The responsibilities for implementing the strategies were assigned to the Ministry, its agencies and other stakeholders. However, the Plan was instead used by the Ministry as guidance for Programme Based Budgeting purposes. As regards other stakeholders, there was no indication as to whether the Plan was being used by them. An assessment was not carried out to identify the constraints and challenges that prevented the full implementation of the Plan.

#### *Country Brand*

The objective for developing the Country Brand was to give Mauritius maximum international recognition and to better project its image as an established tourist destination. Some Rs 46.8 million were spent on the project. A marketing strategy to aggressively promote its use as a Mauritian Label was not undertaken. A brand assessment was also not carried out to evaluate the strength of the brand.

#### *Procurement Procedures*

Some projects proposed in TSSP 2009-2015 were adopted for implementation by the Ministry. As of June 2016, the Port Louis Heritage Trail and the Development of the Citadel Projects were still in progress, whereas the Hotel Classification System was completed with delay. The three projects had procurement issues, such as difficulties to hire services of Consultant and in enlisting the services of an Engineer, and inappropriate specifications.

#### *Maintenance of Tourism Infrastructure*

The Ministry spent some Rs 12.1 million on the installation of tourism signage panels. However, this was not accompanied by maintenance activities. It also spent some Rs 44.8 million on the purchase and fixing of buoys. In October 2015, the responsibility for the implementation of the project, including the maintenance of buoys was transferred to the Tourism Authority. It was requested to create a maintenance and surveillance unit, to procure appropriate equipment, and to resort to the services of private divers. However, as of June 2016, all the measures proposed were not implemented.

### *Blue Flag Programme*

Following the recommendation made in TSSP 2009-2015, the Ministry embarked on a Blue Flag Programme at the Albion Public Beach on a pilot basis. Various works at a cost of some Rs 8.1 million were undertaken to meet the criteria for the award of the Blue Flag Status. However, the Ministry faced difficulties to meet the criteria, and as of June 2016, it had not been successful in obtaining Blue Flag Status.

### *Coordination and Monitoring Mechanisms*

Given the crosscutting nature of the sector, the implementation of strategies requires the collaboration, cooperation and commitment of stakeholders which are vital to drive the strategy forward and to sustain it. It is also equally important for the Ministry to review and monitor progress during implementation of strategies. In this respect, coordination and monitoring mechanisms were proposed in the Plan. However, these were not set up.

### ***Conclusion***

TSSP 2009-2015 has not been used as intended. The coordination mechanisms proposed to facilitate implementation of the strategies among stakeholders were not put in place. In the absence of a monitoring mechanism at the level of the Ministry, some of the strategies adopted were either not initiated or were completed with delay or were not pursued to completion. Tourism infrastructure created was also not regularly maintained to ensure its usefulness for a longer period of time.

### ***Key Recommendations***

#### *Review of the Strategy Plan*

The Ministry has to review the Plan to identify circumstances which prevented it to be implemented as intended. The recommendations of the Consultant have to be reassessed to make them feasible in view of the dynamic nature of the sector.

#### *Improving Project Management*

For the Ministry and its agencies to more efficiently and effectively manage their projects, improvements are required in a number of areas, such as procurement processes, monitoring and evaluation mechanisms to measure the real impact and benefits of the projects delivered, and formulating timescale for the implementation of the different strategies.

#### *Maintenance Programme*

Tourism infrastructure created should be accompanied by maintenance activities, with objective to extend the service life thereof by delaying or minimizing damage and obsolescence. In this respect, the Ministry, in collaboration with its agencies and other stakeholders, should develop and implement maintenance programmes to preserve the functionality of the tourism infrastructure.

### *Coordination and Monitoring Mechanism*

There should be coordination mechanisms and the Ministry should assess the relevance of the strategies proposed in the Plan and thereafter take appropriate actions. Further, it should set up a monitoring mechanism so that progress on the implementation of strategies and the achievement of targets are reported regularly.

### ***Summary of Ministry's Reply***

TSSP 2009-2015 was not submitted to Cabinet for approval and not all the recommendations were adopted in view of the intricacies and volatility of the tourism sector.

A survey of panels installed on part of Routes No. 1 and 2 has been carried out in December 2016 and the bidding procedures for the enlistment of a Civil Engineer were underway. As regards Zoning of Lagoons Programme, it would reassess the situation and take an appropriate decision regarding its implementation and maintenance.

A policy decision has been taken not to go ahead with the Blue Flag Project because of budgetary implications and the lack of support from other authorities. However, Albion Public Beach has been uplifted with amenities of international standards resulting in a more secure and pleasant environment for beach users.



# CHAPTER ONE

## INTRODUCTION

*This Chapter provides background of the topic and describes the approach used in the conduct of this Performance Audit.*

### 1.1 Background

The Tourism Sector is one of the most important pillars of the Mauritian economy accounting for 7.5 per cent<sup>1</sup> of Gross Domestic Product, with tourism receipts of some Rs 50 billion in 2015. The Ministry of Tourism plans, manages and controls tourism development, and implements sustainable tourism strategies and formulates policies and guidelines. Several strategies and plans, such as the Tourism Development Plan 2002 and the Tourism Sector Strategy Plan (TSSP) 2009-2015 have been commissioned by Government to sustain the tourism sector.

### 1.2 Motivation

TSSP 2009-2015 was prepared by a Consultant on behalf of the then Ministry of Tourism, Leisure and External Communications (now Ministry of Tourism) and the Ministry of Finance and Economic Development. In 2009, tourist arrivals were some 900,000. TSSP 2009-2015 endorsed the route taken by Mauritius to maintain the destination attractive and desirable, with a target of two million tourist<sup>2</sup> arrivals by 2015 through the creation of a more innovative approach to quality service delivery, a diversified product portfolio and infrastructure and the enhancement of the safety and security of tourists. However, in that year, the country recorded some 1.2 million tourist arrivals, that is, some 800,000 below the target. Moreover, the World Economic Forum Travel and Tourism Competitiveness Report for 2009 listed Mauritius as the highest-ranked country in sub-Saharan Africa and ranked the country at the 41<sup>st</sup> place over 133 countries. In 2015, its ranking went down to the 56<sup>th</sup> place over 141 countries.

It was against this background that the National Audit Office carried out this Performance Audit on the implementation of sustainable tourism strategies.

### 1.3 Audit Objective

The audit objective was to assess whether strategies adopted by the Ministry and its agencies to sustain the tourism sector were efficiently and effectively implemented and whether tourism infrastructure was adequately maintained.

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<sup>1</sup> Source - National Accounts 2015

<sup>2</sup> Statistics Mauritius defines a tourist as a non-resident staying overnight but less than a year, and who has no employer-employee relationship with the resident.

## **1.4 Audit Questions**

- Did the Ministry have mechanisms to efficiently and effectively implement the strategies adopted to sustain the tourism sector?
- Had the strategies been efficiently and effectively implemented and the tourism infrastructure been adequately maintained by the Ministry and its agencies?

## **1.5 Audit Scope**

The audit covered implementation of strategies from TSSP 2009-2015 adopted by the Ministry and its agencies to sustain the tourism sector over the period July 2009 to June 2016.

## **1.6 Criteria**

The criteria used in the Report have been selected from:

- TSSP 2009-2015;
- Programme Based Budgets 2009-2015;
- Other Internal and External Reports related to Tourism

## **1.7 Audit Methodology**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions and Guidelines relating to Performance Audit. Those Standards and Guidelines require that the audit should be planned in a manner which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner. The data collection methods used to understand the audit area, along with gathering sufficient, relevant and reliable audit evidence to support the conclusions and recommendations included interviews and document reviews as described below.

### **1.7.1 Interviews**

Interviews were carried out with officers of the Ministry, Mauritius Tourism Promotion Authority (MTPA) and Tourism Authority (TA). The aims of the interviews were to capture information from interviewees through their personal experiences, particular references, opinions, and also obtaining their knowledge by the interpretation of internal documents and reports. Interviews were also used to confirm that facts were correctly understood.

### ***17.2 Documents Reviewed***

The audit team collected data mainly through document reviews to have a comprehensive picture of the audited area. The reviews also helped to confirm information obtained from other sources.

### **1.8 Sampling**

As the implementation of strategies adopted to sustain the tourism sector and the maintenance of tourism infrastructure involved several stakeholders, including other Ministries, Statutory Bodies and the private sector, only those falling under the responsibility of this Ministry and its agencies were selected.



## **CHAPTER TWO**

### **DESCRIPTION OF THE AUDITED AREA**

*This Chapter describes the vision and mission of the Ministry, its roles and responsibilities and those of key agencies in relation to tourism. It also provides a brief on the strategies adopted to sustain the tourism sector.*

#### **2.1 Vision and Mission of the Ministry**

The vision and mission of the Ministry are as follows:

- (a) To be a leading a leading and sustainable island destination
- (b) To propel the tourism sector as a key engine of growth.
- (c) To enhance the visibility of Mauritius as a top class tourist destination in traditional, emerging and new markets.
- (d) To broaden the tourism product portfolio to include eco-tourism, medical tourism, business tourism and sporting events.
- (e) To promote Mauritius as a clean and safe tourist destination.
- (f) To support tourism enterprises in their drive to be environmentally compliant.
- (g) To promote leisure-related activities to improve the quality of life of citizens.
- (h) To upgrade the human resource base in the tourism sector.

#### **2.2 Roles and Responsibilities of the Ministry**

One of the main roles of the Ministry is to ensure sustainable development of the tourism sector by the formulation of policies and guidelines.

Its responsibilities include the following:

- To promote Mauritius worldwide as a prime holiday island destination and to pursue the up market and selective tourism policy;
- To plan, manage and control tourism development in Mauritius and to define, adjust and implement sustainable tourism strategies which are environmentally sound, socially acceptable and economically viable;
- To institute a legal and operational framework to plan, monitor and regulate tourism activities in line with defined tourism strategies and policies;

- To diversify the tourism product portfolio to include ecotourism, wellness and spa tourism, golf tourism, adventure tourism, cultural tourism, sports tourism and medical tourism.

## **2.3 Tourism Related Units of the Ministry**

To discharge its roles and responsibilities, the Ministry has set up, amongst others, two Units, namely the Sea Based Unit and the Land Based Unit.

### **2.3.1 *Sea Based Unit***

The role of the sea-based unit is to promote the organization of nautical activities in an orderly, responsible and sustainable manner. It also ensures the safety and security of sea users through the formulation and implementation of policies, strategies and guidelines.

### **2.3.2 *Land Based Unit***

The Land Based Unit deals with the formulation and implementation of tourism development policies and strategies, as well as evaluation of hotel and tourism related projects in line with the guidelines in force which safeguard the tropical character and landscape of Mauritius.

## **2.4 Key Agencies**

TA and MTPA are the two main agencies under the aegis of the Ministry which are responsible to implement some of the strategies. Their roles and responsibilities are described below.

### **2.4.1 *Tourism Authority***

TA is governed by the Tourism Authority Act 2006 (as amended). Its objectives are to promote the sustainable development of the tourism sector and to foster and encourage the conduct of activities in a responsible manner in order to preserve the integrity of the Mauritian destination.

With a view to furthering and attaining these objects, the Authority fulfills a number of functions, such as the licensing, regulation and supervision of tourist enterprises, as well as the activities pertaining to pleasure craft and skippers, the development of strategies to ensure the security and safety of tourists and other stakeholders, the collection, compilation and publication of statistics relating to the tourism sector and research and development activities to consolidate the sector.

#### **2.4.2 Mauritius Tourism Promotion Authority**

The Mauritius Tourism Promotion Authority is governed by the MTPA Act, and its main objective is to promote Mauritius abroad as a tourist destination by conducting advertising campaigns, participating in tourism fairs, and organizing promotional campaigns and activities, both locally and abroad, with the local tourism sector.

### **2.5 Tourism Sector Strategy Plan 2009-2015**

The aim of TSSP 2009-2015 was to deliver a clearly defined strategy framework for the ongoing sustainable tourism development in Mauritius in line with Government vision to target two million tourists by 2015. It highlighted major challenges that the sector was facing, such as climate change, international financial turmoil, fluctuating oil prices, scarcity of land for hotel development, difficulties in maintaining quality service, environmental limits to growth, and community involvement in tourism. In order to address these, an Action Plan under different headings was proposed by the Consultant to be implemented.

### **2.6 Cost of Implementing the Strategies**

The cost incurred by the Ministry on the implementation of the strategies adopted to sustain the tourism sector during the period 2009 to 2015 amounted to some Rs 3 billion, including some Rs 2.8 billion as grants to MTPA and TA.



## CHAPTER THREE

### FINDINGS

*This Chapter presents the findings related to the implementation of strategies from TSSP 2009-2015 adopted by the Ministry and its agencies to sustain the tourism sector and to the maintenance of tourism infrastructure.*

#### **3.1 Use of the Tourism Sector Strategy Plan 2009-2015**

Government commissioned the preparation of TSSP 2009-2015 at a cost of € 34,520 (some Rs 1.3 million). The aim of the Plan was to deliver a clearly defined strategy framework for the ongoing sustainable tourism development in line with Government vision to target two million tourists by 2015. In view of its implementation, several strategies converted into some 50 points Action Plan were proposed by the Consultant. The responsibilities for their implementation were assigned to the Ministry, its agencies and other stakeholders.

However, TSSP 2009-2015 was instead used as a guidance for Programme Based Budgeting purposes. Some of the strategies from the Strategy Plan were also adopted and implemented by the Ministry and its agencies, and included the Port Louis Heritage Trail, Zoning of Lagoons Project, Tourism Signage Programme, Blue Flag Programme and Development of the Citadel Project. As regards other stakeholders, there was no indication as to whether the Plan was being used by them. An assessment was not carried out to identify the constraints and challenges that prevented the full implementation of the Plan.

The Ministry explained that TSSP 2009-2015 was not submitted to Cabinet for approval. However, it has been used as guidance by the Ministry for the implementation of projects, policies and strategies, and not all the recommendations were adopted in view of the intricacies and volatility of the tourism sector. As for the target of two million tourist arrivals by 2015, the Ministry stated that the figure was grossly overstated and that a more realistic target would be 1.1 million.

A sample of these strategies was examined. Details are given below.

#### **3.2 Promotion and Marketing**

The objective of “Promotion and Marketing” was to ensure a strong Mauritius Brand and to deliver effective destination marketing to exploit new and existing markets.

##### **3.2.1 Country Brand**

This Project started prior to 2009 when the need for developing a strong brand for Mauritius to obtain maximum international recognition and to better project its image as an established tourist destination was felt. In July 2008, the service of an International Brand Consultant was retained for that purpose, and the Ministry spent some Rs 46.8 million on the project.

According to the Ministry, the Country Brand was being used by MTPA, Enterprise Mauritius, Small and Medium Enterprise Development Authority and Board of Investment in all overseas fairs, road shows and exhibitions to promote the tourism sector.

At a meeting of the Steering Committee on branding held in March 2010, it was recommended to develop a marketing strategy to aggressively promote the use of the Country Brand as a Mauritian Label for all destination goods and other genuine products in view of differentiating Mauritius and its products and to enhance visibility of the country internationally. A brand assessment which provided an opportunity to evaluate the strength of the brand, to underscore the value of the brand with customers, and to reposition the brand, if necessary, to reflect changes in the market place had also to be carried out. However, these were not done, and according to the Ministry, the effectiveness of the Country Brand in attracting more tourists could not be assessed.

### ***3.2.2 Three year Marketing Strategy***

In TSSP 2009-2015, it was stated that the key issues with promotion and marketing as identified by stakeholders included a clear long-term national marketing strategy that vigorously addressed the challenges which Mauritius faced. Thus, a three-year marketing strategy that was regularly updated on the basis of consultation with sector stakeholders was recommended. The marketing strategy would feed into an annual marketing plan based on a clear annual budget. However, the three year marketing strategy has not been prepared by MTPA. As of June 2016, it was preparing a yearly marketing plan indicating the objective for each market rather than focusing on medium to long term objectives. Hence, the challenges looming ahead might not have been sufficiently addressed.

The Ministry contended that in view of fierce competition from similar tourist destinations and dynamism of the sector, short term objectives were preferred. As such, the three year plan proposed was to be updated to regularly take short term developments on board.

### ***3.2.3 Penetration in Markets***

In TSSP 2009-2015, it was recommended to increase penetration in markets. However, no strategies and targets were proposed. Hence, it was difficult to keep track of progress made in increasing penetration in the markets. There was a drop in arrivals from France going down from 275,599 in 2009 to 254,323 in 2015. The decline in the French market was compensated by increases in market share from other emerging ones due to measures taken to shift the focus from Europe. Thus, there had been a marked increase of tourist arrivals from China and India during the period, which increased from 46,177 in 2009 to 161,719 in 2015.

The Ministry explained that in the wake of the Eurozone crisis and in line with Government policy, it revisited its destination promotion strategy by diversifying its market base and penetrating more aggressively the emerging markets, like China and India, while consolidating its traditional markets with growth potential namely France, Germany and United Kingdom.

### **3.2.4 Mechanism to Address Seasonality**

Seasonality has been regarded as a major problem which needed to be addressed through pricing strategies, market diversification and Government incentives. In TSSP 2009-2015, it was recommended to introduce mechanisms to address seasonality, and in that respect in 2014, MTPA organized events, such as Rugby and Golf Tournaments through global campaign on major international media and TV channels. It also subsidized 1,743 air tickets at a rate of € 37 per ticket on seats from Reunion Island. These had cost MTPA some Rs 12 million.

Moreover, in 2016, it launched the “Mauritius 365” over the period May to September with a view to making Mauritius an attractive destination. The Campaign offered 30 per cent on attractions and leisure facilities. Total cost incurred by MTPA as at 30 June 2016 was some Rs 3 million. For the period May to September 2016, the average growth rate was nine per cent as compared to 13 per cent for the same period in 2015.

The Ministry explained that tourist arrivals during the winter months May to September have increased by 108,680 from 2013 to 2016, that is, a 30.8 per cent increase.

### **3.2.5 Market Intelligence**

In TSSP 2009-2015, it was emphasized that accurate and up-to-date information of foreign markets was essential as it enabled marketing programmes to be designed accordingly. Prior to 2015, the Ministry was undertaking a perception survey on specific aspects of the tourism products from outgoing passengers every two years. From 2015 onwards, this task has been conferred to Statistics Mauritius and the results were regularly published on its Website. However, the visitor perception survey has not been extended to cruise tourism, which was well-poised to contribute significantly to the economy.

The Ministry explained that the perception survey could not be extended to cruise passengers due to the short stay of cruise passengers which did not allow them to experience our tourism product and give a proper feedback. Moreover, the cost of carrying such a survey outweighs the benefits that might accrue from such an exercise.

## **3.3 Product Development**

The objective of “Product Development” was to develop a tourism product that was responsive to the needs of the market and to generate high tourist satisfaction.

### **3.3.1 Accommodation in Mauritius**

In TSSP 2009-2015, it was mentioned that there was a need for the continued development of quality accommodation, and the upgrade and refurbishment of the existing room stock. It was important that the growth in supply did not outstrip the growth in demand, leading to falling prices. As of June 2016, the ratio of tourists staying in hotels to tourist residences or guest houses was 70:30.

The occupancy rate in hotels was on average between 62 and 65 per cent over the period 2009 to 2014. Data on occupancy at guesthouses and tourist residences were not collected for planning purposes.

In March 2015, following concern raised by hotel operators regarding the expansion of the hotel stock which was not being followed by a commensurate increase in tourist arrivals, a policy decision was taken for a two-year moratorium on the opening of new hotels so as to restore a sustainable balance between supply and demand and to increase the occupancy rates. As such, according to Association des Hoteliers et Restaurateurs de l’Ile Maurice’s (AHRIM) latest Annual Report 2015-16, the temporary freeze had produced the desired results, as overall occupancy of hotel rooms reached 70 per cent in 2015.

### **3.3.2 Procurement Procedures**

Under the heading “Product Development”, several projects proposed in TSSP 2009-2015 had to be implemented by the Ministry. As of June 2016, the Port Louis Heritage Trail and the Development of the Citadel Projects were still in progress, whereas the Hotel Classification System was completed with delay. The three projects had procurement issues as illustrated in Case Studies 1 to 3 below.

#### ***Case Study I - Port Louis Heritage Trail***

The Port Louis Heritage Trail consisted of manufacturing and fixing of information panels, which included historical excerpts with a background, such as an illustration, photographs or graphics. The objective was to allow visitors and the public to undertake guided or self guided tours and create awareness on the rich historical legacy. The drafting of the historical excerpts was undertaken by the University of Mauritius at a cost of Rs 475,000.

#### ***Issue: Hiring of Consultant***

In 2012, two bids for the manufacturing and fixing of the information panels were received, but were rejected due to failure on the part of the bidders to comply with the requirements of the bidding documents. On 1 October 2013, a fresh bidding exercise for the enlistment of a Graphic Designer for the Port Louis Heritage Trail was cancelled on the advice of the Procurement Policy Office as it was of view that the Ministry did not have expertise either in heritage, graphic design or manufacturing and fixing of panels. The Office instead proposed to enlist the services of a Consultant. Thereafter, following successive amendments to the Terms of Reference, an Expression of Interest (EoI) was launched for the enlistment of the Consultant, but was unsuccessful. Following interest shown by the National Heritage Trust Fund, the Ministry agreed to hand over the project.

### ***Case Study II - Development of the Citadel***

Some Rs 26.5 million were spent on the construction of 14 slots and infrastructural works which were meant for rental. In TSSP 2009-2015, it was recommended that the Citadel be developed into an “Espace Artistique”.

#### ***Issue: Delay in Valuation Office Advice***

EoI was launched on 10 September 2015. The Departmental Bid Committee met on 3 February 2016 and noted that the financial proposals submitted by the bidders for the rental of space were on the low side and the Bid Evaluation Committee recommended seeking the advice from the Valuation Office regarding the minimum rental to be charged. A reply from the latter was received on 16 September 2016, that is, some seven months later. The Office recommended that the slots be rehabilitated so that the rental proposed could be charged.

The Ministry explained that procedures for rehabilitation works were in progress.

#### ***Issue: Inappropriate Specifications***

The Ministry also intended to set up an Audio Visual Unit for the projection of films in view of increasing the popularity of the heritage site among tourists. In that respect, specifications were sought from the Mauritius Film Development Corporation and the latter suggested one 3D Short Throw Projector of 8,000 Lumens, one screen, together with industrial grade cooling unit for an estimated cost of some Rs 1.7 million. After the bidding exercise, it was found that details of equipment and screen were not specified. Hence, on 29 March 2016, the Departmental Bid Committee decided to cancel the bids and to launch a fresh tender based on revised specifications. As of June 2016, no fresh bids for the acquisition of Audio Visual Equipment had been launched.

### ***Case Study III - Accommodation Classification System***

In TSSP 2009-2015, an improved quality control with the introduction of an accommodation classification system which aimed at consolidating the foundation of tourism, with well defined criteria for operational standards was recommended. It was also an important tool to strengthen the overall image of the destination, reinforced tourist's confidence and satisfaction by improving international comparability and by calling upon hotel operators to constantly improve norms and standards.

#### ***Issue: Appointment of Consultant***

In March 2012, EoI was invited from Consultancy firms conversant with the establishment of classification systems and IT Specialists conversant with the development of software packages and having the capability to create an e-classification system for hotels. However, on 10 May 2012, it was decided not to proceed with Request for Proposals since funds were not available.

In May 2013, the Ministry revived the project and decided that TA would be responsible for its implementation. On 22 July 2013, EoI was sought from potential Consultants to finalize the design of the system and to assist in its implementation. Following the Request for Proposal exercise, only one bidder obtained the minimum qualifying marks, but it had submitted a financial proposal of some Rs 3.1 million, which grossly exceeded the cost estimate of Rs 1.6 million. The Bid Evaluation Committee recommended to cancel the procurement process and to re-launch the tender.

TA Board approved a sum of Rs 3 million and based on the combined technical and financial scores, another bidder obtained the highest score. After approval on 19 November 2014, the Board requested that the contract be awarded after the General Elections 2014. However, on 25 March 2015, it was decided not to hire the services of a Consultant.

Finally, in July 2015, more than three years after EoI was launched, another system, inspired from the classification system put in place by two internationally recognized institutions was proposed and retained for the classification of hotels.

The Ministry explained that it did not proceed with Request for Proposal, not only because of fund availability, but also because MTPA had offered to implement the project at a lower cost. The project has now been successfully completed.

## **3.4 Human Resource Development**

The objective of "Human Resource Development" (HRD) was to build the human resource base to meet the existing and developing needs of the sector.

### ***3.4.1 Develop, Implement and Monitor a Tourism HRD Policy Framework***

The rapid growth in the tourism sector has a direct impact on tourism employment and human resources development in terms of demand for professionals, specific skills and related training and education facilities. There is a need to develop and train the required

human resources in various segments of the tourism sector. In TSSP, it was recommended that there should be a continuing system for monitoring the relationship between training needs and the supply of trainees and the needs of the tourism sector to ensure a balance between supply and demand. Thus, a Tourism HRD Policy Framework, led by the Ministry, and supported by the Mauritius Institute of Training and Development was proposed so as to enhance the skill base in the Ministry, specifically in relation to HRD in tourism, to develop an outreach team of tourism trainers to improve training for smaller tourism enterprises, and an e-learning programme available to tourism operators across the sector, and to ensure that there were clear divisions of responsibility for different types of courses among training providers so as to avoid duplication. However, as of June 2016, the Tourism HRD Policy Framework was not yet developed by the Ministry.

To address the human resource problems, the Ministry took another initiative in 2015 by introducing new conditions for Work and Occupation Permits. This would allow more jobs opportunities for the local workforce and the employment of expatriates would be considered only in scarcity and priority fields, and hence ensured transparency and fairness in the recruitment of foreign workers.

Furthermore, in January 2016, a committee was set up to discuss on the policy regarding employment of non-citizens, rationalization and establishment of job titles in hotels. The Terms of Reference included review of the present HRD plans for the tourism sector and existing manpower studies to make a projection of the type and number of tourism employees by job classification and skill level based on projected level of tourism development, to evaluate the human resources available to work in the sector and to assess the current education and training programmes and capacity of training institutions. The committee took note of the human capital challenges faced by the sector and emphasized on the need to undertake a study on HRD in the Sector.

However, despite all the initiatives taken by the Ministry, AHRIM in its Annual Report 2015-2016, highlighted that the sector continued to face an acute shortage of skills and that training institutions had been struggling to keep pace with demands for trained manpower, and the sector had also to compete for qualified and trained workers with other sectors.

In its reply, the Ministry explained that training and re-training of staff for the hospitality sector was an ongoing process, but contended that there was still a shortage of skills in the sector as a result of migration of skilled and experienced labour and high staff turnover prompted by attractive opportunities overseas and in the cruise sector. However, measures have been proposed to address the problem of acute shortage of skills in the sector in Budget 2016-17.

### **3.5 Infrastructure Development**

The objective of “Infrastructure Development” was to ensure that the infrastructure required for increasing tourist arrivals was in place at the appropriate time.

#### ***3.5.1 Tourism Signage Programme***

The Tourism Signage Programme, started prior to 2009, was taken on board in TSSP 2009-2015. The project consisted of the installation of directional and information panels of World Tourism Organization standards around the island, so as to increase the visibility of the different attractions, as well as providing better information to the population and the tourists. The project was split into eight Routes for implementation and was scheduled for completion in 2010. However, it was completed in 2016, that is, with a delay of more than five years and for the period January 2009 to June 2016, some Rs 12.1 million had been spent.

The Ministry explained that the delay for completion of the project was attributed to difficulties in enlisting the services of a Civil Engineer to assist in the implementation of the project, as such expertise was not available at the level of the Ministry.

#### ***Maintenance of Panels***

Since their installations, no survey has been carried out to assess the state of the panels. Some panels were getting rusted and also damaged by vehicles, vandalism and adverse weather conditions as evidenced by complaints made to the Ministry in August 2012 and on 24 February 2016. In May 2016, the Ministry set up a Technical Committee at the level of TA to develop a tracking system to measure the effectiveness of the panels and to ensure that regular maintenance was carried out. As of June 2016, there was no further development in the matter.

In its reply, the Ministry stated that now that the eight routes have been completed, a survey of panels installed on part of Routes No. 1 and 2 has been carried out in December 2016 and a scope of works prepared accordingly. The bidding procedures for the enlistment of a Civil Engineer were underway.

### **3.6 Environment Conservation**

The objective of “Environment Conservation” was to enhance the quality of the environment, rather than leading to its degradation.

#### ***3.6.1 Blue Flag Programme***

Following the recommendation made in TSSP 2009-2015 to adopt Green Certification, the Ministry embarked on a Blue Flag Programme. The Programme works towards sustainable development at beaches through strict criteria dealing with water quality, environmental management and safety. It is owned and run by the Foundation for Environmental Education. A cooperation agreement was signed in October 2012 and the project was expected to be completed within the three year period ending August 2015. A Pre-Feasibility Study was

conducted by a private company at a cost of some Rs 690,000. It identified six potential sites for the Blue Flag Programme, but recommended three best appropriate sites.

In November 2013, after an assessment of the beaches, the Mentor recommended the implementation of the Programme on small beaches given the tight time frames to complete the project and those large beaches would prove to be onerous in terms of investment for the provision or upgrading of existing facilities and amenities. Thus, the Ministry decided to implement the project on a pilot basis at the Albion Public Beach. Uplifting works along with Feasibility Study and the Water Quality Tests were carried out at a cost of some Rs 7.4 million.

The site was not ready for assessment until March 2016. After his visit in April 2016, the Mentor reported that the beach did not meet the criteria for the award of Blue Flag Status and that a Non-Governmental Organisation to act as the National Blue Flag Operator had not yet been identified due to non-responsive bids.

As at June 2016, some Rs 8.1 million had already been spent on the project, and despite the Ministry had more than three years to get one beach up to Blue Flag Standards, it has not been successful.

The Ministry explained that a policy decision has been taken not to go ahead with the Blue Flag Project because of budgetary implications, and the lack of support from other authorities, resulting in the inability to meet Blue Flag Standards. However, Albion Public Beach has been uplifted with amenities of international standards resulting in a more secure and pleasant environment for beach users.

### **3.6.2 Safety and Security**

Over the years, safety and security have gained importance with the increasing growth in the tourism sector. It is an area where Mauritius has competitive advantage, but has to maintain vigilance. A Crisis Management Plan was proposed in TSSP 2009-2015 to cater for a range of disastrous events whether it is disease, natural disasters or criminal events. However, as of June 2016, the Ministry did not develop the Plan.

The Ministry explained that it was a Government decision that all natural disasters and calamities be under one umbrella organisation, and hence the setting up of the National Disaster Risk Reduction and Management Centre. The Ministry and the Tourism Authority are members of the crisis committee of this Centre.

#### *Safety and Security on Land*

Several cases of thefts, larceny and embezzlement perpetrated against tourists within their hotel premises, as well as outside continued to be reported to the Ministry by “Police du Tourisme” during the period under review. In recognition of the particular vulnerability of tourists to theft and assault and the adverse publicity this entailed, in May 2012, Government decided that security measures within hotel premises should be reinforced within the framework of the Tourism Authority Act. However, a survey carried out by TA in January 2016 revealed that some 20 per cent of the 115 hotels had not implemented the measures with

regard to online access and digital safe. They were given a last and final moratorium of six months to complete the implementation process.

### *Safety and Security at Sea*

In 2014, the Ministry commissioned a Master Plan on the Zoning and Management of Lagoon for a total cost of Rs 1,696,250. The Plan proposed the setting up a Sea-based Activity Advisory Committee, as a coordinating mechanism, for the eventual implementation of the different recommendations as they fall within the ambit of different organizations. However, as at June 2016, the Committee had not yet been set up. Instead, the Ministry had set up ad-hoc committees with all stakeholders and met as when required.

In its reply, the Ministry stated that it would shortly constitute the Sea based Activity Advisory Committee to, among others, look into the implementation of the different recommendations contained in the Masterplan for the Management and Zoning of Lagoon.

One of the measures to minimize the risk of accidents at sea is the zoning of lagoon. Since 2007, the Ministry spent some Rs 44.8 million on the purchase and fixing of various types of buoys. On 13 October 2015, the project was transferred to TA which would henceforth be responsible for its implementation, including the maintenance and cleaning of existing zoning systems with a view to minimizing costs. Thus, the Ministry requested TA to create a maintenance and surveillance unit manned by appropriate personnel, to procure appropriate equipment, and to resort to the services of private divers on a part time basis. However, as of June 2016, all the measures proposed were not implemented. Hence, there was a risk that the objective of the project would not be attained.

The Ministry explained that it would reassess the situation and take an appropriate decision regarding the Zoning of Lagoon Programme and its maintenance.

## **3.7 Regional Cooperation**

The objective of “Regional Cooperation” was to facilitate movement of tourists within the region.

### **3.7.1 Vanilla Islands Organization**

Since its inception in 2010, the Vanilla Islands Organization has developed into a well established regional tourism entity, duly recognized by UN World Tourism Organization and International Tour Operators. The project was created with the aim of bringing the South West Indian Ocean islands, comprising Reunion Island, Seychelles, Madagascar, Mayotte, Comoros, and Maldives to an extended global recognition along the same lines as the Caribbean region. In 2015, Mauritius handled some 23,105 cruise passengers and 23 vessels compared to 15,691 passengers and 18 vessels in 2014.

At a meeting held in June 2015, it was proposed to promote cruise tourism within the Vanilla Islands through the enlistment of the support of the various cruise liners. It was also highlighted that for cruise tourism to develop successfully, there was a need for ports in the region to collaborate with Vanilla Islands Organisation to facilitate customs clearances. In

this context, the Committee decided that MTPA should organize a follow up workshop with all the Directors of the Ports of the region to examine the proposal for reduction in port taxes, fast track customs clearances and simplify entry visa procedures for the cruise passengers. Since its inception, the effectiveness of using regional cooperation to facilitate the movement of tourists within the Vanilla Islands has not been measured.

The Ministry explained that according to statistical figures obtained from the Vanilla Islands Organisation, some 186,000 tourists visited the Vanilla Island destinations under a twin package arrangement.

### **3.8 Coordination and Monitoring Mechanisms**

Given the crosscutting nature of the sector, the implementation of strategies involved several stakeholders. Hence, collaboration and cooperation among them are vital to sustain it.

In TSSP 2009-2015, the Consultant recommended the setting up of coordination mechanisms so as to drive the strategy forward, and to review and monitor the progress of implementation of strategies.

However, as of June 2016, the coordination mechanisms had not been set up, and as such, it was unaware of the statuses of the strategies falling under the responsibility of the other stakeholders. As for those falling under the responsibility of the Ministry and those of its agencies, monitoring of progress and assessing the actual performance against specific objectives was difficult. Some of the strategies were not initiated (for example the Human Resource Development Policy Framework), and projects, such as the Port Louis Heritage Trail, the Development of the Citadel and Blue Flag Programme were still in progress as of June 2016, whereas the Hotel Classification System was completed with delay.



## **CHAPTER FOUR**

### **CONCLUSION AND RECOMMENDATIONS**

#### **4.1 Conclusion**

Tourism has a strategic importance for the Mauritian economy. Over the years, the growth in this sector has posed new challenges and has presented new opportunities. Government commissioned the preparation of TSSP 2009-2015 to identify strategies to address the challenges and gain maximum benefits from the opportunities. The Plan has not been used as intended to sustain the tourism sector. Despite some € 34,520 (some Rs 1.3 million) were spent for its preparation, it has only been used as guidance for Programme Based Budgeting purposes, and not all the recommendations were adopted by the Ministry. The mechanisms proposed to facilitate implementation of the strategies among stakeholders and drive the strategy forward were also not put in place.

In respect of strategies identified in TSSP 2009-2015 and falling under the responsibility of the Ministry and its agencies, their implementation had also been a major challenge. Some strategies in relation to promotion and marketing, diversified product portfolio and infrastructure have not been implemented at the right time, and in some instances, did not bring the expected results. Some projects were either not initiated or were completed with delay or were not pursued to completion due to the absence of a monitoring mechanism at the level of the Ministry. Tourism infrastructure created was also not regularly maintained to ensure its usefulness for a longer period of time.

The above weaknesses, along with other exogenous factors have impacted on the efficient and effective implementation of the strategies adopted to sustain the tourism sector.

#### **4.2 Recommendations**

Strategic planning in tourism is necessary for the sustainable development of the sector. The Ministry took a laudable initiative in preparing TSSP, but could not ensure its full implementation due to constraints and challenges faced by the Ministry. In the light of achievements made, and our findings and conclusions, hereunder are some recommendations that may help the Ministry if it intends to develop future Strategy Plan for the sector:

##### ***4.2.1 Review of the Strategy Plan***

The Ministry has to review the Plan to identify circumstances which prevented it to be implemented as intended. The recommendations of the Consultant have to be reassessed to make them feasible in view of the dynamic nature of the sector.

#### ***4.2.2 Improving Project Management***

The effectiveness of project management was undermined by weaknesses in the Ministry's procedures at planning, implementation, monitoring and evaluation stages. For the Ministry and its agencies to more efficiently and effectively manage their projects, improvements are required in a number of areas, such as:

- Procurement processes;
- Monitoring and evaluation mechanisms to measure the real impact and benefits the projects delivered;
- Formulating timescale for the implementation of the different strategies;
- Focusing on long term rather than short term perspectives.

These will help the Ministry in the completion of projects within cost, schedule and resource constraints.

#### ***4.2.3 Human Resource Development***

Human resources are the critical factor behind success in the tourism sector. Scarcity in skills or in skilled personnel can pose a serious threat to the sector. The Ministry should build a human resource base to meet the existing and developing needs of the sector. In this respect, it needs to commission a study on Human Resource Development needs to keep pace with changing circumstances, for example for the next five years. This will help the Ministry to understand the current state and pattern of skills, as well as the future evolution of the tourism manpower landscape in Mauritius. It will also help in developing strategies and policies to reduce the mismatch between demand and supply of labour in the sector.

#### ***4.2.4 Maintenance Programme***

To further develop the tourism sector, Government has substantially spent on tourism infrastructure and facilities, such as signage panels and buoys. Tourism infrastructure created should be accompanied by maintenance activities, with objective to extend the service life of the infrastructure by delaying or minimizing the damage, obsolescence and the failure of the infrastructure to function. In this respect, the Ministry, in collaboration with its agencies other stakeholders, should develop and implement maintenance programmes to preserve the functionality of the tourism infrastructure.

#### ***4.2.5 Coordination and Monitoring Mechanisms***

##### ***Coordination Mechanism***

Given the crosscutting nature of the tourism sector, an integrated approach with all the relevant stakeholders is important. The commitment of every stakeholder is important for the successful implementation of the Plan. As proposed in TSSP 2009-2015, there should be

coordinating mechanisms. In this respect, the Ministry should assess the relevance of the strategies proposed and thereafter take appropriate actions.

### *Monitoring Mechanism*

The Ministry should set up a monitoring mechanism so that progress on the implementation of strategies and the achievement of targets are reported regularly. Assigning clear accountability and specific reporting time frames will help the Ministry to ensure that the objectives of the strategies are achieved. Monitoring will help the Ministry to determine whether resources available are sufficient and used efficiently, and in case of deviations, to take the necessary actions.





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