MINISTRY OF TOURISM, LEISURE AND EXTERNAL COMMUNICATIONS

5.1 Contribution to the Tourism Fund

The Tourism Fund was established in October 2003, under the Finance and Audit Act. The objectives of the Fund shall be to finance

➢ The implementation of

  ▪ Infrastructural and associated works as the Committee may determine, in connection with tourism and tourism related development projects, sites and attractions in Mauritius;

  ▪ Infrastructural and associated works, and social amenities for the benefit of the inhabitants of the areas in which the tourism and tourism related projects are being developed, or in such areas of importance to the tourism industry as the Committee may determine; and

➢ The development and maintenance of tourism and tourism related projects, including but not limited to eco-tourism and cultural tourism.

5.1.1 Sources of Fund

Section 5 of the Act, stipulates that the Fund shall consist of:-

➢ Contributions made by promoters of tourism development projects on state lands, where such contributions are imposed under one of the terms and conditions of the lease of the said lands;

➢ Donations and grants; and

➢ Any other sum which may lawfully accrue to the Fund.

5.1.2 Financing of infrastructure projects at Bel Ombre and St Felix

The consultancy works, awarded to a private firm, started in September 2002 and November 2002 for the Bel Ombre and St Felix respectively. The contracts for the integrated plan for Tourism and Leisure development Projects for Bel Ombre and St Felix projects were awarded in September 2003 and April 2004 to two other private firms for Rs 72.9 million and Rs 151.9 million respectively. In addition, a total amount of Rs 11.3 million was provided for Consultancy and other ancillary works.

The total costs of both projects were estimated at Rs 236.1 million. These projects were to be financed by seven hotel promoters and contributions totalling Rs 173.9 million were
expected. Based on the above, it was estimated that there would be a shortage of Rs 62.2 million.

In June 2004, the Ministry of Tourism and Leisure therefore requested Government to partly contribute to the shortfall of Rs 62.2 million for the above projects. It was also claimed that the Fund had to honour future claims to contractors, which if not effected within 60 days of date of submission of Engineer's certificates, would attract penalty.

Subsequent to that, the Ministry of Finance provided Rs 62 million for the above project. The Ministry of Public Infrastructure also paid Rs 3.6 million on account of consultancy works.

Contributions received from the hotel promoters reached Rs 273.8 million up to 30 June 2008 which had far exceeded the expected contribution from the private sectors. Actual costs incurred for both projects have reached Rs 198.4 million that was much less than the expected costs of Rs 236.1 million that is a saving of Rs 37.7 million. This brings additional contributions and cost savings to Rs 137.7 million. The Fund has reached a cash balance of Rs 142 Million as of 30 June 2008.

The costs and sources of finance over the recent past years are shown in Table 5-1.

*Table 5-1  Costs and Sources of Finance*

<table>
<thead>
<tr>
<th></th>
<th>2004 Rs m</th>
<th>2005 Rs m</th>
<th>2006 Rs m</th>
<th>2007 Rs m</th>
<th>2008 Rs m</th>
<th>Total Rs m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution from hotel promoters</td>
<td>25</td>
<td>37.5</td>
<td>50</td>
<td>86.4</td>
<td>75</td>
<td>273.9</td>
</tr>
<tr>
<td>Contribution from Government</td>
<td>65.7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>65.7</td>
</tr>
<tr>
<td>Advance from Government</td>
<td>-</td>
<td>48.9</td>
<td>16.8</td>
<td>-</td>
<td>-</td>
<td>65.7</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Road works</td>
<td>22.8</td>
<td>138.7</td>
<td>30.2</td>
<td>4.4</td>
<td>2.3</td>
<td>198.4</td>
</tr>
</tbody>
</table>

It is to be pointed out that the Government also disbursed Rs 65.7 million as an advance to the Fund.

**Recommendation**

It is suggested that the Fund makes arrangement to refund the government contribution of Rs 62 million along with any accrued interests thereon. In fact, the Fund was financially fit to start reimbursing government contribution in June 2006 itself.