SICCI

Solomon Islands Chamber of Commerce and Industry

Business Confidence Report 2011-2012

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Solomon Islands Chamber of Commerce and Industry

Business Confidence Report 2011-2012

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© Solomon Islands Chamber of Commerce and Industry
2nd Floor NPF Building, Point Cruz, Honiara
P.O. Box 650
Honiara, Solomon Islands
Tel: +677 39542
Fax: +677 39544
E-mail: sicci@solomon.com.sb
Web: www.solomonchamber.com.sb

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INTRODUCTION

The 2011 Business Confidence Survey ("Survey") was undertaken purposely to assess the confidence of the members of the Solomon Islands Chamber of Commerce and Industry ("SICCI") in the business as well as political environment in the Solomon Islands. It is also the intention of the Survey to understand their views of the challenges or concerns that they face in the Solomon Islands in the year 2012. The Survey is an effective measurement of what the Solomon Islands business community believes will occur in the future. This is the first Business Confidence Survey to be undertaken by SICCI and will be a good gauge into member's overall business performance and their beliefs of economic development in the Solomon Islands.

The results will provide SICCI relevant data that would aid in its role as an advocate for its members to government and other stakeholders. The intention of the Report is also to assist SICCI members and local businesses in their strategic business decisions in terms of obtaining information that would guide them in their overall business plans. The Report will be one of many tools available to firms and organizations to strategically place itself in a better position in its operations.

SURVEY METHODOLOGY

The Survey contains questions pertinent to general business confidence in the operations of members and their businesses. Some of the questions relate to overall business performance, identification of major constraints, business improvements, domestic and international developments and their perception and dealings with the Solomon Islands Government ("SIG"). An analysis to the responses is provided at the end of the Report.

The Survey was launched on 29 September 2011 at a SICCI Business Luncheon held at The Heritage Park Hotel and was also distributed among members via e-mail. The date of release is 24 of November 2011.

OVERALL FINDINGS

In relation to general membership business confidence, the findings indicated strong growth data and a strong resilience despite domestic and international anxieties and challenges that are faced with operating within the Solomon Islands. Membership business performance reflected this fact with an increase for all confidence indicators in profits (58%), gross sales revenue (83%), staffing levels (50%), average wages (92%) and capital investments (67%).

Findings from respondents suggest that major constraints include the rise in overheads and utility costs (17%) as well as increased competition from low cost competitors (13%). The responses found the increased need for better skilled workers (17%) as well as a more efficient and low cost utilities service (15%) as being key to improving the viability of business functions.

The responses also highlighted the fact that the global economic crisis had a negative impact for members with the majority considering it a major threat (42%) whilst another 50% considered it to be a minor threat. Trade unions were viewed as being neither a threat nor an opportunity (42%) whilst some respondents still believed them to be obstacles to their organizations (33% minor threat and 17% major threat respectively). Natural disasters were overwhelmingly considered a minor threat (50%) for respondents. The strong Solomon dollar had mixed reviews with 17% considering it to be a major threat whilst 33% viewed it as a minor opportunity. Climate changes were viewed negatively with 25% considering it as a minor threat whilst another 8% saw it as major threat to their operations. RAMSI were viewed with a positive light with 42% and 17% considering it a minor or major opportunity respectively. Regional trade was also seen as a minor or major opportunity (33% and 25% respectively) by the responses collated.

Members noted that their improved work culture (21%), training programs (up-skilling) (18%), and investment in a better qualified workforce (18%) were improvements that were undertaken by their businesses in the past three years as a means of sustaining growth.

In relation to SIG, members remained skeptical of any immediate improvements with the vast majority of respondents (58%) stating that expectations of the government's performance in the next year as well as their current handling of the economy were "about the same."

In terms of governmental agencies or Ministerial Department that BEST serves the private sector, the members voted the Ministry of Commerce, Industry and Labor (1st), the Ministry of Finance and Treasury (1st), Customs & Excise Department (2nd) and the Inland Revenue Department (3rd) as having performed satisfactorily for businesses. Interestingly, the findings also notes that 17% of respondents answered with "NONE" in terms of the governmental department that best looked at their business needs. Twenty-five percent of those questioned did not provide any answer.

However, the Survey also found that the Honiara City Council (1st), the Ministry of Commerce (2nd) and the Department of Customs and Excise (3rd) were ranked as the LEAST satisfactory agency among the Ministerial Departments. It must be noted that 17% of respondents answered with "ALL" as describing the least satisfactory governmental department. A further 33% did not provide any answer to this part of the questionnaire, which may account for the view of an inconsistency.

The Survey also ranked factors that impacted their confidence in SIG and found that transparency and accountability (1st) and an unprofessional public sector (2nd) along with the lack of enforcement of the laws (3rd) were aspects that effected their perception.

The members also remarked that there should be more focus by SIG in improving the business growth environment (15%), control of corruption (13%) and improved infrastructure (11%) as key areas of improvement for SIG in the next 12 months.

In regards to leadership qualities that members felt were important for political leaders, the Survey found that depth of character (integrity, honesty) (1st), accountability (2nd), and strategic/critical thinking (3rd) were ranked as essential traits that were needed to be possessed by our leaders.

SECTION A: ORGANIZATIONAL INFORMATION

SUMMARY OF PARTICIPANTS

The companies that featured in this Survey broadly represented most sectors but primarily the manufacturing, wholesale and retail, transportation and banking and finance.

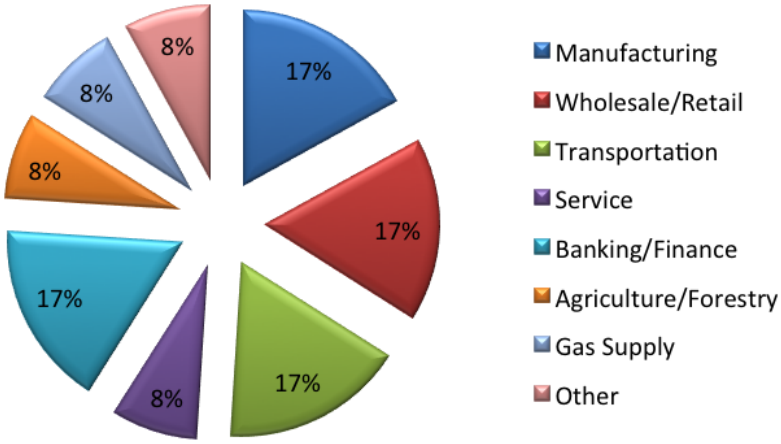

Table 1: Sectoral representation of companies participating in Survey

Most companies had their primary business on Guadalcanal although 8% of companies had business operations also located in Malaita and Western Provinces. Twenty-five percent of companies had some form of business in other provinces.

Most companies that featured in this Survey were larger corporations with annual operating budget in excess of SBD$1.0 million (83%). The remainder of companies (17%) had less than one million but more than SBD$500,000.

SECTION B: GENERAL BUSINESS CONFIDENCE

BUSINESS PERFORMANCE OVER THE LAST 12 MONTHS RELATIVE TO THE PREVIOUS 12 MONTHS

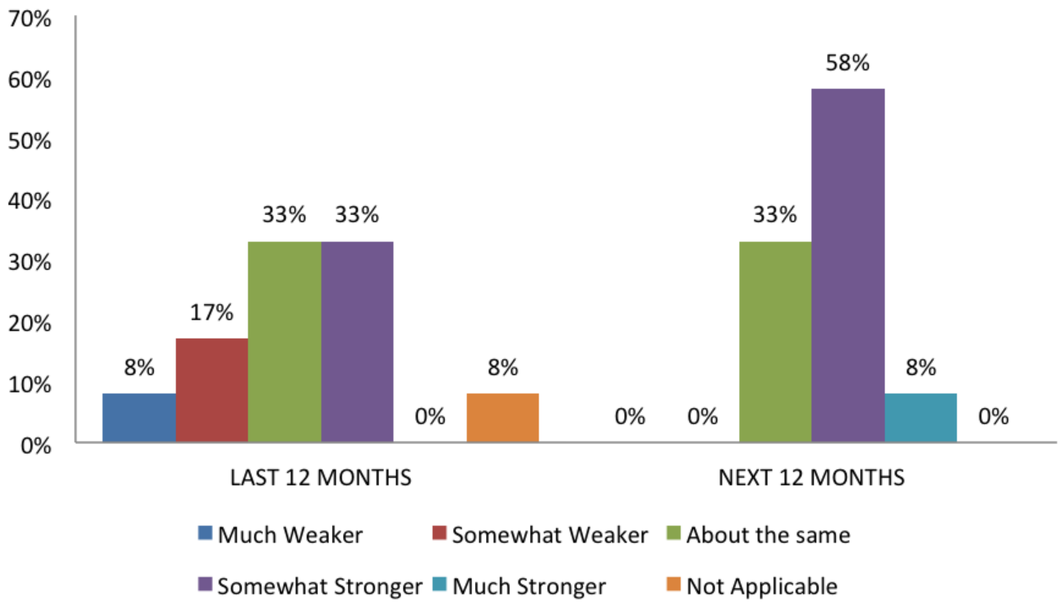

Table 2: Comparison of business performance in 2010 and 2011

The results suggest that the previous 12 months had been rather challenging for some members. The collated data indicates that 8% of members were in a much weaker business position whilst 17% of respondents were in a somewhat weaker position. Nevertheless, their business forecast for the next year were relatively positive with 58% of respondents believing that they would be in a somewhat robust position while another 8% indicated that they would be in a stronger position.

SECTION C: CONFIDENCE INDICATORS

EXPECTED CHANGES IN THE NEXT 12 MONTHS

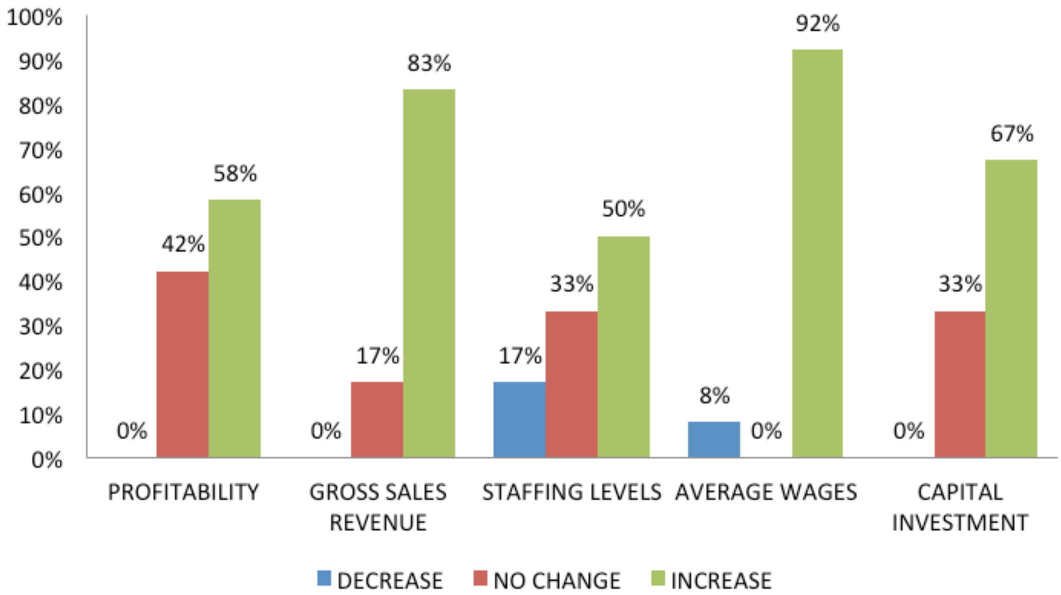

Table 3: Expectations of business growth in the next 12 months (2012)

The data clearly reflects a rather positive outlook for businesses in the Solomon Islands and is indicative of the overall business growth that is driving the advancement of the economy. All key indicators suggest a growth in each part while staffing levels and wages were the only areas projected to have a decrease.

MAJOR CONSTRAINTS ON THE GROWTH OF YOUR BUSINESS

No.	Major Constraints	%
	Rising overheads and utility cost	17
	Availability of skilled workers	17
	Increasing competition from low-cost companies	13
	Licensing and regulations	11
	Price pressure from competitors	11
	Problems with local or provincial government	9
	Rising production cost	6
	Difficulties in raising finance (bank loans, etc.)	4
	National economic performance	4
	Lack of air services (domestic/international flights)	4
	Declining demand from customers	4
	Declining tourist numbers	0
	TOTAL	**100%**

Table 4: Major constraints to business performance

The Survey found that the increased costs in overheads and expenses (17%), the lack of skilled workers (17%) and increasing competition from low-cost firms (13%) were paramount in the limitations faced by SICCI members. The data also suggests that licensing and price pressure from competition were also impacting the effectiveness of businesses growth (11% for both respectively).

Other constraints and comments noted by respondents included: Rental and housing problems, the lack of reliable utilities- SIEA, SIWA and Telecom Internet and the stringent protection policies from SIG regulations.

NATIONAL AND INTERNATIONAL DEVELOPMENTS AFFECTING BUSINESSES

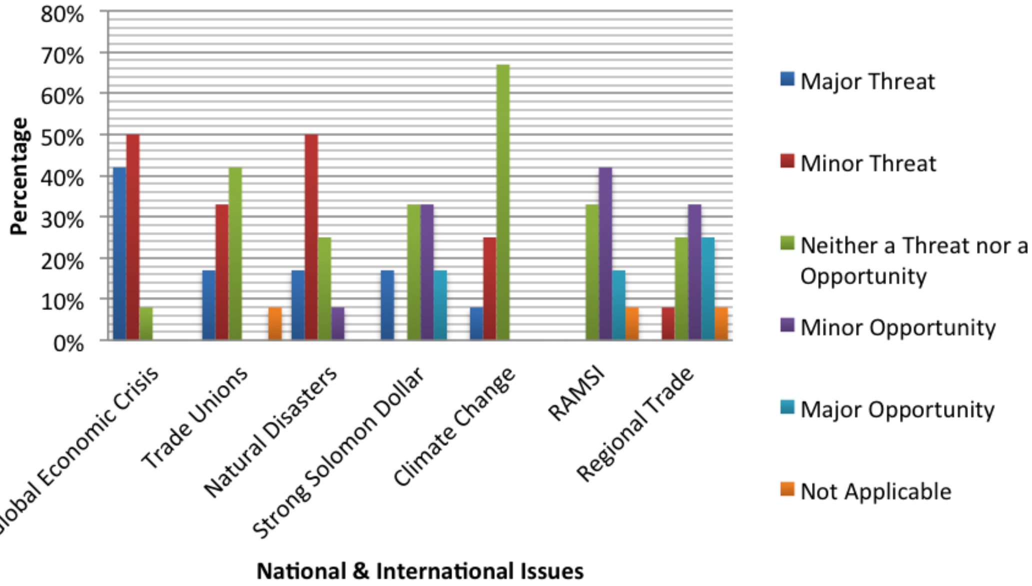

Table 5: National and international trends that affect businesses the most

Global Economic Crisis (GEC)- The data suggests that the international downturn has had reverberating effects for businesses here in the Solomon Islands. A majority of respondents indicated the GEC as a major or minor threat (50% and 42% respectively) towards their business functions. Additionally, businesses concerns included:

The impact that fluctuating world market price would have on coconut oil

Reduction in exports and production will in turn lower sales figures

A slowdown in economic activity will reduce trade and international freight movements

Flow on effects from overseas markets and prospective investors will impact the Solomon Islands

Commodity fluctuates and therefore unknown prices are expected on a daily basis.

Trade Unions - A majority of respondents (42%) believe that trade unions were neither a threat nor an opportunity. However, 33% considered Trade Unions to be a minor threat, while 17% considered them to be a major threat to the effectiveness of their businesses. Most businesses in this Survey expressed concerns that Unions would be 'heavy handed' in an environment where current labor law is "already pro-employee." Additionally, most businesses felt that "increased remuneration" packages for staff needed to be linked to "increased productivity."

Natural Disasters - The overwhelming majority considers natural disasters as a minor or major threat to their business interests (50% and 17% respectively), particularly commenting on its effect on the "local economy; supply and demand; consumer price index and recovery of infrastructure and development."

Strong Solomon Dollar - The revaluation of the Solomon dollar received mixed feelings with 33% considering it a minor opportunity whilst other respondents considered it a major threat (17%). Those who considered it a threat were concerned with the reduction in the value of export.

Climate Change - The majority viewed it as neither a threat or opportunity(67%). Twenty-five percent however believed it is a minor threat whilst another 8% considered it a major threat.

RAMSI - The presence of RAMSI was viewed positively with 42% considering it a minor opportunity whilst a further 17% saw it as a major opportunity for business. Further comments made by businesses is that RAMSI's presence means the chance to interact with companies overseas and to increase local organizations capabilities. Many companies believe that local companies are able to provide services and bring about employment opportunities and leadership training. Others have noted that whilst RAMSI does not provide direct revenue to their business, it does provide a secure environment to do business. The benefit in a secure environment means increased economic activity, which in turn would mean an increased volume of business.

Regional Trade - The responses collated indicates that regional trade is seen as a minor or major opportunity (33% and 25% respectively). Development of trade with neighboring countries means increased export opportunities. Member's also commented that broader views on trade will enable markets to be opened and therefore provide a bigger slice on margins currently not existing in the Solomon Islands. Commodity trading should be introduced to value the futures trading in the Solomon Islands.

SECTION D: IMPROVEMENTS TO YOUR BUSINESS

FACTORS AFFECTING PROFITABILITY AND VIABILITY OF BUSINESSES

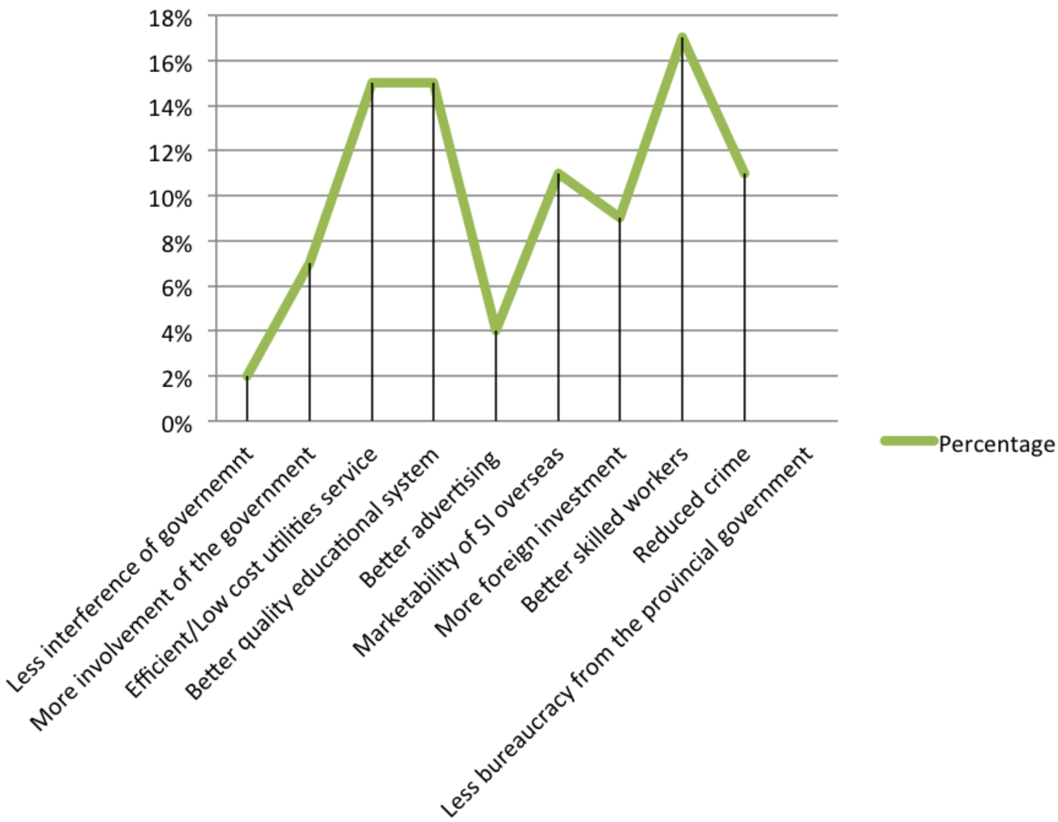

Table 6: Factors impacting profitability and viability of business

The responses to the Survey intimate that the factors that would make a difference to the profitability or otherwise of their firms would include: better skilled workers (17%), efficient/low-cost utilities service (electricity, etc.) (15%), and better quality educational system (15%).

Member's further comments include a demand for improved information's systems and internet to be in place and for there to be tax reform sooner than later.

THE MOST IMPORTANT CHANGES TO BUSINESSES IN THE PAST 3 YEARS

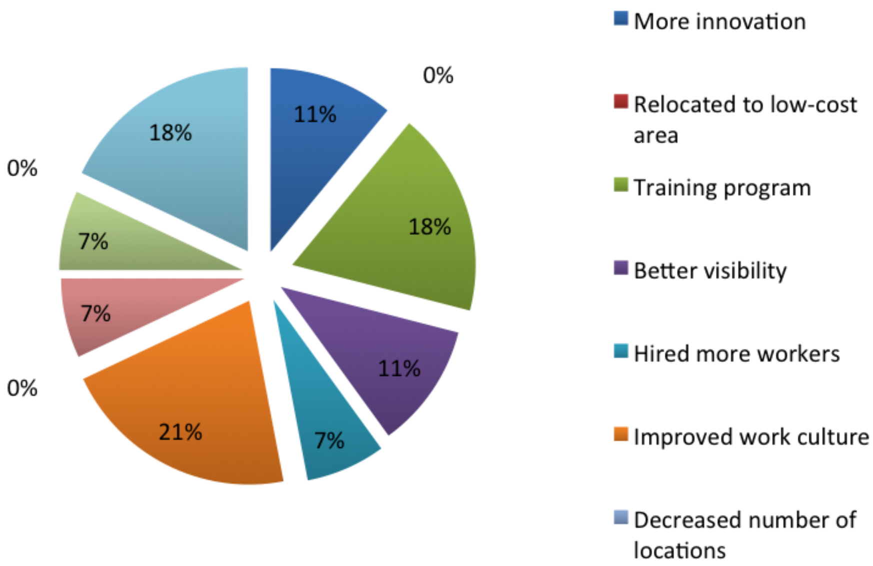

Table 7: Most important changes made by businesses in the last three (3) years

The data in table 7 suggests that the most important changes initiated by companies was an improved work culture (21%), training program (up-skilling) (18%), and hiring a better qualified workforce (18%). Additionally, businesses have appreciated the introduction of e-banking.

SECTION E: SOLOMON ISLANDS GOVERNMENT

BUSINESSES EXPECTATIONS OF GOVERNMENT PERFORMANCE IN THE NEXT 12 MONTHS

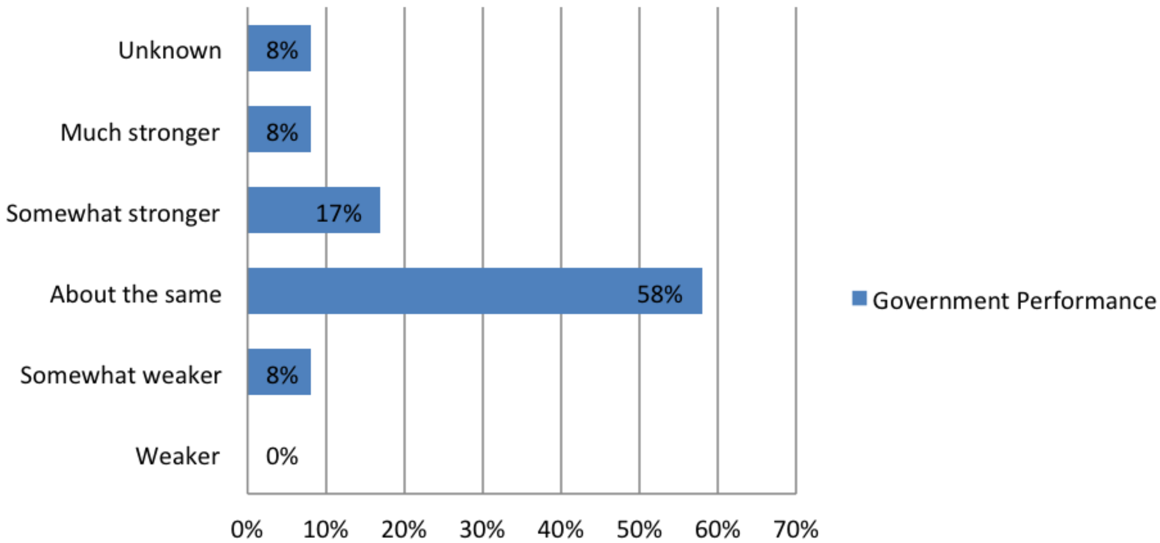

Table 8: Expectation of Government's performance in the next 12 months (2012)

The majority (58%) of the responses indicated that SIG would continue to perform at about the same rate in the coming year. Some respondents were optimistic of SIG's performance with a view of a somewhat stronger (17%) to a much stronger (8%) position in the next 12 months. Interestingly, 8% of respondents noted down that the future performance of the Government is "unknown."

CONFIDENCE IN THE GOVERNMENT'S HANDLING OF THE ECONOMY

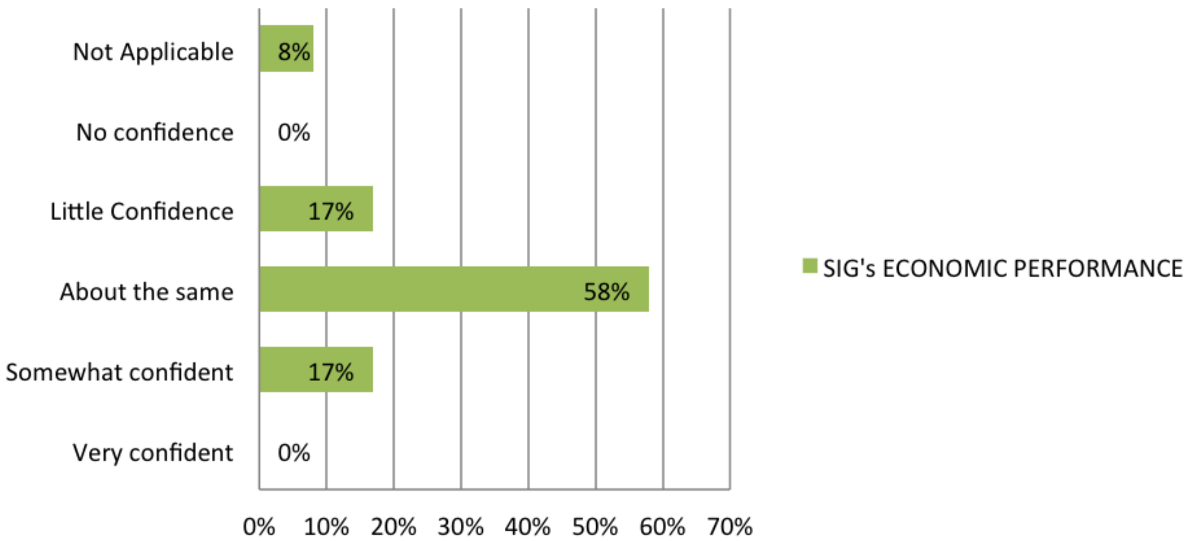

Table 9: Confidence in the Government's Economic Performance

Table 9 shows that 58% of members surveyed believed that the government's handling of the economy was about the same whilst an even 17% were either somewhat confident to having little confidence.

GOVERNMENT MINISTRIES AND DEPARTMENTS THAT BEST SERVE BUSINESS NEEDS

No.	Ministry / Department	Ranking	%
	Ministry of Commerce, Industry and Labor	1st	21
	Ministry of Finance & Treasury	1st	21
	Customs & Excise Department	2nd	21
	Inland Revenue Department	3rd	21
	Lands department	4th	11
	Ministry of Environment & Natural Resources	5th	5
	Ministry of Justice	0	0
	Ministry of Foreign Affairs & External Trade	0	0
	Ministry of Tourism & Cultural Affairs	0	0
	Attorney General	0	0
	Honiara City Council	0	0
	Other:	0	0
	TOTAL		**100%**

Table 10: Ranking of the BEST serving Ministry or Department

The Ministry of Commerce, Industry and Labor (1st) and Ministry of Finance (1st), were each ranked to be the BEST governmental agency that catered to the needs of the businesses in the Solomon Islands. However, 17% responded with NONE and did not believe any of the listed Ministries were adequately addressing their business needs. It is possible that reference to none means that the options provided were limited.

GOVERNMENT MINISTRIES AND DEPARTMENTS THAT LEAST SERVE BUSINESS NEEDS

No.	Ministry / Department	Ranking	%
	Honiara City Council	1st	18.75
	Ministry of Commerce, Industry and Labor	2nd	12.5
	Customs & Excise Department	3rd	12.5
	Inland Revenue Department	4th	12.5
	Lands Department	5th	12.5
	Ministry of Environment & Natural Resources	6th	12.5
	Attorney General	6th	6.25
	Other: "Agriculture"	6th	6.25
	Ministry of Finance & Treasury	7th	6.25
	Ministry of Justice	0	0
	Ministry of Foreign Affairs & External Trade	0	0
	Ministry of Tourism & Cultural Affairs	0	0
	TOTAL	**NA**	**100%**

Table 11: Ranking of the LEAST well serving Ministry or Department

Table 11 shows that the Honiara City Council (1st), Ministry of Commerce and Labor (2nd), and Customs & Excise Department (3rd) were ranked as being the LEAST helpful governmental agency that accommodated the needs of businesses. Another 17% however, noted "ALL" as their response to question 11A.

It must be noted that some members did not provide an answer for either question 11 or 11A or only half completed one of these two related questions. This will explain the inconsistent ranking that now appears in the results.

FACTORS IMPACTING AND AFFECTING BUSINESS CONFIDENCE IN THE GOVERNMENT

No.	Factors	Ranking	%
	Transparency/accountability	1st	20
	Unprofessional public sector	2nd	14
	Lack of enforcement of the laws	3rd	8
	Unclear objectives and poorly targeted plans	4th	8
	No strategic mindset	5th	6
	Undermining of the rule of law	5th	8
	Lack of moral values/slack attitude	6th	8
	Nepotism	7th	6
	Ineffective management of SOE's	7th	6
	Out of touch with people's concerns	8th	6
	Lack of leadership	9th	3
	Inadequate funding and support	9th	3
	Poor management of limited resources	10th	3
	Weak policy formulations	0	0
	Flawed personal reputation/character	0	0
	Regionalism/ethnocentrism ideals	0	0
	Dispirited organizational cultures	0	0
	Other:	0	0
	TOTAL	**NA**	**100%**

Table 12: Ranking of factors most impacting business confidence in the Government

The returned Surveys reveal that transparency and accountability is the single most important factor affecting the confidence that businesses have in the Government. Following closely is an unprofessional public sector (2nd) and the lack of enforcement of the laws (3rd).

AREAS OF IMPROVEMENTS THAT GOVERNMENT SHOULD FOCUS ON IN THE NEXT 12 MONTHS

No.	Answer	Ranking	%
	Focus on improving business growth environment	1st	15.2
	Control of corruption	2nd	13.0
	Improved infrastructure (roads, bridges, etc.)	3rd	10.8
	Upgraded tax laws	4th	8.6
	Better educational system	5th	6.5
	Improve management capacity of public services	5th	6.5
	More investment in the tourism sector	6th	4.3
	Implement strict budgetary discipline	6th	4.3
	Increased exports	6th	4.3
	More involvement of SICCI in policy making decisions	6th	4.3
	Better labor laws	6th	4.3
	Use of IT to improve processes/systems	6th	4.3
	Review of ministerial work/ corporate plan	7th	2.1
	More innovation (e.g. Pacific Arts Festival)	7th	2.1
	Effective supervision by oversight bodies (e.g. OAG, etc.)	7th	2.1
	Political stability and absence of violence	7th	2.1
	Effective regulatory policies	7th	2.1
	Improved land reforms	7th	2.1
	Separation of powers	0	0
	Review/strengthen electoral reforms	0	0
	Predictable and capable judiciary	0	0
	Rule of law	0	0
	Effective commercial legal framework	0	0
	TOTAL	**NA**	**100%**

Table 13: Areas the Government must focus on in the next 12 months (2012)

The data reveals that SIG will need to address concerns on improving business growth environment (15.2%), control of corruption (13.0%) and improve infrastructure (3rd) as their priorities.

LEADERSHIP QUALITIES IMPORTANT FOR POLITICAL LEADERS TO POSSES

No.	Qualities	Ranking	%
	Depth of character (integrity, honesty, etc.)	1st	29
	Accountability	2nd	24
	Strategic/critical thinking	3rd	20
	Confidence and strong will	4th	9
	Subject matter intelligence	5th	6
	Mental fortitude to deal with rigors of development	6th	6

	Creativity	7th	3
	Nationalistic attitude	7th	3
	Personal charisma	-	0
	TOTAL	**NA**	**100%**

Table 14: Leadership Qualities most important for Solomon Islands political leaders to possess

The figures show that members believe a depth of character (integrity, honesty, etc.) (1st), accountability (2nd) and strategic/critical thinking (3rd) were important traits that politicians should possess.

ANALYSIS OF THE RESPONSES TO THE QUESTIONNAIRE

Question 1:

Question 1 covers the type of industry involved in by the members of SICCI as well as the areas of operations. Seventeen percent of those who responded to the Survey were from the manufacturing, wholesale/retail, and banking and finance. Eight percent of the responses were from services, agriculture/forestry, gas supply and others.

Most of the members who participated have their primary operation in Guadalcanal Province, even though some had subsidiaries in other Provinces throughout the country.

Question 2:

Eighty-three percent of those who participated had an annual operating budget of 1 million dollars and over whilst 17% have a budget of between half to one million dollars. In view of the responses, it may be necessary that further Surveys be undertaken to members whose budgets were under SBD$500,000 so that a whole picture can be seen in terms of how such members are responding to the challenges created by the economic, social and political environment.

Question 3:

Question 3 focuses on general business confidence of members of the organization. Thirty-three percent of those interviewed were of the view that the business performance last year was somewhat stronger when compared to the previous twelve months. A similar percentage was of the view that the performance of last year was to be the same as the previous year. Seventeen percent of those interviewed saw that business performance of last year were weaker than the previous year. None of the respondents believed that the business performance were much stronger than the last 12 months.

Question 3A:

Concerning the next 12 months, 58% of the respondents believe that business performance would be somewhat stronger, whilst 33% believe that there would be no change to the business performance. 80% of those who participated were optimistic in that the business performance would be much stronger.

The responses to questions 3 and 3A imply that the previous year was rather difficult for some of the members but fortunately their overall projections for the future remained positive.

Question 4:

In terms of confidence indicators, 58% of participants were of the view that there would be an increase in profitability, gross sales revenue, staffing levels, average wage and capital investments. 42% of the respondents see that there would be no change in the five areas specified above. The findings of the Survey also indicate that there would be a decrease in staffing levels and average wages of employees (17% and 8% respectively).

The optimistic picture of those who responded to the Survey is reflected in the positive indications of the five key factors.

Question 5:

In terms of major constraints experienced by those who took part in the Survey, 17% identified rising overheads and utilities costs and availability of skilled workers as major constraints. Thirteen percent identified increasing competition from low-cost companies as a constraint. Eleven percent of participants identified price pressure from competitors and licensing and regulations as obstacles to doing business in the Solomon Islands. Nine percent had problems with local or provincial government whilst 6% of participants identified rising production costs as a difficulty in doing business. Lastly, 4% identified the following constraints: difficulties in raising finance, national economic performance, declining demand from customers, and lack of air services.

Eight percent of participants viewed rental/housing, lack of reliable utilities and stringent protection policies of SIG as additional constraints.

The findings of the Survey are useful indicators that can be used by SICCI members when dealing with government and other stakeholders, since SIG has been actively involved with IFC and World Bank in promoting the country's ranking in terms of ease of doing business.

Question 6:

Participants were asked to identify 7 issues as major or minor threats or opportunity in terms of doing business in the country. Global economic crisis was identified as a major and minor threat by participants (42% and 50% respectively). Concerning trade unions the findings of the Survey reveal the following: 17% see trade unions as a major threat while 33% view it as minor threat. Again, 42% of those Surveyed and responded say it is neither an opportunity nor a threat. Due to the narrow economic base of the country and the reliance on logging and others there is a realization that any global economic crisis will greatly impact the viability of undertakings of members.

With regard to natural disasters, 17% and 50% of the Survey participants view the same as a major and a minor threat respectively. Twenty-five percent of the participants do not see it as a threat nor opportunity. For a country like the Solomon Islands that is susceptible to natural disasters, it is important to understand preventative measures being undertaken by SIG and the international community in addressing disasters.

Concerning the strong Solomon dollar, 33% of participants saw it as a minor opportunity or alternatively not as a major threat. However, 17% believe that a strong Solomon dollar to be a major threat to doing business. It would appear that SIG decision to appreciate the dollar came without much consultation, which would accrue from such a decision.

Sixty-seven percent of those who responded to the Survey do not see climate change as a major threat or opportunity. Twenty-five percent were of the view that it will pose a minor threat to their operations whilst 8% believe that it will be a major threat in the future.

According to UN studies, the Solomon Islands will be affected by the global warming and the climate change and it is important that members are aware of the development in this area because the coming years will definitely show or require adaptations to be made by countries like the Solomon Islands. This has financial implications, which members should now anticipate.

On the presence of RAMSI, 42% of those who responded say that RAMSI's presence offers minor opportunity to do business in the country. Thirty-three percent of those responded say that RAMSI is neither a threat nor opportunity. Interestingly, 17% believe that RAMSI presence offers major opportunity for business in the country. The responses clearly indicate that RAMSI's presence has brought security to the country and that in turn has brought confidence to members of SICCI. It is important that such confidence be maintained in future now that RAMSI is in transition.

On regional trade, 33% believed that regional trade would provide minor opportunity for business whilst 25% saw it as a major opportunity to expand their business. Equally, 25% also do not see regional trade as a major threat or opportunity. We all live in a global village and developments in finalizing PACER-PLUS and other international trade agreements should be of interest to members and therefore the link between SICCI and Ministry of Foreign Affairs and External Trade should be strengthened to enable better exchange of information.

Question 7:

With regard to improvements required to enhance viability of business of members, the findings of the Survey disclose the following: 17% want better skilled workers whilst 15% require efficient/ low cost utility services and better quality educational system. In addition, 11% want marketability of the Solomon Islands overseas as well as reduction in crime as improvements required to enhance their business. Nine percent of participants want more foreign investment and less bureaucracy from provincial government. Seven percent of the respondents want more government involvement whilst those calling for less government interference and better advertising stand at 2% and 4% respectively.

There were additional comments received which indicate that 25% of Survey participants want better IT system, improved tax reform and better internet services.

The factors identified in the Survey needs to be understood by those in government and authorities responsible for creating a conducive environment for investment in the country.

Question 8:

With regard to changes occurring in the last 3 years the findings of the Survey shows the following: improved work culture (21%), training program (up-skilling)(18%), better qualified workforce (18%), more innovation (11%), investment in better visibility (11%), hired more workers (7%), investment in better quality product/machines (7%) and increase in number of locations (7%).

Participants also had additional comments, which showed the introduction of e-banking to customers.

The changes identified in this question are important in that they do indicate that investment in work culture; up-skilling, more innovation and capacity building are having an impact and must continue if productivity from members is to be sustained.

Question 9:

Concerning member's expectations on SIG performance next year, 58% of participants believe in the status quo continuing in the next 12 months. Seventeen percent of the participants believe in a stronger performance from SIG. Eight percent of those surveyed believe in a much stronger performance.

The findings also indicate some hope (17%) that SIG would improve their performance in the next 12 months.

Question 10:

Whilst 58% of the respondents believed that the status quo will continue, about 17% believe optimistically in SIG's capability whilst another 17%, do not have confidence that SIG would be able to handle the economy.

The findings therefore suggests, that members expect more from government in terms of demonstrating that it has the capacity to handle the economic challenges facing the country.

Question 11:

Concerning members reaction to the services received from government agencies, the Survey reveals the following ranking: Ministry of Commerce and Labor (1st), Ministry of Finance and Treasury (1st), Customs and Excise Department (2nd), Inland Revenue Department (3rd), Lands Department (4th), and Ministry of Environment (5th). Interestingly enough, the following agencies did not receive any ranking from the respondents to the Survey: Ministry of Justice, Ministry of Foreign Affairs and External Trade, Ministry of Tourism, Attorney General's Office, and Honiara City Council. When one takes into account the fact that operations of respondents are based in Honiara and Guadalcanal Province, the omission to rank Honiara City Council and others stand out like a sore thumb.

Respondents also provided additional comments to the effect that 17% believe that none of the 11 listed agencies deserved to be ranked.

Question 11A:

With regard to the participant's feedback in terms of government agencies that served members the LEAST, the Survey revealed the following: Honiara City Council (1st), Ministry of Commerce and Industry (2nd), Customs and Excise Department (3rd), Inland Revenue Department (4th), Lands Department (5th), AG's Chambers (6th), Agriculture (6th) and Ministry of Finance (7th). No ranking was given to Ministry of Justice, Ministry of Foreign Affairs and External Trade and Ministry of Tourism.

As for additional comments received from the participants, 17% responded by saying that ALL of the listed agencies did not serve the members well.

Consistent with the findings in question 11 the respondents have identified Honiara City Council, Customs and Excise department and the Ministry of Commerce as the LEAST useful department to do business with. Such a finding should be a concern to government that is actively involved in promoting the Solomon Islands as a place to do business in and attract foreign investors. The headline of Solomon Star of October 21 whilst maybe complementary of government efforts, needs to be seen in the context of the responses received from members with regard to their assessment of government agencies they deal with regularly.

Question 12:

In terms of factors affecting the member's confidence in SIG, the Survey ranked the following factors: transparency and accountability (1st), unprofessional public sector (2nd), lack of enforcement of laws (3rd), unclear objectives and poorly targeted plans (4th), no strategic mindset (5th), undermining the rule of law (5th), lack of moral values/slack attitudes (6th), nepotism (7th), ineffective management of SOE's (7th), out of touch with peoples concern (8th), lack of leadership (9th), inadequate funding and support (9th), poor management of limited resources (10th). The following factors were not assessed and ranked by participants: weak policy formulations, flawed personal character or reputation, regionalism/ ethnocentrism ideals and dispirited organizational culture.

Again, the factors identified by the respondents to the Survey highlight the qualities, which are expected of leaders who make policies not only for the public but also for members of SICCI.

Question 13:

With regard to the improvements in which members want from SIG in the next 12 months, the findings rank the following: focus on improving business growth environment (1st), control of corruption (2nd), improved infrastructure (3rd), upgraded tax laws (4th), better educational systems (5th), improve the management and capacity of public services (5th), more investment in tourism sector (6th), increase exports (6th), more involvement of SICCI in policy making decisions (6th), implement strict budgetary discipline (6th), better labor laws (6th), use of IT to improve processes and systems (6th), political stability and absence of violence (7th), effective supervision by oversight bodies (LCC, OAG)(7th), and review of Ministerial work and corporate plans. No ranking was made for the following factors: predictable and capable judiciary, separation of powers, rule of law, review and strengthen the electoral laws and effective commercial legal framework.

The wish list in question 13 is consistent with factors listed in question 12. What is important in these series of questions is the role of government in creating a conducive environment for members and also the importance of good governance, transparency and accountability and more consultative role in the decision making process of SICCI, SIG and other stakeholders.

Question 14:

Concerning the qualities that political leaders must have, participants identify and rank the following qualities: depth of character (integrity/honesty)(1st), transparency and accountability (2nd), strategic and critical thinking (3rd), confidence and strong will (4th), subject matter intelligence (5th), mental fortitude to deal with the rigors of development (6th), creativity (7th), nationalistic attitude (7th).

Members expect political leaders to be persons of integrity, honesty, and able to think critically in addressing the challenges of the country.

CONCLUSION

The Business Confidence Survey was developed so as to ascertain general business confidence by SICCI members. It also attempts to provide an avenue to highlight the challenges and concerns that members face with running an operation in the Solomon Islands. The responses to the Survey were poor and will impact the weight of the Report. However, the participants who responded make up a wide cross-section of the broader business community and will be indicative of the makeup of SICCI members.

It is hoped that more members will actively participate in future Surveys conducted by SICCI, as this will effectively enable us to promote business affairs and challenges to the government and other stakeholders.

The overall findings of the Survey points towards an optimistic future for the Solomon Islands businesses, which given the right environment and quality political leadership will result in growth in all key areas identified in the Survey. There are areas of concern that will continue to hamper progress and are repeatedly emphasized in this and previous Surveys. These include: slow infrastructure development, a poor educational system and ineffective SOE's. These matters will be highlighted in ongoing discussions with the appropriate bodies in the future.

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Solomon Islands Chamber of Commerce and Industry
2nd Floor, NPF Building, Point Cruz
PO Box 650, Honiara, Solomon Islands
Tel: (677) 39542 Fax: (677) 39544
Email: sicci@solomon.com.sb Web: www.solomonchamber.com