

Business Beat

Welcome to the Chamber's Newsletter!



TOURISM HIT HARD

COVID-19 is casting a shadow on the Solomon Islands tourism industry. [Story see page 5.](#)

Welcome

This is the official Newsletter of the Solomon Islands Chamber of Commerce & Industry (SICCI), published and distributed to members and stakeholders after every two months.

It contains updates on all Chamber activities, news, members' feature, interviews, upcoming events and department updates from the Secretariat.

This publication is produced by the SICCI Media & Communications Department.

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Atenasi Ata
SICCI CEO

There have been meetings to try and consolidate SICCI position on matters including food security, policing operations, and on the exemption process.

Advocacy

Exporting issues continue to be workshopped at the SICCI-PHAMA Plus weekly roundtable meetings. There have been two held - one on 23rd April, and on 30th April. We welcome members' thoughts on matters that these meetings should discuss.

The exporting weekly meetings have resulted in getting ship operators to restart its Shipping Association as a lobbying group. Concerns voiced by the ship operators are that there needs to be more positive messaging from Government, as they are seeing dampened passenger and freight movements from provinces to Honiara. CEMA for example wants messaging to encourage cocoa and coconut plantations to be maintained and even increased production.

Other points of discussion included the stimulus package which the group thought should for example, cut 15% government tax on fuel during COVID-19 pandemic; cuts to 10% tax in spare parts; implement a SIG subsidy of \$20/bag of copra freighted into Honiara; ensuring SIG paying of overdue bills; announcing interest free loans from commercial banks; and grants to cover operational costs, and financial obligations including rentals, SINPF contributions.

Kava export into Australia - There were consultation where interested stakeholders can provide their views into the export of kava into Australia. The deadline for submissions was the end of May 2020. The Australian Government intention is to open up for export of

kava into Australia at end of 2020. At the moment, kava import into Australia is restricted to limited amount for personal use.

Trade facilitation and food security

One of the very first concerns that SICCI flagged for Government due to COVID-19 back in March, was the importance of maintaining servicing of export and import trade.

On 22nd April SICCI hosted a meeting between Customs Comptroller and shipping agents and companies involved in bringing in goods, fuel and gas into the country as well as exports. It was attended by representatives from Express Freight Management, GPPOL, NFD Ltd, SP Oil, Origin Energy, Sullivans, Tradco, and Solbrew.

The country currently has a 14-days quarantine period restriction on all incoming specialist and general cargo vessels. The meeting was to understand developments with the exemption process currently in place with the Oversight Committee. The process is that Companies/shipping agents can seek a waiver from the Oversight Committee, to the 14-days rule, by providing a justification based on the nature of the cargo being imported, the documentation according to the Customs Shipping Protocol (travel history, crew health history, SOPs relevant to COVID-19 and etc. found online at www.customs.gov.sb).

The meeting heard that Cabinet will be considering some changes to the waiver-application process and conditions as outlined in the Shipping Protocol Version 2.1 (dated 28th April 2020). SICCI remains committed to ensuring that all stakeholders involved in export and import are made aware of these changes as soon as they are finalised and reflected

into a new version of the protocol to be known as Protocol v2.2.

Linked to this is the announcement at the recent COVID-19 Government talk-back show hosted on Sunday 3rd May, that an Exemptions Committee will be established by the Oversight Committee to consider all applications for quarantine-waiver. It has been observed that decisions for waiving of the 14-days quarantine period continue to be unpredictable and at very short notice often in terms of hours, rather than days. We remain committed to supporting the Oversight Committee in their decision-making. Another aspect of SICCI advocacy is that this is equally about community perceptions on food security and impact on household wellbeing, as it is about impact on cost for businesses.

Livelihood Sector Committee - The last meeting was held on 24th April. The discussions noted the different work going on with the LSC sub-committees - the one working on food delivery is being supported by UN agency to develop an app to facilitate food delivery in town. The one dealing with fruit and vegetable markets is anticipating that Kukum Market will be operational before the end of May, as well as others around town including White River as a community market. There is a total of SBD20m approved for the LSC work with \$250k already used as Shortland Islands is now declared as an Emergency Zone. This means there are two emergency zones.

The Ministry of Agriculture will also be implementing activities directly with partners - such as Sape Farm and schools such as King George VI Secondary School, St Joseph's Tenaru School and Betikama School for farming and rearing of livestock.

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Distribution of seedlings for Honiara residents has started. There is a hotline for residents from Honiara wanting free seedlings. The number is 7475294 and Lily Wame will want to know which three of the following you'd want: pakchoi; saladia; tomato; lettuce; chilli; eggplant and choi-sum. She says that her department are thinking through small outgrower support in terms of nurseries within communities maybe using mother's unions groups; community youth groups.

Exemptions - There has been no outcome yet on the exemption applications. Altogether 56 companies/businesses have applied to be considered exempt and allowed to operate in a lock-down situation. In the meantime, with some phased return to school, and operations, business and industry are encouraged to continue practicing basic hygiene precautions.

Price control gazettes - One recent outcome from SICCI advocacy efforts eventuated from the Price Control gazettes developed by the Price Control department of Ministry of Commerce. The basis of the prices capped by the gazette was disputed, so SICCI facilitated the meeting between MCILI Price Control Unit Director and the business concerned. After a tour of the manufacturing setup, the team conducted a calculation exercise, after which it was determined that the cap was currently set too low and should be revised. The third iteration of the Price Control gazette is now being developed.

Local business-for-business responses for COVID-19 - Our Telekom's COVID-19 Relief Offer of 1GB data, 1 hour calls, 100 text all for free to use within 5-days of subscribing. This can only be accessed once in a month.

SICCI was requested to present on the COVID-19 Survey by Ministry of Commerce, Industry, Labour and Immigration. Related to the survey, the findings confirm the worries of decreased consumption, confusion and the vulnerability of business in the country, particularly small and medium sized businesses. We presented the findings of the survey to PS Riley Mesepitu, his team of Under Secretaries and Directors, as well as a Policy Advisor within PMO, and the Labour Commissioner. The discussions noted that the survey results also confirm what they are also seeing as labour,

immigration, industry all fall within their respective mandates. The meeting also heard that PMO is aware businesses are impacted as a result of the SoPE measures these including night clubs, kava bars, food serving businesses.

Other points of note were that major projects projected to come online are being impacted by travel restrictions imposed by countries where technical experts/project personnel are coming from. For instance, the Labour Department has approved some transfers of workers between businesses (13 to date), however it has also recorded the highest ever rate of cancellations of work permits numbering close to 400. A large number of these are technical personnel for projects, who are stuck in other countries.

Freight and flights - Towards end April we saw the first flight out of the country for Brisbane, since commercial flights were halted. Successfully partnering with Solomon Airline, governments of Australia and New Zealand also ensured that their citizens who needed to return home, were on the flight. Freight continues to be brought in at least on weekly basis. This weekly service, has allowed medical supplies to be brought in, including the two testing machines donated both from Australia, and from China. We heard from the talk back show just gone, that in country testing capability will start at the end of this week, however reliant on further testing equipment to be brought in still. The second testing machine will be operational by end next week.

SICCI Secretariat announcements - We've embarked on a video product to help the wider community understand better the wider impact of COVID-19 on the country, the economy, and businesses specifically. The first of the series will be released this week. Please take time to see the video on our facebook page, comment your feedback, and of course share widely too. Naomi your Membership Services Officer is the face of this first video. You would have also seen that John Kanai from the Advocacy department has circulated an EOI for members to take part in the working groups of Construction, and of Manufacturing and Industry. The groups will enable SICCI to deliver a more stronger voice in advocacy efforts concerning the two sectors which together are substantial employers aside from the public service.

Our staple of BA5s will recommence soon. Watch out for Naomi's communications on

these events.

My second last point is on the **Solomon Islands stimulus package** - it has been announced by the Prime Minister. The Chamber had made presentations to the team developing the package outlining as a priority that reductions should be made to electricity tariffs; cost of doing business through ports charges; tax relief for struggling business; and also special support made for SMEs. The SICCI Board and Secretariat will over the next few days, communicate to you what the package means. This comes at an especially critical time, now that we are some months into the State of Public Emergency with no sign of the end of the virus' economic impacts. And finally, this week and the two before have been about SICCI reviewing its focus and activities for the year. Planning for scenarios of 'normalcy' and for interruptions such as what would happen when lock-down is imposed. There is of course the element of unpredictability to factor in.

The encouragement though for members is that, this time can also be opportunity to reflect on business models, as well as focus on training and upskilling of workers, of managers and etc.

One of the recommendations in the SICCI submission to Government on the stimulus package was that with anticipated lower cash circulating, that Government keeps to a minimum its payment period with local businesses. That payments are at first honored, and in the shortest turnaround period possible. At a personal level, another way of course that you can help will be to decide to spread your dollars. The tourism industry is unarguably one of the most impacted sector in the country and businesses within it are suffering.

I have come across flyers and heard plans that are encouraging signs as these businesses think outside the box to ensure some continued custom. For instance, GTS has some specials going for places like Sanbis, Fatboys, Oravae with discounts in accommodation and airfare up to 30% and 60%. Heritage Park also has special-themed events coming up for Honiara residents if you prefer a shorter experience, over a weekend away. Going out of your way to take up these offers are in their way some 'stimulus support' we can do for our businesses.

With that, thank you for your patience and continued engagement with your Chamber.

Global pandemic is casting a shadow over the local Tourism Industry



Heritage Park Hotel, arguably the biggest and busiest Hotel in Honiara, has been experiencing a slowdown and cancellations since mid-February with close to zero occupancy in their rooms by March 23.

Since its outbreak in China late last year, it has now spread to 184 countries and territories which has led to tourists cancelling trips globally including to tourism driven economies in the Pacific region.

Although Solomon Islands remains among a handful of countries in the world to evade the deadly COVID-19 to date, the inevitable impact of this global pandemic is already taking its toll on the small island nation's economy.

And one of the industries feeling the brunt of this foreign virus is the country's fragile tourism industry, with a good number of tourism operators already going into hibernation with zero business.

"Since the stringent measures to protect our international borders and entry restrictions were imposed for Solomon Islands, the local tourism industry is one

of the hardest hit sectors," Permanent Secretary of the Tourism Ministry, Mr Andrew Nihopara, said.

For the months of January to March 2020, Tourism Solomons has recorded a 50% decline in average monthly revenues.

The decline is further forecasted to worsen for the month of April onward until such time the visitors started returning to hotels and occupancy rates improve.

Four of the country's major hotels have predicted an average 18% occupancy rate for March and average 10% occupancy rate for April and the occupancy rates is set to continue.

Heritage Park Hotel, situated at the centre of the capital Honiara, is the biggest hotel in Solomon Islands but since late March, they have had no room bookings and operations has largely scaled down.

The Hotel's General Manager, Mr Sanjay Bhargava is estimating approximately SBD3.2 million business loss as a result of COVID-19.

"Business has come to a grinding halt," he said.

"We had started experiencing a slowdown and cancellations since mid-February, there were, however, during the period still new bookings which were being made. Then all of a sudden it reversed and all bookings started getting cancelled. As the airline operations slowed, bookings one by one kept getting cancelled.

"Since the 23rd of March we have zero occupancy in the rooms. There are some guests who had rented apartments for long term and eighteen (18) of them

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continue to be here.

"All conferences have been called off," Mr Bhargava added.

Heritage Park Hotel have been planning on building a new conference room and eighteen (18) additional rooms and had progressed 40% of the project, but that too has come to a halt.

Aside from the loss of business, another unfortunate impact is the loss of employment by local Solomon Islanders.

Ninety (90) local staff at the Hotel had to stand down as the Hotel, usually blazing with guests, conferences and customers at its various restaurants and famous poolside and club bars struggle to cope with the unforeseen challenges brought about by COVID-19.

"Unfortunately, the first to be affected in such situations is the workforce. However, with the skeleton staff that we are operating the rosters are being made in such a manner that one batch of people stands down while another is working. After a fortnight the batch of people who were operating, stand down and are replaced by another one. This is done so at least every one gets a chance to earn," Mr Bhargava said.

"As the situation starts to normalize staff will be recalled gradually. We have no intentions of laying off anyone permanently from the lot who have been stood down currently," he added.

This situation started with the measles entry restrictions late last year and earlier this year and the trend of booking postponement and now cancellations worsen when the COVID-19 measures were enforced.

Permanent Secretary, Mr Nihopara said globally, the tourism and the aviation are the hardest hit sectors because of this pandemic.

"This situation currently faced is unprecedented and it is important to note that the future of the sector and how it's going to recoup from the COVID-19 crisis is very uncertain," he said.

Imperial Travel Service is a locally owned land transport and tours service, and



The usually busy Terrace Café at the Heritage Park Hotel on Monday 6th April.

like other tourism operators across the country, they have been out of business for over a month now.

"We rely entirely on tourists' arrivals and this is not possible when there are no incoming flights in the country," Imperial Travel Service Director, Ms Ender Rence, said.

Solomon Airlines, the national carrier, has suspended all scheduled international passenger flights as part of the Government's COVID-19 preparatory plan. And flights maybe suspended through April and May, the Airlines said.

Ms Rence said it is at this time of uncertainties that Solomon Islands need good and strong leadership from our leaders.

"Government need to realize the reality on the ground and the reality is that people and businesses are struggling to survive.

"As businesses we are eager to know more about the content of the Government proposed stimulus package which intends to cushion any negative impact on the economy and measures the proposal will have that will support local businesses including those in the tourism sector.

"We have been in business for more than 14 years and this is the biggest challenge we have ever faced," Ms Rence said.

With the restriction of international flights not only in Solomon Islands but

around the Pacific region and globally, travel agencies are also severely affected.

Guadalcanal Travel Solomons (GTS) is a 35-year-old travel agency company based in Honiara, and according to Country Manager, Ms Jenny Ruffell Smith revenue collection is at an all-time low while business expenses remain the same.

"No international airlines are allowed to fly in or out of the country at the moment so there is no one booking international travel while majority of our airline partners (Virgin, Fiji Airways, Air Niugini) are no longer calling into Honiara anyway," Ms Ruffell Smith said.

She said even if airlines are allowed in, there will be very little onwards travel to other countries.

"The Australia Border Force has advised that if you are not an Australian and/or returning to a country within Oceania, then you have to apply for an exemption to transit through Australia."

"Domestic travel is on a reduced schedule and if we should get a case of COVID-19, then Honiara will go into lock down and all domestic travel will cease to and from Honiara," she said.

Walk-in traffic is a big part of GTS's business but they were forced to close their door to the public to reduce risk

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while clients are told to use email or phone to make bookings and get updates.

“Our income is now nearly zero, yet we still have the same expenses (with exception of reduced rent as advised by our landlord) and a team of twelve within GTS to continue to keep busy as well as pay,” Ms Ruffle Smith said.

While businesses especially those in the tourism sector start putting in place required measures to minimize the immediate impacts, GTS is also concerned about what lies ahead.

“When and if the borders open up, will it be done incrementally or completely and will all airlines commence their services at the same time, will there still be restrictions for transiting passengers

through other countries and will other countries let anyone else in besides their own citizens,” Ms Ruffle Smith asked.

If this is not the case, she said businesses like GTS are still limited with connecting passengers as well as the airlines that fly in and out of Honiara.

And there is the inevitable matter of less bookings due to fear that COVID-19 might still spread, less booking due to loss of personal earnings during this time, and people choosing to support tourism within their own country and therefore not travelling overseas.

Ms Ruffle Smith joined other businesses to call on Government for a reduction of major expenses such as electricity, relief from Government.

Businesses have asked for Government to provide minimum wage for their

employees, special considerations on payment of taxes, as well as NPF contributions and utilities including cheaper electricity, cheaper water, and cheaper internet cost.

Compared to other Pacific countries, the magnitude of COVID-19 impact on Solomon Islands’ tourism sector although small compared to neighbouring Fiji and Vanuatu, Permanent Secretary of the Ministry of Tourism, Mr Nihopara said the Solomon Islands is still the most vulnerable and therefore among the hardest hit in the region.

This was backed by Chief Executive Officer of Tourism Solomons, Mr Josefa Tuamoto.

Mr Tuamoto said the industry is looking at an eighty to ninety percent drop of revenue this year.



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Three new faces elected to SICCI Board

Thursday 26 March, Honiara – SICCI have three new faces on its Board of Directors, following the latest elections of Board Members.

This was during the Chamber's Annual General Meeting (AGM) on Wednesday 25th March 2020 at the Heritage Park Hotel in Honiara.

Chairman, Jay Bartlett will continue his leadership of the SICCI Board returning unopposed for his fifth consecutive term as Chair, while Ricky Fuoo, General Manager of Tropical Glass Aluminium (TGA) replaces David Rupokets as Vice Chairman.

The three new Board members are:

- Daniel Tucker – Country Manager, Kramer Ausenco (SI) Ltd
- Bob Pollard – Managing Director, Kokonut Pacific SI & Pasifiki HR
- Qila Tuhanuku – Marketing & Corporate Affairs Manager, Solomon Breweries Ltd

"I believe that SICCI Board members' commitment big or small contributes to promoting a prosperous Solomon Islands and it's been a honor to serve with the previous Board over the last twelve (12) months and I look forward to the same level of commitment from



(From left to right) Outgoing SICCI Vice Chairman, David Rupokets, CEO Atenasi Ata, new Vice Chairman, Ricky Fuoo, one of the newly elected board members, Daniel Tucker and re-elected board member, Craig Gibsone.

the new Board members," Chairman, Mr Bartlett, said.

The three joins re-elected Board members:

- Belinda Botha – Owner/Operator, Dive Munda
- Craig Gibsone – General Manager, GPOL
- Frank Wickham – Managing Director, National Fisheries Development Ltd (NFD)

Under the new SICCI constitution eight

members are elected for the Board every year during the AGM, and another two are co-opted – meaning two more members will join upon being appointed by this newly elected Board.

As the peak body representing the private sector, the Chamber's membership is diverse and consists of Small Medium Enterprises (SMEs), State Owned Enterprises (SOEs) and represents all sectors and sizes.

Maintaining services for members and business community

Thursday 16 April, Honiara – SICCI maintains its services for members, and the wider business and industry community during this time of preparatory stage for entry of COVID-19 into the country.

SICCI Chairman, Mr Jeremy Bartlett said the public health measures that have been implemented to protect our people has unfortunately brought our economy to a halt.

"Our tourism industry overnight has collapsed and many of our other sectors are suffering.

"For many small Pacific Islands states it's a double tragedy, a public health and economic crisis. The impacts on

our livelihoods and society will be wide reaching and broad. How it all plays out depends how we can find a balance between protecting our public health while managing the effects on the economy keeping in mind that actions need to bear in mind that this is a long drawn out approach rather than dealing with a one-off event," he said.

"The SICCI secretariat has been working hard, all the while keeping at the core of interventions and services, the need to protect lives and livelihoods; support our employees and their families and, support our enterprises to bear out the global pandemic," he added.

Covid-19 Impact Survey

SICCI has been conducting an enterprise survey with business and industry to better understand the situation and challenges faced due to the ongoing challenges brought about by the Coronavirus (COVID-19) pandemic, and the Preparatory measures in country.

Ms Naomi Mara, the SICCI Membership Services Officer explains.

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Naomi Mara, SICCI Membership & Services Officer.

"The survey asks whether the enterprise is still in operation fully on site; fully but remotely working; or partially or non-operating. The survey also asks if there have been dismissals or planned dismissals due to COVID19 impacts, as well as assess total dismissed so far.

"Also, respondents are asked what their main challenges are, whether it is cashflow, worker absence due to illness or government orders, disrupted supply chains, business partners being affected, clients being affected and therefore dampened demand, or difficulty in loan repayments," Ms Mara said.

For more on the survey results, turn on our Departmental updates under Membership & Services.

SICCI and Business Link Pacific Partnership

The Chamber has entered into a partnership with Business Link Pacific (BLP), a private sector development programme funded by New Zealand's Ministry of Foreign Affairs and Trade (MFAT) and delivered by DT Global.

BLP is a multi-country private sector development initiative operating in six Pacific Islands, including the Solomon Islands. BLP works with Business

Advisory Services providers (BASPs) to support SMEs to access good quality, affordable and targeted business advisory services, such as accounting, marketing or market certification.

Ms Mara says of the BLP Partnership: "For SICCI, and within my direct area of responsibility, is the value-added service for businesses so that what we do, adds to business growth. And we do that through the networking events we convene, the training, the business-to-business linkages we facilitate."

SICCI last year talked with Business Link Pacific office to implement its activities in the Solomon Islands.

"BLP activities in the region involve a quality system, a subsidy scheme, and diagnostic and referral service to address issues of affordability, access and availability for SMEs.

"We were excited to hear from the Samoa Chamber of Commerce that BLP had been an enormous help for their members especially SMEs, as here just by their numbers, our SMEs make up over 70% of SICCI membership," Ms Mara said.

She said through this partnership, SICCI through its Membership and Services Department look forward to working with services-providers in company law, in IT services, in human resource management, in accounting services, in organisational development, in all twelve of the specialist areas so that they can get referrals.

"A long-term goal would be that SMEs utilise this referral pathway and the subsidy that comes with it now, and over time appreciate the value in seeking out and paying for these services.

SICCI do appreciate the immediate need in this time of COVID-19, of small, family-owned and more vulnerable SMEs who are looking for direction, for specialist advice, for clients.

"Therefore, the BLP partnership represents new ways of accessing custom, and for the SMEs, this program represents technical advice that can help them make decisions and to tide them through these uncertain times," SICCI Membership and Services Officer, Ms Mara said.



Ronnie Galopitu, Export Industry Development Officer.

Exemption for Lockdown

Also starting last week, SICCI has been facilitating the exemption-application process for business and industry to operate in a lockdown situation.

SICCI Export Industry Development Officer, Mr Ronnie Golopitu has been relaying to the Prime Minister's office, applications made by enterprises to ensure that some activities approved as 'essential' can continue in a lockdown situation.

Mr Golopitu has this to say: "We are clear to all interested businesses that a lockdown will be enforced once a COVID-19 case is registered and that this can last anywhere from 7 to 14 days."

"We are clear that the Prime Minister's office through the Oversight Committee is responsible for administering exemptions to operate through a lockdown, and that considerations can be to mitigate for emergency breakdowns in their systems or to maintain provision of essential goods such as food, medical supplies and services including automated banking, money transfer services for Honiara residents."

Mr Golopitu continues: "To qualify for an exemption the applicant needs to make strong case as well as indicate readiness to adopt, or have already developed and are using Standard Operating Procedures appropriate to COVID-19 preparation and also response."

Central Bank (CBSI) Analysis on the economy and COVID-19



Impact of COVID-19 and potentials for recovery

In view of the expected recession in 2020, this special analytical snapshot provides an overview of the likely effects of Covid-19 on the Solomon Islands economy, the impact and responses by firms and workers, the role of government to mitigate the impacts, and the possible lessons to be learned for the economy from the pandemic.

The surge in global Covid-19 cases and deaths in 2020, and the sudden stop in economic activity due to the public health containment measures around the world will lead to a recession or even depression in the world economy.

Likewise, this pandemic will have a significant effect on the Solomon Islands economy, affecting all sectors. The most affected so far include tourism, air transport and some government services, where activities have come to a standstill or slowed. Even commodity exports are likely to be affected by the fall in global demand, and declining domestic demand might affect wholesale retail, manufacturing and utilities. On the plus side, the plunge in oil prices could mean softer imported inflation.

At the micro-economy level, the impact will lead to a sharp downturn or even to sudden stop in sales, fall in revenue and

loss of wages as thousands of workers are laid off (some temporarily). As a severe once in a generation shock, firms have therefore strategically planned and reacted to the situation. To address the immediate impact, some businesses have closed operations as a form of hibernation from the sudden shock. While, those in operation have had to scale down and only focus on essential activities. Others have had to strategically reoriented their business, such as offering special sales deals, takeaway services for restaurants, suspended capital projects and engage in new ventures.

The disruption to the global supply chain, provides an opportunity for local firms to delve into manufacturing of essential and highly demanded goods.

In such circumstances, the role of government is central in mitigating the severe impact of Covid-19 on the economy and local businesses. Its stimulus package once implemented should focus on targeted areas and sectors, provide

much needed support to small and medium-sized firms and ensure that essential services continue. Importantly, the aim of the Government's support should be to maintain the current level of economic activities from further

deteriorating.

Once the pandemic has been contained and activities return to normal, further Government assistance would be required for key sectors that were in hibernation to resume activity. This could include grants, soft or concessional loans, export facilities, and if possible, wages support for 1 or 2 pay periods for badly affected and selected sectors.

Such measures, in addition to the large stimulus measures such as on infrastructure, would help kick start activities, drive domestic demand and boost the economic recovery.

Looking ahead, the experience from the pandemic, should reorient development planning and business disruption preparation for government, firms and even individuals. This means: 1) having diversification strategies; 2) building up of buffers, savings or a rainy-day fund; 3) the need to have in place strategic industries; and 4) encouraging more domestic manufacturing in the case of Solomon Islands.

Optimistically, economic growth is expected to pick up over the medium term, and as such, firms and households should plan and utilise the opportunities once the economy recovers.

Economic Outlook

Looking ahead, the outlook for the Solomon Islands economy this year is quite bleak. Although Solomon Islands is still COVID-19 free, the impact of our preparedness against this pandemic on our economy, has taken a toll on our projected growth for this year.

As a result, for 2020, economic growth is projected to contract to around minus 5%. Given the uncertainty surrounding the COVID-19 pandemic, the country's external and domestic environments

will continue to be affected by the health containment measures and the weak consumer demand. Sectors that we have already seen been affected and will continue to be affected significantly include tourism, transport, wholesale retail, manufacturing, agriculture and forestry.

As already highlighted in our previous media release, the economy will go into recession by the second quarter of this year.

Furthermore, the uncertainty surrounding the duration and magnitude of the

COVID-19, let alone our continuous preparedness and containment measures, will continue to have negative impact on the economy.

However, over the medium term, growth is expected to return to an average rate of 3.5%, as key infrastructure and development projects are implemented. In addition, the positive flow on effects of the post-covid-19 recovery and stimulus are expected to persist over the next couple of years.

-CBSI Governor, Dr Luke Forau

“Rice supply chains risks are being addressed”

Monday 20 April, Honiara - SICCI representatives and member companies on Saturday 18 April met with Under Secretary of the Ministry of Agriculture & Livestock (MAL), Mr Michael Hoóta for an update discussion on rice stocks in the country.

Mr Hoóta is the Chairman of the NDOC Livelihoods Sector Committee, tasked to plan for livelihood and food security issues associated with the threat of the COVID-19 global pandemic.

The meeting heard that there is no shortage of rice in the country, and supply chains risks are being addressed proactively. Companies present were Solrice, Island Star, Low Price, Super Star, and QQQ.

Solrice, which has 70% of the market share in Solomon Islands, has six (6) weeks of stock in Honiara and four (4) to six (6) weeks of stock in the provinces. The company is expecting shipment this week followed by the next shipment on May 2 and while there'll be an expected tightening of supply before the second week of May, supply will be enough until December.

Other suppliers that make up the remaining 30% market share, have some current stock available and also expecting 475 tonnes coming at the end of the month, however, after that further import is still uncertain at this time.



Chairman of the Livelihood Sector Committee, Mr Michael Hoóta meeting with SICCI reps and companies on Saturday 18 April at the SICCI Secretariat office.

In a statement released today (Monday 20 April), SICCI said a common issue for our rice importers is having to find alternative suppliers as most of our rice is sourced from Vietnam, and the country has started imposing quota on its rice exports.

“To help rice importers when they're investigating alternative suppliers, some policy measures were canvassed including reducing the 6.5% goods tax; and temporarily lifting the fortification requirement.

“A difficulty for our rice-importers is that Solomon Islands is not an attractive contract as we are competing with bigger volume, more regular buyers

from other countries.”

SICCI, however, is happy to confirm that there is no shortage of rice in the country, and with the flagged short tightening before the second shipment arrives, people should not embark on panic-buying and mass-buying. In addition, doing so will mean that other households that cannot afford to buy many bags at once, will be disadvantaged.

SICCI continues to supply to the Committee information for food assessments from its members who are retailers and food importers.

Ensuring Govt is aware of hardships businesses face

Thursday 2 April, Honiara – In addition to the serious implications for people's health and the healthcare services, Coronavirus (COVID-19) is having a significant impact on businesses and the economy.

SICCI is focusing on business experiences in these challenging times in ensuring Government and its relevant agencies are aware and taking note of the hardships businesses are currently going through.

The SICCI CEO leads a business delegation in meetings with officials from the Prime Minister's office and the COVID-19 Oversight Committee on a regular basis in the months of March and April and SICCI looks to continue these dialogues.

In terms of support measures for businesses, the meetings were told that Government's immediate priority is preparation and response stages once and if the country records its first confirmed case.

It was also noted from the meeting that for now businesses are encouraged to continue trading, however to be mindful of the need for plans as a lockdown will be enforced once the country records its first confirmed case, and that this can happen at any time.

On immigration and permit services, MCILI Permanent Secretary updated the meeting that there are businesses with workers on permits that are possibly coming up for renewal and extension. The understanding is that work permits

will be extended.

“The Ministry of Commerce, Industry, Labour and Immigration is working out its Standard Operating Procedures to activate this commitment and businesses are encouraged to keep checking with the Immigration Department and to get in touch with SICCI if they are having difficulty getting answers on queries related to worker permits.”

Ms Ata also highlighted that during the Labour Advisory Board (LAB) meeting on 26 March, the Commissioner of Lands noted that they have been receiving queries from businesses on what to do with

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workers.

"The general advice is that workers and employers agree on what works for them. There is agreement that the types of leave that can be accessed should start with annual leave, and then any other leave accumulated and as stated in contracts."

The SICCI CEO reiterated that, when a first COVID-19 case is confirmed, a lock-down will be enforced.

"We understand that a notice-period would be given before the lockdown and also that the lockdown will last as long as necessary for Health workers to

do contact-tracing and isolation with estimates of 7 days to 14days."

"Acknowledging that residents will need access to replenishments for food, for medicine and other supplies, and also for money, we have told businesses who are prepared to mobilise extra resources and precautionary measures that SICCI is ready to relay their submissions for exemptions to operate in a lock-down situation," Ms Ata said.

She said residents will be less likely to go into panic buying mode when they are assured that access to food, to pharmacies, to clinics, will remain.

"Unnecessary and unhelpful fear and anxiety will also be minimized when

people are assured that when the infrastructure behind mobile banking, cash power and cash water and Top-up, fail due to some technical issues, our ATMs will still be serviced, that they can still access selling points for these basic utilities."

"We know that this access might be at reduced operating hours depending on the lock-down conditions, but the perception of availability is a very powerful one that has played out in other countries with panic-buying of basics like toilet paper, cleaning products, rice, canned food. Therefore, we appreciate the understanding the Oversight Committee also shares in this regard," Ms Ata said.

Getting businesses ready for COVID-19

Thursday 12 March, Honiara – The World Health Organization (WHO) is encouraging employers and businesses to develop a plan for what to do if someone becomes ill with suspected COVID-19 (Coronavirus) at the workplace.

Dr Yogesh Choudhri, from the WHO Solomon Islands Representative office in Honiara, says the plan should cover putting the ill person in a room or area where they are isolated from others in the workplace, limiting the number of people who have contact with the sick person and contacting the local health authorities.

"Consider how to identify persons who may be at risk, and support them, without inviting stigma and discrimination into your workplace," Dr Choudhri said.

This could include persons who have recently travelled to an area where cases have been reported, or those who are older or have underlying medical conditions, like diabetes, heart and lung disease, which put them at serious risk of infection.

Businesses are also advised to seek input from the local health authority when developing their plan.

"Promote regular teleworking across your organization. If there is an outbreak of COVID-19 in your community the health authorities may advise people to avoid public transport and crowded places. Teleworking will help your business keep operating while your

employees stay safe.

"Develop a contingency and business continuity plan for an outbreak in the communities where your business operates," Dr Choudhri said.

He said having such plan will help prepare any organization for the possibility of an outbreak of COVID-19 in the workplaces or community and it may also be valid for other health emergencies.

need to do – or not do – under the plan. Emphasize key points such as the importance of staying away from work even if they have only mild symptoms or have had to take simple medications (e.g. paracetamol, ibuprofen) which may mask the symptoms," Dr Choudhri said.

WHO also advises that any plans developed must address the mental health and social consequence of a COVID-19 in the workplace or in the

“Develop a contingency and business continuity plan for an outbreak in the communities where your business operates.”

Dr Yogesh Choudhri, WHO.

"The plan should address how to keep your business running even if a significant number of employees, contractors and suppliers cannot come to your place of business - either due to local restrictions on travel or because they are ill.

"Communicate to your employees and contractors about the plan and make sure they are aware of what they

community and offer information and support.

For small and medium-sized businesses without in-house staff health and welfare support, develop partnerships and plans with the local health and social service providers in advance of any emergency.

Gov't urged to consider support for businesses amidst COVID-19 impacts

Thursday 19 March, Honiara – The Solomon Islands Chamber of Commerce and Industry (SICCI) is defining actions for Government to take that would help businesses in the country alleviate the impacts associated with the COVID-19 (Coronavirus).

Some of these actions should consider leniency for struggling businesses who have loans with commercial banks, and cash-flow support for Small Medium Enterprises (SMEs) to stay in business.

"Reducing power tariffs, we also believe, is the single most important action that Government can take at this time. It does not impact on Government revenue, and will throw for businesses big and small, a crucial lifeline that can cushion the hardships we know will only worsen in the coming months," SICCI said in its statement on Thursday 19 March 2020.

- **See table for some of recommendations to the Stimulus Package**

Reduce the electricity tariff	This will provide a direct benefit to businesses and give households more money to spend, which in turn will also help business.
Timely Government payments to suppliers	Government to <u>prioritise payments owing to suppliers</u> under SIG contracts so that business does not face Government-induced cash difficulties.
Reducing business costs:	<u>30% reduction in Port charges and fees</u> , particularly handling fees. <u>Reduce fees related to Cargo (fuel, food and goods) sent to Provincial areas.</u> This may need to be funded via a Government subsidy. It will help stimulate activity in provincial areas and reduce the price of staples for provincial consumers.
Tax Relief to improve business cash flow	Allow <u>provisional tax instalments to be recalculated</u> to reflect the impact of reduced activity, rather than calculating them based on 2019 tax assessments which will likely overestimate the tax liabilities.
Commercial banks	To support personal and business loan customers with <u>deferred loan repayments and extended loan terms</u>
Targeted action to support small and medium businesses	Including an examination of mechanisms to provide prudent support to businesses that struggle to access finance.

2020 is going to be another challenging year

Thursday 2 April, Honiara – The sentiments shared among businesses who are members of SICCI is that the last twelve (12) months have been some of the most challenging.

During these past 12 months, Solomon Islands as a country went through a period of uncertainties, especially among businesses.

In 2019, the country held its National General Elections (NGE), a major shift in its foreign policy and a sudden change in the wage structure in regards to the 100% increase of the legal minimum wage.

"Many have been optimistic about 2020, but unfortunately this may not be the case.

"As the Central Bank has highlighted recently in their media statement, the impact of the global pandemic [COVID-19) could potentially have far reaching impacts on our health, our economy and our way of life as we know it," Jay Bartlett, SICCI Chairman, said in

his address during the Chamber's AGM on Wednesday 25th March.

The Chamber have raised in the past Solomon Islands' vulnerability with a narrow economic base that is too reliant on resources which leaves the country exposed to global fluctuations in commodity prices and the urgent need to act to diversify our base.

CBSI has said the coronavirus will likely have a considerable negative impact on the Solomon Islands economy.

Mr Bartlett said the Chamber have risen to challenges faced in the past and calls on all member businesses to be ready to face what is in front of us.

"In the past when we as a nation have faced significant challenges, we have proven to be resilient. And today is no different. We are in uncharted waters as a nation, region and people," he said.

Mr Bartlett said as a Chamber and business, the urgency before us is to come together to achieve three things, to protect people and their livelihoods, to

keep people employed and support their families and support our local businesses during this challenging period.

"In the coming days we need to be prepared for some of the changes that will be put in place that will restrict our personal liberties, our businesses and our engagement with the world at large.

"For the economy we need to act like there is a crisis before we actually get into one and we will be working closely with our political leadership to look at what measures can be put in place to give the support in the areas that it needed the most," the SICCI Chair said.

He said now more than ever, there will be a greater need for leadership and direction from our National leaders and information sharing and collaboration from our Financial Institutions such as Central Bank, National Provident Fund, Commercial Banks and State-Owned Enterprises. And communication and action from our Civil Society, Churches and Communities.



Naomi Mara
Membership & Services Officer

Membership & Services takes lead on COVID-19 survey

Hello from the membership department!

We are in uncertain times and business has been impacted despite the lack of covid19 in the country. SICCI will continue to represent you at relevant platforms so please continue to let us know your concerns and issues that you are facing so we can help where we can.

This is a short update from the department.

Charity Golf Day:

SICCI brought back Charity Day on 22 February 2020 to raise funds for the Australia Bushfires earlier this year. A Golf Day was hosted at the Honiara Golf Club and a total of 22 teams participated. There was also a sausage sizzle proudly sponsored by Sullivans and The Daily Bread.

Thank you to everyone who participated, those who sponsored teams, and individual contributors as well.

In total we raised, \$48720sbd which we are in the process of transferring to an Australian organisation responsible for the Bushfire funds.

COVID 19 Survey:

We received 100 responses which is the highest number of responses received in any survey from 2017.

The survey results show that the global pandemic impacts are affecting businesses despite the absence of covid19 in the country.

Businesses are already currently not

operating and over 400 employees have already been/planned to be dismissed. The unemployment rate therefore will increase as a result and money circulating within the economy will be less. This can also lead to other social issues such as rise in criminal activities. Results also show that the tourism sector is largely affected.

Although businesses have had to change operations and service delivery for protection from covid19, majority of businesses have a written Business Continuity Plan. This means that provision of goods and services will continue. Individual businesses also have plans in place to manage downturn in business including; scaling down of workers, cutting employee salary, granting unpaid leave for workers, closing temporarily, and working from home.

The average recovery period is 1-3 months.

The level of financial impact (revenue and sales) on businesses are high. Hence, the immediate business needs/challenges are related to financial support. This includes being able to support employees and operation of business as a third of businesses do not have access to funding. Other identified challenges include high utility bills such as electricity and internet, as well as ability to repay taxes and lack of payment by debtors, delay of shipment and the cost of freight.

Regarding insurance, over half of businesses are insured fully whereas 30% do not have insurance.

Respondents flagged interest-free loans, rent/loan/tax holidays as most needed. Apart from this, most businesses also feel that guidance received from government

to make informed decisions regarding their workers is inadequate.

Reflecting the global shortage/high cost of personal protective equipment and hand sanitizers, just under a half of businesses do not have adequate access to these products.

Welcome New Members:

We have some new members joining us since January. These members come from a range of sectors including; construction, manufacturing, advertising, and wholesale and retail. Please join me in welcoming our new members;

- Reeves International
- Betikama Carving & Museum
- Webmedia South Pacific
- Tropic Group Builders Ltd
- Faith Company Limited (Hot Bread Kitchen)
- Aswa Holdings Limited
- JJT Enterprises

YECSI signs partnership with NZ High Commission



Emmanuel Pitakaka
YECSI Coordinator

Monday 27 April, Honiara – The Young Entrepreneurs Council Solomon Islands (YECSI) and the New Zealand Government were pleased to formalise a partnership to support the development of young Solomon Islanders in a signing ceremony last week.

YECSI Chairlady, Ms Millicent Barty extended her appreciation for the partnership after signing a grant funding agreement with the New Zealand High Commissioner to Solomon Islands, Georgina Roberts in Honiara on Thursday 23 April.

This partnership will fundamentally support the development of YECSI as an organisation including staff capacity and YECSI membership services and programmes for the next three years towards progressing YECSI's work in developing and supporting young people with their business pursuits.

"On behalf of the YECSI Board, Secretariat and our members I would like to sincerely thank the New Zealand Government, not only for their support towards YECSI but also to other partners and organisations that promote development in the Solomon Islands and facilitate an enabling environment for our young people," Ms Barty said.

"This speaks volumes of the commitment the New Zealand Government has towards facilitating and promoting an enabling environment for our young people in Solomon Islands, not just for YECSI's role in the economic empowerment space but also other youth development initiatives and organisations alike," she added.

New Zealand High Commissioner, Ms



New Zealand High Commissioner to Solomon Islands, Georgina Roberts and the Deputy Head of Mission, Ms Hannah van Voorthuysen (standing far right) with YECSI representatives led by Chairlady, Ms Millicent Barty, Vice Chairlady, Mrs Chrisnrita Aumanu Leong, YECSI Coordinator, Emmanuel Pitakaka.

Roberts recognized the important role YECSI plays in ensuring the voices of young Solomon Islanders are heard.

"We are always interested in understanding youth perspectives, to know what's concerning for youth at the moment and to understand what opportunities young people in Solomon Islands see. YECSI is not only well placed, but critical to pushing forward the work in this area and also to help others understand some of particular areas of focus for youth entrepreneurs.

"We thank YECSI for accepting the challenge of working with a new partner such as the New Zealand High Commission and I commend YECSI for all the good work you have done so far, and also for all the good work that is yet to come," the New Zealand High Commissioner said.

UPCOMING EVENTS

May 27
YECSI AGM
Host: YECSI
Venue: Lime Lounge
Time: 3 pm to 5 pm

"Ennovation Bo lumi"
Details coming soon



John Ta'amora
Advocacy Officer

Engagement with Government

Friday 13 – Advisory Group meeting with Government

Attendees

**Permanent Secretary of
Ministry Commerce**

**Mr Riley Mesepitu (Also the chair of
the group)**

**Special Secretary to Prime
Minister (SSSPM)**

Mr Albert Kabui

**Permanent Secretary of Ministry
of Finance & Treasury (MoFT)**

Mr Dentana Mckinnie

Director, Jacob Gala

Principal Officer MNPDC

Philip Sukibuka

SICCI Board Members

Ricky Fuoo (Vice Chairman)

Craig Gibsone

SICCI CEO

Atenasi Ata

Advocacy Officer

John Kanai

Main highlights:

- Updates from Government on how to tackle the impacts of COVID 19
- Projects by Ministry of Commerce taking place – Bonale, Kira Kira
- Bills – SME Bill, review of trade disputes panel,
- Updates from SICCI about implications of COVID 19 for business sector
- Discussion about the review of the Memorandum of Understanding – decided to extend this
- Involvement of the private sector in the budget process.
- Discussion for an immediate reduction in electricity tariffs as relief to businesses who had faced tough times in 2019 – China Switch, Minimum Wage rate and now the COVID19 will hit hard on the economy.
- Reform in taxation

Taxation

- Reform in taxation highlighted in PPSAG.
- Consultation discussions with an ADB team and Wayne Morris.

Formation of Builders & Construction Working Group

- Creation of a threshold and building code for Solomon Islands.



Ronnie Golopitu
EIDO Officer

Meeting with concerned domestic ship operators

Hello members, my name is Ronnie and I'm the new Export Industry Development Officer.

What a time to start amidst this busy yet challenging time for businesses, especially at a time the role of the Chamber is more important more than ever in presenting the private sector during this global pandemic.

One of my first few engagements as EIDO was representing SICCI at a meeting with local shipping operators in the country.

High on the agenda was.

- How the current COVID 19 situation is affecting individual companies and how the group could benefit from the Government's stimulus package.
- Appoint one member to represent the Shipping Service providers on the Market Access Working Group (MAWG)
- And discuss how to revive or reinvigorate the Association of the Shipping Service providers formed after the PHAMA Plus supported Transport Symposium held in Honiara last year, 2019.

Current situation and concerns

- The concerned stakeholders (domestic ship operators) all acknowledged that domestic ship transport is the "lifeline" of the country (Solomon Islands being a nation of islands).
- The domestic shipping industry has the potential and capacity to continue and maintain trade in major agriculture, forestry and fisheries

products going even at this time of COVID 19.

- All ship operators experiencing 40 – 50% drop in trading and business and expect this to drop further.
- Reduced revenue but continuing expenses.
- Reduced production of copra, cocoa etc due to wrong messaging- creating fear and doubt especially selling their produce and therefore no back loading.
- Need to send positive messaging so that local food production and export commodities is maintained or increased to cater for supporting returning people from Honiara and those that are being laid off or redundant of employment.
- Priority to ensure operations of existing services rather than long term infrastructural developments.
- The Shippers are asking whether the lockdown mentality be continued or should the Government review the situation with hope of easing some of the restrictions given that no case of COV-19 is yet recorded in the country
- One Shipper actually ruled out doing a Government service run due to lack of payment of outstanding bills by the Government.
- The Shipper's current message is "to encourage our rural farmers to go about life as normal and continue to produce copra, cocoa, timber, fish and other commodities and keep trading.

Members who attended the meeting agreed on Charles Welshman Rubahe (GM of IDC) to be the interim representative of the shipping operators in the PHAMA – Plus MAWG, until such time that the SIMTA is revived and a representative endorsed by the association.

SIMTA is not operating as an organisation for the sector although it is a registered body

The Shippers agreed that the SIMTA should be revived as soon as possible – Charles of IDC and the other Ship operators attending the meeting are to approach the current SIMTA Executives to call an AGM and look at how to revive the organisation

The concerned shipping operators agreed that it is time to come together and strengthen their Association again.

Know Your Board

SICCI Board Members for 2020/2021



CHAIR

Jay Bartlett
Director
Hatanga Ltd



VICE CHAIR

Ricky Fuo'o
General Manager
TGA



Belinda Botha
Owner Operator
Dive Munda



Bob Pollard
Managing Director
Kokonut Pacific Solomon Islands (KPSI)



Craig Gibsone
General Manager
GPPOL



Hilda Lamani
Manager
Star Supplies Company



Daniel Tucker
Country Manager
Kramer Ausenco (SI) Ltd



Frank Wickham
General Manager
NFD



Qila Tuhonuku
Marketing & Corporate Manager
Solomon Breweries Ltd

Meet the SICCI Team



Atenasi Ata
Chief Executive Officer (CEO)



Shaun Konaga
*Administrative Manager &
Assistant Finance Officer*



John Ta'amora
Advocacy Officer



Naomi Mara
Membership & Services Officer



Ronnie Galopitu
*Export Industry Development
Officer (EIDO)*



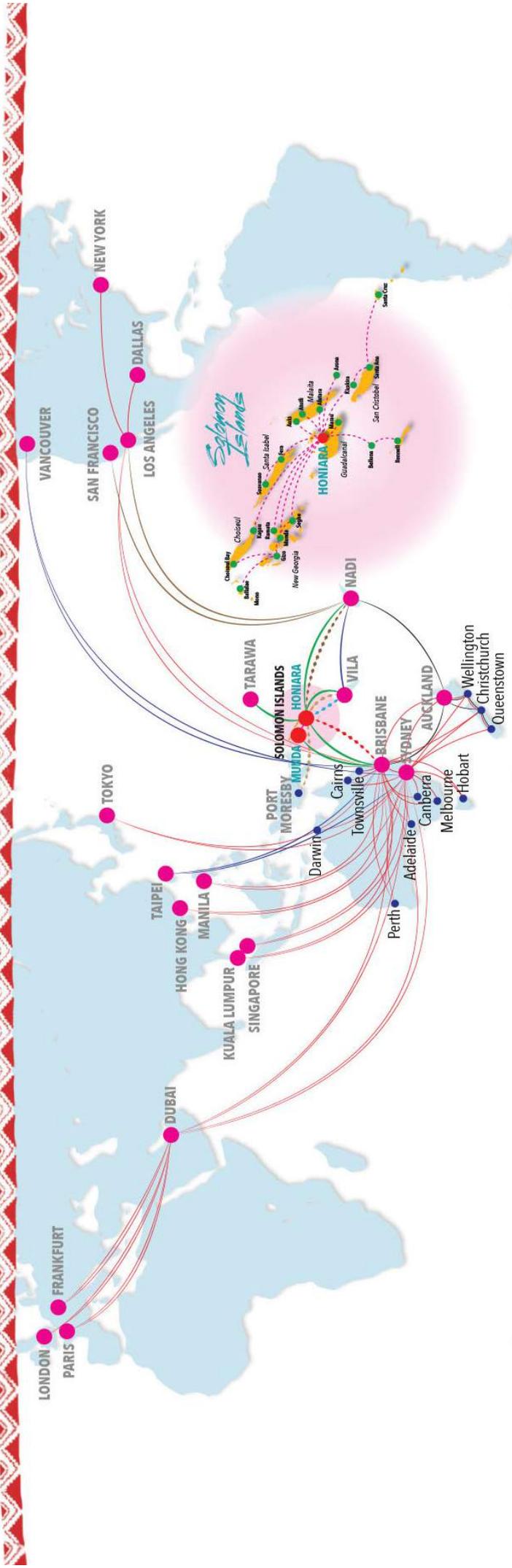
Philip Lilomo
Media & Communications Officer



Emmanuel Pitakaka
YECSI Coordinator



Chantelle Lincoln
*YECSI Organisational
Development Adviser*



CONNECTING OUR ISLANDS WITH ASIA AND THE WORLD

Legend

- Codeshare with Qantas
- Qantas Domestic/International Interline
- International Partner Airline
- Interline with Air New Zealand
- Codeshare with Fiji Airlines
- Interline with Fiji Airlines
- Codeshare with Air Niugini
- Domestic island connections
- Fly Solomons International services

Flying to the Solomon Islands is easy with five weekly flights from Brisbane and twice weekly from Nadi. And now we fly direct from Brisbane to Munda in our Western Province – one of the world’s most beautiful dive sites. Dive at Munda or other pristine locations for amazing corals and WWII wrecks. Take a trekking or fishing adventure. Discover our friendly island culture soon. Visit flysolomons.com

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