

**Prime Ministers Business Breakfast
5th May 2021 – Heritage Park Hotel**

Chairman's Welcome Remarks

Salutations

Hon. Prime Minister Manasseh Sogavare

Other Honourable Ministers and Members of Parliament

Your Excellency, Ambassadors, Heads of Missions and Representatives of the Diplomatic Corp to Solomon Islands

Senior Government officials

Representatives of Statutory Authorities

Representatives of Civil Society

Representatives of Media

Representatives from NGOs

Heads of SOEs

To Friends & Members of the Chamber,

My fellow Solomon Islanders

It's an honour & privilege to welcome you all this morning and to say a few short remarks. I'll try and keep it short.

Firstly, I wish to acknowledge our Hon Prime Minister for yet again demonstrating the Government's and his personal support to the Private Sector. Especially by attending the 2021 Prime Minister's breakfast. Your Attendance reaffirms you and your government's willingness to continue and collaborate with the private sector and for that we are truly grateful.

Hon. Prime Minister, On behalf of the Solomon Islands Chamber of Commerce and Industry I would like to express our sincere gratitude to you, the PMO, the oversight committee, the hardworking law enforcement officers, Doctors, Nurses and to all the men and women who have made the sacrifices and commitment to keep Solomon Islands Safe. For that we are truly grateful.

This PM's Business breakfast is an initiative from the MoU and has become one of the most important events for the Solomon Islands Chamber of Commerce. It is an opportunity for you to engage directly with our leadership and also creates a platform for the Prime Minister engage directly with tax payers.

I believe the 2021 PM's Business Breakfast is timely and relevant in the context of current events. It is timely as the world continuous to navigate through one of the most devastating global pandemic of our generation.

Last year according the Central bank of Solomon Islands saw the growth forecast for Solomon islands was around -4% real GDP and the current forecast for this year ranges between 1,5% to a more optimistic 4.5% real GDP growth. These however depends heavily on the global Covid-19 situation, the gradual opening of borders and flow of people and the commencement of the highly anticipated infrastructure developments. I am not well versed in economics but as business operator, I sometimes feel that these figures are not truly reflective of the sometimes grim realities our business currently are facing on the ground today

SICCI: These are the messages SICCI continues to emphasize and push

Hon. Prime Minister Our relationship I believe needs to function beyond political & commercial interests and underpinned by our commitment to rebuild this great nation, to provide opportunities for our people and to fully realize our growth potential.

Chamber's continuous emphasis on partnership with the government and development partners is crucial for growing business that will impact economy growth. SICCI members have affirmed their willingness to work with government to support inclusive economic development. We all play a major role in supporting Solomon Islands' aspirations to achieve more inclusive economic development by investing in the productive capacity of the country and creating jobs to benefit Solomon Islanders.

I believe that the private sector is an important partner. It is clearer every time that development cannot occur without any partnership with the private sector. As you have stated many time, the private sector is the engine of economic growth. The development of the private sector directly links to the decisions and policy of the government that encourages growth and creating a conducive environments for businesses to thrive, innovate and compete.

SICCI submission of the Private Sector Pathway to COVID19 Recovery

Towards the end of last year SICCI partnered up with the Economics Association of Solomon Islands produce the Private sector Pathway for the Covid-19 Recovery as the basis of focus for the wider private sector collaboration with the Solomon Island Government during its 2021 redirection policy and national budget consultation. The documents was finalized and launched early this year at SICCI's AGM and ,was shared to the government and relevant stakeholders.

Most of private sector immediate recommendation to the government are already aligned with many key policy that your government is implementing already.

Hon Prime Minister, I am proud to see that some of the recommendations that we have submitted has been acted upon. I wish to acknowledge your government, the Minister of Mines and Energy and the Solomon Power Board and management for the Tariff reductions that were gazetted early this month. Electricity cost has always been one of the most expensive operational costs for business and these reduction are timely and welcoming . We hope that this sets a precedent for other SOEs to follow as well.

Infrastructures: Local Content

I would like to acknowledge the actions taken by the Government to stimulate economic activity and improve productivity via infrastructure spending.

Thank you as well to the many development partners who are here today with us for your contributions towards these infrastructure developments

I understand that as we speak some of these multi-billion dollars infrastructure activities have already been committed to and I believe that some are currently being constructed. These includes:

- (a) 2023 South Pacific Games projects
- (b) Tina River Hydro Development Project,
- (c) Upgrade - Munda International Airport Project
- (d) Tar seal of Seghe and Taro domestic airport

(e) Henderson International Airport Upgrade

(f) Fisheries-Henderson road

White River Highway-road,

(g) The USP Campus project

Infrastructure is often considered to provide a ‘double benefit’ to the economy. Initially short-term as a economic stimulus and then in the long term , from benefits the new infrastructure provides. Social and economical infrastructure is essential to sustainable economic growth and poverty alleviation.

LOCAL CONTENT:

However we can further maximize the benefits of infrastructure spending if there are policies and regulations in place to promote local content.

Focusing on maximizing local content ensures that local workers have a job that will lead to skills development and transfer, the local suppliers has an opportunity to grow in the market, and local companies to develop and contribute to that revenue that remains in the country and promotes the standards of local private sector.

It is vital that Government takes an active approach to ensuring the greatest benefits from infrastructure development are retained locally. Therefore procurement processes should prioritize local business and MSMEs. Some countries prioritizes local business in their tenders under a certain monetary threshold. Likewise local partnering and minimum local employee requirements can be a requirement for contracts given to foreign businesses. Hon. Prime

Minister we believe by creating such regulations and policies to promote local content will maximize local participation, otherwise local business will remain spectators in all these infrastructure developments.

SICCI will also continue to advocate that fundamental reforms especially in Transport and Tax are pivotal to expansion of businesses. These require partnership, consistent dialogues and support to ensure there is a fair and level playing field for all.

Level Playing Field

Hon. Prime Minister, Private sector is very hopeful with your announcement on 23rd April 2021 on how you envision to closely monitor policy and legislation implementation in Solomon Islands. This is very encouraging to hear from the highest office in the country.

This is very relevant because in many areas, Solomon Islands indeed have strong and fit-for-today regulations and policies. Where we are lacking is enforcement and implementation.

Hon. Prime Minister, Our country might be small but there is a lot of opportunity here. Private sector is keen to work with your government to ensure a ‘win-win’ outcome for both parties through all economic activities. Where we get really constrained is when we do not have the same treatment for all businesses. This impacts the affected businesses, dilutes the investment climate for new entrepreneurs and stains the social ecosystem by demonstrating the wrong

example when “rogue operators” thrive. The very latest example was the shipping industry being heavily dominated by foreign players who are slowly driving out local service providers in the shipping industry.

In June 2020, SICCI was privileged to arrange a roundtable involving both private sector and government bodies to maximize collection to increase government revenue from operating businesses. In August 2020, the PS Finance shared with Public Accounts Committee/parliament on the importance to “Cork the hole” to tackle leakage of government revenue. There was a clear call to enforce all legal standards for operating businesses in Solomon Islands.

We do not need new legislation – we need enforcement. – we need fair tax collection from all operating parties. We need close watch and corrective measures so that money does not get out of this country rather gets reinvested.

It is important to note that we look forward to your government’s support to let local businesses thrive in Solomon Islands. Because all the local businesses are here to stay and work hand in hand with your government toward the path of development and progress under the theme- Ium Tugeda

Hon. Prime Minister, You have been a great patron for commercial sector therefore it is important to note that in current unprecedented times where the whole world is suffering from economic challenges, it is imperative for us to protect our local businesses and the private sector in general, with a view to protect local employment. This will ensure money circulation to the grassroot

level even in rural economies and allow Solomon Islanders survive, if not thrive, in such trying times.

Conclusion

In closing Ladies & Gentlemen, in moving forward, we must be clear on what we want to achieve, how we want to achieve it and when it will be achieved.

The challenge before us now is to focus policy on the key sectors that will broaden our base, create jobs – boost productivity through infrastructure & educational investments and to undergo structural & Legislative reforms to improve governance & strengthen public services.

We look forward to opportunities to further strengthen our relationship. As a key stakeholder in the economy we would like to reaffirm our position in supporting the Governments Policy, delivery and implementation. With much respect Hon. Prime Minister we also look forward to your kind consideration in some of the concerns that has been raised today.

Thank you very much and May God continue to bless our Solomon Islands from Shore to Shore.