COMMONWEALTH PARLIAMENTARY ASSOCIATION

SMALL BRANCHES NETWORK

SUSTAINABLE ECONOMIC DEVELOPMENT WORKSHOP

SELECT COMMITTEE PROCEEDINGS

INQUIRY ONE:
ECONOMIC EMPOWERMENT

TRANSCRIPT

Valletta, Malta, Thursday, 30th January 2020

No. 1 of 3
Members present:

**Principal Committee Members:**

*Chairperson:* Hon. Niki Rattle (Cook Islands)
Tim Baker MHK (Isle of Man)
Hon. Hamizan bin Hassan MLA (Perlis, Malaysia)
Jeff Collins MLA (Northern Territory, Australia)
Hon. Dr Corinda Essex MLC (St Helena)
Bill Shimmins MHK (Isle of Man)

**Other Committee Members:**

Mr David Earl (Alderney)
Hon. Joy Burch MLA (Australian Capital Territory, Australia)
Hon. Kye Rymer MHA (British Virgin Islands)
Hon. Tamaiva Tuavera MP (Cook Islands)
Deputy Inna Gardiner (Jersey)
Deputy Robert Ward (Jersey)
Hon. David Agius (Malta)
Hon. Jean-Claude Micallef (Malta)
Sandra Nelson MLA (Northern Territory, Australia)
Hon. Gervais Henrie MNA (Seychelles)
Hon. Josephine Connolly MHA (Turks and Caicos)

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SELECT COMMITTEE, THURSDAY, 30th JANUARY 2020

Inquiry One:
Economic Empowerment

The Committee sat at 9.30 a.m.
in The Chamber of the Parliament of Malta

[HON. NIKI RATTLE in the Chair]

Procedural

The Chairperson (Hon. Niki Rattle): Kia orana and good morning. A very warm welcome to everybody here this morning for the receiving evidence session. We are most grateful to you for attending to give us the benefit of your expertise on the subjects of interest to this Committee.

There are two witnesses, Witness 1 and Witness 2. Please could you introduce yourselves and briefly explain your involvement in the topic, and as previously agreed you may have five minutes each to speak about your background or what you would like to present to us before we begin asking our witnesses questions.

TRADE OPPORTUNITIES

EVIDENCE OF
Hon. Senator Dr Lynette Holder,
Chief Executive of the Small Business Association, Parliament of Barbados; and

Mr Patrick Osakwe,
Chief, Trade and Poverty Branch, United Nations Conference on Trade and Development

Q1. The Chairperson: So as we also agreed earlier, the female will start, so please, Witness 1, you may begin your five-minute presentation.

Thank you.

Dr Lynette Holder: Thank you very much, Madam Chairman. Good morning to all Members in the Chamber. It is indeed a pleasure to be here with you this morning. I am Senator Lynette Holder from the Parliament of Barbados.

This topic is a rather interesting one. We are looking at sustainable development and the role of Parliament in advancing this particular topic.

May I begin this morning to set the context, Madam Chair, and to suggest to us that I believe strongly that this particular issue ought to be discussed against the backdrop of the sustainable development goals and specifically goal 8, which speaks to promote and sustain inclusive and sustainable economic growth, full and productive employment and decent work for all.

Now if it is that we agree that our focus on economic development ought to strengthen every effort at realising this particular goal – and others, might I add – it is important then to understand where we are at within the context of world trade.
I am suggesting to us this morning that according to a recent World Bank Report of 2015, they suggest that the share of Caribbean territories – and might I add that my focus in this presentation is to look at the Caribbean Region in particular – the focus of Caribbean trade has been falling. The Report suggests that in the 1970s the Caribbean contributed some 3% of world trade. However, that has declined significantly to one quarter of a per cent by 2012, suggesting that there is much work to be done for the region.

Now traditionally, trade has been known to benefit poor households. However, that has not been the case for the region. Actually data suggests that our economies and societies are getting poorer and poorer. One quarter to one third per cent of population live below the poverty line and within our region, three of the most populous countries have poverty rates in excess of 16%: I cite the Dominican Republic, Jamaica and Haiti. This information will indicate to us, Madam Chairman, that the share of trade is not reaching our vulnerable groups and not reaching our householders.

We also have an issue of innovation and diversification of major trading areas. Data would indicate to us that we are not diversifying and adding value to the areas that we have been known to trade in. For the last 30 years, the last three decades, we have maintained a narrow focus on agriculture, tourism and some of the natural resources found in a number of our member states, indicating that we are not diversifying. Might I add that we are not competitive as well, because relative to the whole issue of production, the Latin American exporters are said to be more productive than our region: 43% more productive than our region. This again is evidenced in the 2015 World Bank Report.

Against this backdrop then there is a role for our parliaments to play in facilitating and encouraging economic growth and economic development. I posit the view that parliament has three key functions. You may ask, why am I here to suggest what is and ought to be the role of parliament? I believe that parliament ought to legislate, it ought to give oversight to the executive and thirdly, represent the people that would have placed our legislators in place.

It is against this backdrop that I believe strongly, Madam Chair and Members of the Chamber, that these three areas ought to be considered in how our parliaments can strengthen the whole notion of sustainable development and enhance trade and economic growth of our Caribbean nations. How can we legislate? What are some of the pieces of legislation that we ought to bring to ensure that there is equity for all, to ensure that our vulnerable groups can share in world trade? I have some views on what are the kinds of legislation that we ought to be looking at.

Secondly, the role of oversight, ensuring that the executive brings the enabling policies to help with competitiveness for our states, ensuring that we have procurement arrangements in place so that the vulnerable groups in our society are being strengthened; the issues of trade agreements and the impact of trade agreements in our Caribbean states; and then thirdly, representation. How can we engage our citizens and our vulnerable groups to be a part of the decision-making? How can we decentralise, so that business support organisations like chambers of commerce and small business associations, they too have a voice in this process?

In conclusion, for us to facilitate and improve economic development, the issues of improving our legislation, giving oversight to the executive and ensuring representation for our citizens and our vulnerable groups, I opine, are the areas that I would wish to see our parliaments focus on, if we are going to satisfy and achieve this particular goal.

Thank you very much.

Q2. The Chairperson: Thank you very much, Witness 1.

I now give the floor to Witness 2. Please introduce yourself before you begin – for five minutes, please.

Mr Patrick Osakwe: Thank you very much, Madam Chairperson. Good morning to you all, Hon. Parliamentarians.
My name is Patrick Osakwe. I am from the United Nations Conference on Trade and Development, which is based in Geneva, Switzerland.

By way of opening remarks, I just want to complement what Dr Holder has said and also to contextualise the discussions that we are going to be having here on trade opportunities.

The first point that I want to make is that small states are key to the achievement of the sustainable development goals. Why did I say that? I am saying that because one of the main principles of the sustainable development goals is to leave no one behind. If we are to leave no one behind, we have to make sure that we address the key economic development challenges facing small states, particularly the least developing countries amongst them. Because if we do not address these challenges, we are not going to achieve the sustainable development goals which we have set for ourselves.

Now, most of you already know some the challenges, but I think I am going to highlight four of them because it is good sometimes to rehash them – that way we keep them on the table.

The first is that small states are highly vulnerable to natural disasters. There was a recent study that showed that in some of the small states the cost of natural disaster is about almost the size of the GDP of small states. That is a high cost. If each time you have a natural disaster you get an output loss of almost the entire GDP of the country, that is sizeable so it is something that is significant and needs to be dealt with.

We also have the issue of the fact that they have very weak human and institutional capacities in a number of areas, in terms of human capital formation, in terms of skilled development and so on and so forth. So, the point I am making here is that if we want to achieve the sustainable development goals, as our leaders have said they want to achieve, we have to address the development challenges facing small states.

This brings me to my second point, which is that we have to make trade work for small states. Trade is critical to the economic development of small states. They are very small, they have very high trade-GDP ratios; that means they are very vulnerable to economic shocks. What we observe in a lot of these countries is that, even though exports are growing – output is growing – there are very high unemployment rates, so the impact of trade on poverty is very low in a number of small states. So we have to find ways to strengthen linkages between trade and poverty reduction in small states.

There are three key areas where I think there is need for action. One is to deal with productive capacities; the second is to promote social inclusion, because if you do not get particularly marginalised groups involved in the growth and development process, you are not going to have any serious linkages between trade and poverty reduction in small states; and then finally, the issue of economic empowerment, which is something that we are going to discuss here in a few minutes.

Let me end by saying that parliaments have a key role to play in each of these areas that I have identified, because they have a monitoring role, which is very important. I think Dr Holder has already talked about the legislative functions, the oversight functions, the participatory issues but monitoring the implementation of some of the policies and agreements that we have relating to a small states are very important in terms of making trade work for small states.

Let me end here. Thank you very much.

The Chairperson: Thank you very much.
The Committee Members can now begin asking questions to our witnesses. Who would like to take the floor first? Mr Collins, you have the floor, thank you.

Q3. Mr Jeff Collins MLA: Thank you, Madam Chair.
To both witnesses, but to Dr Holder first: in your experience what is the single most important thing that small governments can do to develop trade in a sustainable way but also to promote economic empowerment?
Inquiry One: Economic Empowerment

Dr Lynette Holder: Thank you very much for that question. The single most important thing: government, by its very structure, can ensure we have the right legislative environment to facilitate trade. Trade facilitation is an issue within our small islands primarily because of the high cost of trade and I am of the view that having the enabling legislative framework – for example ...

A few things come to mind readily. First, I am of the view that we need to ensure that we have a digital environment for our partners to function in, to operate in and, therefore, government can, with ease and with the legislative framework and a legislative regime, assist with digitising its processes, to ensure that our practitioners are able to interface in a more competitive way with our government.

Secondly, I am also of the view that we can consider the enabling trade logistics regime and by that I am talking about ensuring the competitive cost for shipping, ensuring competitive cost for transportation, drawing on the trade arrangements that would allow businesses to trade across borders, appreciating and understanding that with this kind of integration across our member states that we can build economies of scale. So these are areas that I believe the right kind of legislative framework can facilitate and therefore make trade a lot more competitive across our economies.

And lastly, I will add that we need also to have more persons participating equitably in the process. Again, research suggests too much disparity. There are only a small percentage of persons seemingly benefitting from trade arrangements. And we may have again to legislate that process to ensure that those vulnerable groups within our society can have access to the resources that would enable them to be able to build competitive enterprises. For example, our women and our young people at present are marginalised and are not given equal opportunity to participate in these arrangements. I preface by suggesting that the right legislative framework can contribute to this, so I believe strongly that if you legislate and if you have the right kind of laws, that you can actually facilitate economic growth and sustainable growth within your states.

Q4. The Chairperson: Thank you very much. Would you like to contribute to that as well?

Mr Patrick Osakwe: Yes, please.

The Chairperson: Thank you. You have the floor.

Mr Patrick Osakwe: In terms of what small states could do to promote trade in a sustainable way, I just want to add that we believe – when I say we, I mean the United Nations Conference on Trade and Development – we believe that the development of productive capacities in a way that is consistent with social development and also environmental sustainability is key to sustainable trade in small states. When I say developing productive capacities, there are two components to it: one is to build new capacities where they do not exist, but to view them in such a way that you can create employment – for example, using more labour-intensive production techniques so that as you are building this capacity, you are creating adequate employment for people in the country.

But it is not just about developing new capacities; you also have to make better use of existing production capacities. This is where we find some challenges in small states. In some of the countries, they have capacities where these capacities are not being better utilised. So you are creating new capacities, but the capacities that you have installed already, you are not making better use of them, so you get a lot of idle capacity. Nobody is saying you should not create new capacities. You can create new capacities but also make more efficient use of existing capacities.

If you talk to a lot of manufacturing firms, what they would tell you is that they have idle capacity in some areas. This has to do with infrastructure problems, particularly energy in some
countries. It has to do with shortages of skills in terms of labour. It has to do with regulatory issues. This is where I think parliament has an important role to play in terms of making sure that the regulatory environment is consistent with developing productive capacities for trade.

So, that is one aspect of what small states could do in terms of developing trade in a sustainable way.

But they also have to look at issues of environmental sustainability. For example, when they adopt production techniques, they have to make sure that they use low-carbon production techniques. They have to make sure that they increase energy efficiency, particularly in the transport sector, because transport is key to trade. You cannot trade without transportation. But the efficiency of the energy sector is key in this area, in terms of ensuring that trade capacities are developed in such a way that as you promote trade, you also increase in environmental sustainability.

Finally, I want to emphasise the need for businesses to promote sustainable business models. What do I mean by that? By that I mean: firms have to be conscious of their social responsibilities. It is not just about business, it is not just about profits; firms do not operate in a vacuum. They do not operate in isolation; they exist in a society and they have to take their social responsibilities seriously in terms of the kinds of activities they engage in.

That is what I wanted to add to the discussion. Thank you very much.

The Chairperson: Thank you very much.
Hon. Corinda Essex, you have the floor.

Q5. Hon. Dr Corinda Essex MLC: Thank you.
When it comes to actually encouraging businesses and partners to maintain their social responsibilities, what strategies can be put in place to assist in that process?

Dr Lynette Holder: Thank you again.

The issue of firms and building sustainability, again, I want to couch my response within the context of the role of parliament. We believe that our firms ought to be incentivised again through the right regulatory framework to be able to build sustainability into their business models. I want to suggest that we can use that legislative apparatus that we have to be able to do so. For example, in a very practical way, I am of the view that there are incentives that ought to be considered as a part of your tax regime to ensure that firms ought to comply and can comply and that they can see a return for them at the end of the process as well.

My colleague mentioned earlier the notion of input into your business processes. We, in the Caribbean, suffer from high utility cost, rents, etc. and these are areas that we believe that government can consider relative to regulating and therefore ensure that the inputs into business operations are economical and that firms are therefore incentivised to be able to enter those fields and build sustainability and competitiveness into their operations.

The third cost is that of labour. Labour rates in many of our small states are high, especially in the Caribbean, and our firms do complain often about this particular input as a high cost in their operations. We are of the view that we may want to consider legislating minimum wages, also drawing on our integration arrangements to be able to procure labour that is a bit affordable and therefore firms can consider expanding their business model. I think that these are some of the areas that would help with that kind of sustainable effort that we want for firms.

So, in summary, helping our businesses again through the regulatory framework to be able to access incentives via our tax regime, to be able to have utility and other costs that are affordable – and I said, in conclusion, especially the cost of labour. A solution for that equally is to draw on the integration arrangements that we have and therefore be able to procure labour that is economical and that our firms can actually access.

Thank you.
The Chairperson: Thank you. The Member Essex, would you like a further question?

Q6. Hon. Dr Corinda Essex MLC: I wish to thank the Member for her response. However, the focus is on social responsibility. The response you gave focused very much on the support and encouragement for firms to enable them to perform well. My question was relating specifically to how you encourage those firms to remember and abide by their social responsibilities to your community.

Thank you.

The Chairperson: Thank you. Do you have a response to that?

Dr Lynette Holder: Madam Chair, to suggest that firms are there to trade. Governments do not trade; businesses trade. I am of the view that if we can help businesses to become more competitive and we incentivise them to be so competitive that we can actually use the regulatory framework to help them to become a lot more socially conscious. We are talking about ensuring that we pay attention to the environment, that we build into our processes activities that would help us to be sustainable, drawing on the environment and so on, as my colleague mentioned. But at the end of the day, for me, a firm is in business or operates to trade and to do business. The legislative environment has to be such that it incentivises them to pay attention to their environment.

In my country, for example, we have used the legislative apparatus to encourage our firms to use renewable energy – but that is legislating behaviour. In absence of that legislation, our firms will continue to draw on fossil fuels, but the fact that you have been able as a parliament to use that regulatory environment to say to firms, ‘Yes, you are in business, your key focus is making a profit at the end of the day. We, though, as a parliament, being conscious of the issue of climate change and so on, we will now legislate that you commit to having a percentage of your operations transformed to renewable energy, that you will help us, as a government, to protect your environment.’

So, I am suggesting that that comes from the regulatory and legislative framework that enables firms then to become more conscious. If you leave it to a business owner or an entrepreneur to build these kind of systems into their operations, I am going to suggest to us that is not going to happen easily. Therefore, it is the parliament who has to legislate that social consciousness.

The Chairperson: Thank you very much. I see the Member nodding so I think you have answered her question. Who would like to take the floor, Committee Members? Mr Hassan, you have the floor.


I want to know, how should small states work together to improve economic empowerment and what is the role of inter-parliamentary networks in this?

The Chairperson: Thank you, Hon. Member. As you did not focus on a particular witness, your question is open to both witnesses. It is up to you, witnesses, to cover the question, please.

Mr Patrick Osakwe: Okay, thank you very much.

I think in terms of what small states could do to improve economic empowerment, first of all, from my point of view when we talk about economic empowerment, we are talking about enhancing the capacity of men and women, in particular marginalised groups, to participate and also benefit from the growth and development process. What is happening in a lot of countries is that we have rapid economic growth, it is resulting in rapid trade growth also, but there is a
large segment of the society that is not benefitting from that growth process. There is just a
small percentage of the population benefitting from this growth process.

And so when we talk about empowerment, it is not just about participation, it is also about
those groups benefitting from the growth and development process. There are lots of things
that small states could do to empower marginalised groups. For example, they need to play a
key role in terms of identifying the key obstacles that is making it very difficult for some of these
groups to be empowered in the society, particularly women and youth because those are two
groups that are highly vulnerable in terms of the growth process. So there is an issue of
identifying what the key obstacles are to economic empowerment.

You also have the issue of peer learning: that is parliamentary networks or small states in
particular coming together to share experiences, learn from each other, see what one country is
doing very well that others could emulate, see some of the constraints to the effective
implementation of some of the policies they have to promote economic empowerment. By
having these discussions, they are learning from each other, and I think that is one very
important way that they could identify best practices that could help them in terms of fostering
economic empowerment in small states.

What they can also do more in terms of enhancing participation of these marginalised
groups, for example in decision-making processes, such as in parliament, there should be
diversity in parliament. You should have women parliamentarians and youth, because the
parliament should represent the composition of society. It should not be just one aspect of
society. If a segment of society is not represented in parliament, issues that are important to
them might not be addressed because for each issue you have to have demanders, so they have
to be at the table. So diversity, not just in parliament but in the decision-making process is very
important in terms of promoting economic empowerment.

And then finally is facilitating consensus on how to solve some of the development problems
that are facing small states in terms of economic empowerment. Parliament can play a key role
here in terms of facilitating this consensus, bringing people together, having this conscience
among them, identifying clearly what the issues are and making sure that the government
understands what the key constraints are, because for policy-makers sometimes it is not easy
for them. They make these policies but if they have not experienced some of these problems,
they have no clue what is going on, so you have to help them to facilitate consensus on some of
these issues so that they can make the right decisions.

The Chairperson: Thank you very much.
Member Shimmins, you have the floor.

Q8. Mr Bill Shimmins MHK: Thank you, Madam Chair.
I would like to ask Dr Holder: how best can small states harness a digital revolution to grow
trade and would this help to create inclusion and prosperity for marginalised persons?

Dr Lynette Holder: Might I say a short answer, yes, to the latter part of your question. Yes, it
will help those marginalised groups and so on.

As it is now, we do have a challenge with ensuring that our small economies adopt what we
consider a digital framework and embracing technology in the way that they encourage business
to be done. One constraint that comes to mind with ease is the archaic way with which our
governments still function. Unfortunately, we do not have the kind of policy environment where
our governments have embraced this platform and gone that route to become e-government. I
think that is one thing that our parliaments ought to encourage. It helps with competitiveness
for firms. As you know, the old adage, time is money and therefore businesses that have to
engage with various government departments to access licences and to do businesses in
whatever sphere often find that is an added cost.
We mentioned earlier the whole notion of trade logistics and so on. There is a lot of data out there that suggests that that archaic way of doing business has actually contributed to the cost of trade logistics for firms. So we need to get our governments to embrace the digital technology in how they do business. That is one.

Then secondly, the whole notion of having the right framework to facilitate cybersecurity – the issue of cybercrime and cyberterrorism and so on. Again we need the right legislative framework to help protect our businesses, our citizens and we have across our small countries the focus of embracing smart cities for example, which is a good thing, but in the absence of having that environment, that legislation that protects those who want to trade on the internet. I think we are going to have a challenge so we need to make sure that the issue of cybersecurity is correctly addressed. While the smart cities will allow us to embrace those vulnerable groups, the average person then can have free Wi-Fi and access to do research and so on. If we do not have that secure environment, we definitely will have a challenge.

So I am of the view that yes, moving towards a digital platform will facilitate and encourage more inclusive behaviour, because we will be able to pull and include those who are vulnerable within our society to actually get involved in that process; but my caution is that we must ensure that we protect the cyberspace through, again, our laws.

You notice that a lot of my questions and comments refer back to the role of parliament, having the legislative framework to be able to facilitate, to be able to protect and so on. I hope I have answered your question.

The Chairperson: Thank you very much.
I am very conscious of the time, so if I may allow one more question from the Committee to our witnesses. Member Baker, you have the floor.

Q9. Mr Tim Baker MHK: Thank you, Madam Chair.
My question is to both witnesses. Parliaments have a role in holding government to account in context of economic empowerment. Could you share with the Committee some of the best practices that in your experience help to achieve successful outcomes in that area?
Thank you – to either witness.

The Chairperson: Thank you. I open the floor to the witnesses and either of you would be fine.

Mr Patrick Osakwe: Thank you very much.
I think Dr Holder has already provided some parts of the answers to this question when she alluded to the fact that parliament has a number of functions: a legislative function, so you can identify gaps in legislation and where these gaps exist you need to do something in terms of closing that gap to ensure that particularly marginalised groups get what they are supposed to get from the development process.

There is also the issue of representation, and I think that this is perhaps for me the most important: making sure that marginalised groups are represented in decision-making processes – parliament in particular, but the question was on best practices.

I take Rwanda, for example. Rwanda is one of the countries in Africa that has done something really important in terms of enhancing the participation of women in parliament and also in other aspects of decision-making. They have a quota for representation of women in certain aspects of decision-making and it is yielding very important results. If you go to the Rwandese parliament, there is a higher representation of women there compared to other African countries and it is yielding very important results.

Issues of economic empowerment, particularly for women in Rwanda, they are not as serious as you see in other African countries: issues of trade finance, issues of skill development, issues of ensuring that women have the opportunities for gainful employment. I am not saying that
they do not have problems – of course they have problems; but compared to other African countries they are making significant progress in each of these areas. That is because of effective leadership from the top. The leader sent a clear signal to other members of his society that this is an important issue to him and that parliament needs to do something about it. So parliament is doing something about it, they have increased the representation of women in the decision-making processes at the parliamentary level, and as I said, we have seen really good results in terms of enhancing or fostering economic empowerment of women in the Rwandese society.

Thank you.

**Dr Lynette Holder:** Madam Chair, if I am permitted? (*The Chairperson:* Yes.)

In addition to what my colleague shared and the question from the representative from the Isle of Man, it would be remiss of me if I did not use this opportunity to share, rather quickly, an area of concern for me relative to that question, since we are all parliamentarians in the room.

There ought to be a focus as we go forward – and maybe the CPA can help with this – to assist our parliaments to become a lot more independent of the executive. I am of the view, Madam Chair, that too often times across our countries there is not that clear separation between the executive and the parliament. The parliament ought to be a lot more independent so that the representative role that I mentioned earlier can be a lot more credible.

I know that there may be some best practices out there, but I want to use this forum to suggest to us that that is something that the CPA and maybe others can help our parliaments across the Commonwealth to consider, because at the end of the day our parliaments are elected by people, the voters, the constituents and there ought to be a stronger representative function of our parliaments.

What we see now is that sometimes 90% or 95% of the parliaments, especially of small countries, make up the executive and there is not that kind of representation, that balance in the accountability that we ought to see coming from this legislative body. So I am hoping that as we go forward we can consider that, to help build the capacity for our parliaments to become a lot more independent from our executives.

**The Chairperson:** Thank you very much for those final comments, Dr Holder.

Thank you for your contribution to the Committee’s inquiry this morning into this very important subject. We have now come to the completion of this session, and I believe your responses to the questions asked to you will contribute to the future work of this Committee.

So we close this session now and you may be released as witnesses.

Thank you very much.

*The Committee took a short break before calling the next Witness.*

**DEVELOPMENT OF THE TOURISM SECTOR**

**EVIDENCE OF**

H.E. Hon. Sir Ratu Epeli Nailatikau, CF, LVO, OBE (Mil), KStJ, CSM, MSD, Speaker of the Parliament of Fiji

**The Chairperson:** *Kia orana* and welcome. We will begin the second half of our session. Welcome to our Witness for this evidence session on tourism. We are grateful to you for attending this session this morning. Please when you make your first address if you can name yourself.
Would you like to have some time before or we begin with questioning? What would you like to do?

Thank you very much. We will now begin the session. Perhaps we will start with the questioning and we have 45 minutes for this session. Since you are by yourself, we will probably have lots of questions put to the floor.

So to the Committee Members, you will just indicate as to who would like to go first and I will give the floor to answer the questions. So thank you.

We have Mr Baker who will have the floor to present questions to the witness. Thank you very much.

Q10. Mr Tim Baker MHK: Thank you, Madam Chair.

I would like to ask the witness what is the single most important thing that small state governments can do to develop sustainable tourism?

Thank you.

H.E. Hon. Sir Ratu Epeli Nailatikau: Before I answer that question, let me just give an overall view of the situation of the tourism sector in Fiji, as it is the sector that I am most familiar with when it comes to tourism. Now, Fiji Tourism Sector Plan is outlined in the Fijian Tourism 2021, with the overall vision of growing tourism into a $2.2 billion industry by 2020, increase arrivals to Fiji to 930,000, deepening visitor spending and spreading the benefits from tourism through the country while developing a sector that is sustainable and inclusive.

Fiji is one of the leading tourist destinations in the South Pacific, accounting for the highest share of all visitor arrivals in the region. Fiji has 40% of all visitor arrivals and Fiji has been experiencing continued upward trajectory in terms of arrivals and earnings. In 2019, visitor numbers to Fiji noted a record of 894,389, a 2.8% increase compared to 2018. In fact, visitor numbers to Fiji are growing larger that the Fijian population, Fiji’s population is growing at a rate of 0.6% and our visitors are growing at a rate of 5% on average, so our visitors’ numbers are gradually surpassing our population, and this inevitably means that more resources will be needed to be dedicated to cater for increased demand.

Fiji’s top three source markets remain Australia, New Zealand and the United States; Australia with 42%, New Zealand with 22.8% and the United States with 9.9%. Potential markets are increasing with their visitor number arrivals and these are China, India and other Asian countries. Fiji’s tourism industry is the largest foreign exchange earner, contributing approximately to 30% of the economy’s GDP. Now according to the Ministry of Industry, Trade and Tourism, in 2018 Fiji’s tourism earnings stood at around $2 billion, approximately US$927 million, which is a 4.5% increase compared to 2017. In the last five years, tourism earnings grew at a higher rate, an average of 8.9% in comparison to arrivals, which increased by 5.8%.

One in every three jobs in Fiji is generated by the tourism industry. In the third quarter of 2018 hotels employed an estimated 14,521 Fijians, of which 78% are full-time employees, that is 11,379, and 22% part time. This was a 4.6% increase compared to 2017. Now as of 2019, there were 423 licensed properties with a total of 12,888 rooms and 25,599 beds, a slight increase of 36 licensed properties when compared to 2,059 in 2017.

Climate change is the main threat to the sector’s sustainability. This is primarily due to the fact that Fiji tourism relies heavily on the natural environment, like all other small island states in the tropics: sunshine, sea, coral reef, beaches, small pristine islands, water and good weather, but we also sell distance. To get to Fiji you have got to travel long miles.

Experts and development partners are of the view that the sector needs to be managed properly to ensure sustainability. The Asian Development Bank Outlook 2019 published by the Asian Development Bank notes that Fiji’s tourism growth needs to be managed to minimise its environmental impact. Sustaining a large population in the small island country, Fiji’s current population is approximately 889,000; that is based on the 2017 estimate. However, in 2019
visitor arrivals were 894,000 and growing larger than the local population. This puts pressure on our local resources and infrastructures.

Other challenges to the tourism industry are competition from our destinations in the region, cost of business, e.g. cost of fuel, energy, dependence on imports and transitional crime, which is increasing. In recent years there has been a marked increase in transitional crime, such as drug trafficking with Fiji being used as a transit point for the movement of illicit drugs and other illegal items.

That is the background that I would like to give to the Committee regarding the tourism sector in Fiji and I will now take the questions that you would like to ask.

**The Chairperson:** Thank you, Mr Ratu Epeli.

There was a question asked by Tim Baker. We will repeat. I will ask the Member to repeat the first question that he had asked before your presentation. If you would please, Mr Baker.

**Q11. Mr Tim Baker MHK:** Thank you Madam Chair.

Thank you for that background. My question was: what is the single most important thing that small state governments can do to develop sustainable tourism?

Thank you.

**H.E. Hon. Sir Ratu Epeli Nailatikau:** Madam Chair, small state governments need to ensure that all plans, policies and legislation developed for the economy prioritises sustainability and recognises its impact on sustainable tourism development.

In Fiji’s context, sustainability underpins the country’s development agenda. This is evident through its commitment to achieving the sustainable development goals. Our advocacy work in climate change action through the conference of the parties to the United Nations Convention on Climate Change and the priorities set by our cornerstone strategy for sustainability, the Green Growth Framework and our five-year and 20-year National Development Plans.

Fiji has passed various legislations such as the Environment Management Act 2005, the Fiji 2020 Agricultural Sector Policy Agenda, the National Climate Change Policy and the Fiji Tourism 2021 Plan, which serves to guide the Tourism Industry towards inclusive sustainable development.

The Fiji Tourism Plan 2021 sets the Fijian Government’s vision of growing Fiji’s tourism industry into a $2.2 billion industry by 2021. The overarching focus of the plan is to maximise tourism yield, whilst achieving a sustainable rate of visitor arrival growth. Therefore the focus of the Fiji Tourism 2021 is to increase the value that tourism brings to Fiji.

The Fiji Tourism 2021 identifies strategies for Fiji to increase visitor expenditure and maximise tourism yield providing a conducive environment for the tourism industry to grow and ensure sustainability of the tourism sector through relevant legislation and policies. A key issue addressed by the Fiji Tourism 2021 is the implementation of a monitoring mechanism and the enforcement of existing legislation that impact the tourism sector, therefore establishing the need for clear policy guidelines of the Fiji Government. Those are part of what is important for Fiji.

Fiji, like other small island countries, needs to have that same pattern of having legislation in place, policies in place that need to be reviewed every now and then, because the climate of tourism is ever-changing, and it is ever-changing faster than we think. So, it has got to be looked at, really looked at, and reviewed when necessary.

**The Chairperson:** Thank you very much.

I see that Mr Hassan would like to raise a question. Please have the floor.

**Q12. Hon. Hamizan bin Hassan MLA:** Thank you, Madam Chair.
In view of the Coronavirus spreading worldwide right now from China, what are your plans for countering this virus, which will greatly affect your tourism industry?

**H.E. Hon. Sir Ratu Epeli Nailatikau:** Fiji, like all the other countries represented here and outside of this Chamber, has taken the necessary steps to counter the virus that has started in China and is slowly spreading. We were going to attend trials for boxing there. This week that was cancelled, but we were anticipating that it might be cancelled and had made plans for it.

Apart from that, the Ministry of Health has put in plans to keep an eye on all visitor arrivals from China and from other countries. There are, as you know, now some cases in Australia. We have a lot of visitors from Australia. We have visitors from China. The Ministry of Health has put in the plans, guidelines and procedures to cater for that, and I hope that they are successful. But going on what they have done for the measles outbreak that took place in the Pacific lately, it worked very well in Fiji. I hope they can repeat that for this virus that is taking place, and it is something that we all have to be serious about.

Thank you.

The Chairperson: Thank you, Hon. Ratu Epeli Nailatikau.

I see the Member Collins, you have the floor.

**Q13. Mr Jeff Collins MLA:** Thank you, Madam Chair.

Your Excellency, being one of those Australians who has contributed to the 42% of visitors to your beautiful country, can you inform the Committee as to what parliaments can do to ensure their local heritage and communities and the environment benefit from tourism in a sustainable way?

**H.E. Hon. Sir Ratu Epeli Nailatikau:** Madam Speaker, now (1) effectively employ the SDGs, one of the important oversight tools on legislation review and scrutiny of state agencies; (2) ensure that the policies passed through parliaments are aligned to and contribute to the achievement of the SDGs; (3) ensure the sustainable growth of an inclusive economy for the benefits of all Fijians; (4) ensure funding and support, technical etc. provided for sustainable tourism are utilised for its purposes; (5) monitor and ensure effective oversight of governments’ execution of policies and legislation on sustainable tourism and report back on progress; (6) facilitate meaningful debates on national priorities and see how the implementation of the SDGs is working.

But this has to be an ongoing process. You cannot just legislate and leave at that. Sometimes, as you know, governments legislate and they put it on the shelf and it gathers dust. With tourism it is such an ever-changing sector, changing so quickly and with rapid increase of good transportation, the change is even faster than anything. You **have** to review, you **have** to look at legislation and not only that, you look at the legislation that your neighbours of your size are passing which is good and try to adapt that. If you do not, you are going to be sticking in the mud, while others progress ahead of you. And it happens and you know it well. So the thing is not to repeat that.

Thank you.

The Chairperson: I see the Hon. Shimmins, you have the floor.

**Q14. Mr Bill Shimmins MHK:** Thank you, Madam Chair.

Your Excellency, how can small states co-operate in relation to sustainable tourism? Must they always think of themselves as competitors? And what is the role of the inter-parliamentary networks here?
H.E. Hon. Sir Ratu Epeli Nailatikau: Madam Chair, small states with common goals and interests together form a collective voice on particular issues to ensure a stronger voice and clearer message is heard at regional and international platforms. If we can get the collective voice working, working together not only occasionally but regularly, we will get somewhere.

Whilst many small island developing states share common tourism resources – for example, the sun, sea and sand and visitor source market like Australia, China, the United States of America and New Zealand – we also share similar issues in the lack of resources for economic development and are impacted by similar global issues such as climate change and pollution. It is therefore in our best interest to work together to ensure tourism is developed in a sustainable manner, not only for individual states but for the region as a whole. That is a must: we have to work together.

Knowledge-sharing is important to maximise opportunities for sustainable tourism development. Parliament networks are important, as Members can use their networks to further lobby for support from regional and international organisations, help identify funding opportunities and elevate the importance of sustainable tourism development at the highest level. But working together is a must.

Distance sometimes makes us feel lazy to get in touch with each other, but now with the modern communications we have no excuse and if we lose out, we are the ones to blame – individual countries and collectively as a region. The lessons to be learnt are there. We have to keep on looking at it.

Thank you, Madam Chair.

The Chairperson: Member Essex, you have the floor.

Q15. Hon. Dr Corinda Essex MLC: Thank you, Madam Chair.

How significant is the role of educating communities in achieving sustainable tourism and what are the potential benefits of doing so?

H.E. Hon. Sir Ratu Epeli Nailatikau: Madam Chair, if I got the question right, it is what is the importance of educating?

The Chairperson: The community in the role of tourism; or what is the role of the community in the education on tourism?

H.E. Hon. Sir Ratu Epeli Nailatikau: Education in the tourism sector is a most important element. Just like with sustainable development goals, you educate the children, they educate their parents – not the other way round because too many parents these days sit back and think about old times. The time for that is over.

Education now in Fiji includes education on the tourism sector, on sustainable development goals, on pollution, on drugs, etc. That is a must and it is not only in the secondary schools; it is in the mid- and in the primary schools. The education sector keeps on looking at that. We have been used in the past by those going through the islands as transition points for drugs, for bad tourism elements. It is happening. We know that, but we have to educate people all the time on what they need to do to prevent that.

I hope I have answered the question.

The Chairperson: As I see nodding from the Member who asked the questions, I think you have!

Are there any further questions, Members of the Committee?

I see Mr Shimmins, you have the floor.

Q16. Mr Bill Shimmins MHK: Thank you, Madam Chair.
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Your Excellency, how can small states play their part in introducing legislation and regulation to control the impact of development on the climate change challenge when many of the operators are large global corporations outside of the small states?

H.E. Hon. Sir Ratu Epeli Nailatikau: Whatever a small state is going to do about legislation, it is going to affect the small state and in cases it is going to affect the large states, but you cannot go about legislating if you just consider the wrath that you are going to get from the big states. If that is at the back of your mind when you are legislating, forget it. You all know that.

You have to legislate to see what suits you first. You can then make slight amendments before you finalise, but legislation must be for the country. For Fiji, we must look at what is good for us. We consider what the other states have had to say about what we are intending to legislate on, then we work from there. But that must not be a factor that is going to affect the legislation in the first place. We have to work on it.

The other thing about legislation: if we legislate, there is, in all parliaments, ‘Oh, you cannot amend that until after a year, two years’. I say, rubbish! If you need to amend legislation, where should it be amended? In parliament. You have got to convince the parliamentarians and the people through the parliamentarians: ‘We need to amend this immediately’ and do it – no use waiting around just because it has been said in the past that legislation has got to take a period of time before you can re-look at it. These days, time moves on and you have got to move with the time and make things more comfortable for you, not more comfortable for someone else.

The Chairperson: Thank you.
Mr Hassan, you have the floor.

Q17. Hon. Hamizan bin Hassan MLA: Thank you, Madam Chair.
What incentive are you applying in Fiji to encourage small businesses within the tourism industry to operate in a manner that benefits the environment and community?

H.E. Hon. Sir Ratu Epeli Nailatikau: In the Ministry of Tourism there is a team that advises all those who are interested in doing projects in the tourism sector. There is that team and it gives advice on exactly how they can set up and whether there is funding available for that. There is always funding available for those smaller projects, but if they are bigger projects, funding could be found.

And also they can create partnerships within the country and without the country, find partners who are willing to come into such projects. There is a team in fact in all the Ministries doing that. It has not worked at times but at other times it has worked, and it has worked well. But again we review the process.

For us we are a small country and small countries need partners, but if we get sincere partners we can go somewhere; if we get partners who are not sincere in the first place – and we have been found out, mind you, in the past that we have made the wrong decision, thinking that something good is going to come out of it and nothing at all has happened because we have not done our homework properly. We have taken investors’ names at face value and we have paid dearly for it.

The Chairperson: Thank you.
Are there any further questions? Mr Collins, you have the floor.

Q18. Mr Jeff Collins MLA: Thank you, Madam Chair.
Your Excellency, how do you see parliaments ensuring that disenfranchised persons and groups are given equal access to the potential benefits of sustainable tourism?
H.E. Hon. Sir Ratu Epeli Nailatikau: ‘Disenfranchised’ is a word that I am very familiar with and I will let you know why. I am the only disenfranchised person in Fiji. Why am I a disenfranchised person? The Constitution states that a person who has already served two terms, each term of three years, a total of six years, as the President cannot stand for that position again. It is legislated and when the Constitution was being finalised, there were two persons involved: myself and my predecessor. But before we finalised the Constitution, he had passed away so the finger, as my legal friend said, ‘It’s pointed at you. You are the disenfranchised person here. What are you going to do about it?’ So I am familiar with that, but it is not the end of the world, being disenfranchised, not the end of the world. Things come around, I am still asked to do jobs that I was doing before when I was President. I have been called upon and asked to do this and that.

So, what was the other part of your question?

Q19. Mr Jeff Collins MLA: There are groups and individuals in all of our communities, and it is about how governments and parliaments can ensure equal access to the potential benefits of sustainable tourism for them. So for groups that do not normally come forward and participate in a loud way in the democratic process.

H.E. Hon. Sir Ratu Epeli Nailatikau: Madam Chair, all our legislators have connections to the tourism area in one way or the other and with the tourism companies that operate in Fiji, both locally and internationally and regionally. So the legislation for that, the consultation process begins with them, begins in their area, comes to the district and provincial level, then comes to the party level. And it can go to the committees, as you well know, but it starts in the village levels, districts, provinces. That is the route.

We only answer to what is being asked for and then we put into legislation what is being asked for and we take it from there. In a way we initiate, but that is not always the process. It starts from the roots and it works its way up. It is no different from other legislatures, that I hear.

I hope I have answered the question.

Q20. the Chairperson: Thank you very much, Hon. Ratu Epeli.

Perhaps also, in some small island countries they have the Chamber of Commerce who know the people who could be having difficulties in their business in accessing this kind of help. So they can approach the Chamber, who has a very good relationship with the government.

Failing that, of course, these people can go and meet their Members of Parliament and their Members of Parliament may be able to see, within the responsibility of parliament, if the legislation is not meeting the needs of everybody. Because there are many people, as you know, in our islands who do not speak up and often they are not able to reap the benefits. So that could probably be one avenue.

May I take this opportunity to please ask you: what would you like to recommend to this committee in regards to tourism that could benefit small countries? As all of us have come from small parliaments, small branches, what would be something that you would recommend to us that you have found to be really effective in Fiji that we can look at as a recommendation? Would that be acceptable to you?

H.E. Hon. Sir Ratu Epeli Nailatikau: Madam Chair, the word for that is sincerity. If those in the tourism sector, those in the hotels, those who run the tourism transportation are sincere to their tasks, are sincere to those who invest, are sincere to the tourists who come to Fiji, who make the changes when necessary, because they keep on reviewing what is done and being done or what they hope to do, if they are sincere they can still make a profit and it can work. But if they are not sincere – like we heard with the water yesterday, they do it on the quiet – nobody is going to get anywhere.
In small island countries, the projects are small. There are very few projects that are enormous and there are many such projects, but the person who comes from overseas for that project, when he or she gets there, they must be satisfied and what they have read about that organisation in the brochures that they were given before they made their payment is still what is available, not get there and find out that it is a different thing all together. So the sincerity part is most important and you have got to look at it, review, make the adjustments and tell the people concerned that there have been changes and give the reasons why; not let it hang in the air, because all you get is bad publicity.

To answer part of your question, I was the Ambassador to the Court of St James’s from 1988 to 1996. I went there in 1988, Fiji had been independent since 1970, so when I went there it was 18 years after independence, and two weeks after I got there, the tourism fellow from Fiji arrived and he brought with him an Englishman to pay a call on me. I welcomed them, and over a cup of tea he pulled out of his satchel a very thick file and he said, ‘This file contains my response to the tourism enquiries that I replied to.’

And I said to him, ‘Tourism enquiries that you replied to?’

He said, ‘Yes.’

I said: ‘Do they write to you directly? Do you have a firm?’

He said: ‘No, it comes through the embassy. The letters come through the embassy and the embassy passes them on to me and I answer the letters.’

And I said, ‘Are you a Fijian?’

He said: ‘No, but I answer the letters and I have a budget for that from the tourism sector in Fiji.’

I did not tell him what I had in my mind when I heard that, but I thanked him, ‘Thank you very much for all that you’ve done.’ And they left.

I called my staff and I said, ‘Right, as from today we answer all the tourism questions that come to this embassy.’ My number two said, ‘Sir, I deal with diplomatic and political matters.’

I said, ‘As from today you’ll deal with tourism matters as well. You, me, and all of us here.’

‘We don’t have the brochures’.

‘I said, ‘Get to Fiji, get on the telephone, tell the hotels to send the brochures here – and in numbers, because you’re going to answer all that.’

And you know, Madam Speaker, we changed the whole scene completely. I advised Fiji, I said, ‘Look, we attend the biggest tourism fair in the world at the ITB in Berlin and I go there.’ I was there for eight years, I attended every year and when you go to the ITB in Berlin you are there with all your competitors from around the world, selling the same things and you exchange ideas and you know what they are doing and what you can do.

When the Germans came up and they saw ‘Ambassador’, they were so happy! But they wanted brochures in German, so I told the tourism people in Fiji – ‘Hanns Seidel Foundation is in Fiji – get them to translate all the brochures into German.’ Did they do it? We had the resources to do it. No, they didn’t.

There you are, you can solve a problem but if it is not followed up, you lose those and we were getting good tourism figures from Europe, which we had never done before, after we started answering those questions. I hope it does not happen with any of us here because it was the most degrading experience I have ever had: someone else answering for us.

Thank you.

The Chairperson: Thank you very much.

I want to thank you very much for your time in coming to give your evidence to this Committee. I am sure it will help the Committee to progress their work on this topic that you have covered very well for us. Quite obviously you have had a lot of experience in this and in that last statement you made many good things came out of just that and throughout your answering of your questions. So, I thank you.
We have come to the completion of this session. Thank you, Committee Members, for this session. This has come to an end now. Thank you.

*The Committee adjourned.*