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Duavatasustainabletourism.org

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Dear Attorney-General and Honourable Minister for Economy, Public Enterprises,  
Public Service and Communications,

## Budget submission: Promoting sustainable tourism through small and medium enterprises

The Duavata Sustainable Tourism Collective is a group of small and medium enterprises in the tourism sector that are passionate about the preservation of Fiji's natural environment, its cultural heritage and arts, the engagement of communities in valuing and protecting natural resources and the ability of the tourism industry to contribute income to support conservation initiatives. The Collective was established in 2018 to provide a more unified voice on some of these issues. Annex 1 contains brief profiles of our members and illustrates our collective commitment to sustainability.

Adventure and cultural tourism experiences, which we all offer, have been some of the fastest growing segments of the tourism market. These experiences help to diversify Fiji's offerings globally and attract tourists who may not otherwise choose to visit, while simultaneously retaining tourism income within Fiji's economy, with a significant proportion directly supporting livelihoods and projects within partnered local communities.

Tourism 2021 recognises the need to focus on high-value, differentiated experiences and the role of SME operators in delivering these quality, unique experiences.

Our joint budget submission focuses on three areas:

1. Government leadership in the inter-related areas of tourism, environment, and cultural heritage
2. Improving the regulatory environment so that it supports SMEs to grow
3. COVID-19 response and a tourism recovery plan

## 1. Government leadership in national policy in the inter-related areas of tourism, environment, and cultural heritage

Our tourism industry is reliant on healthy marine and terrestrial ecosystems. Without these Fiji loses its allure as a tropical holiday destination. Tourism businesses have a responsibility to ensure they are contributing to the conservation and maintenance of the environment from which they benefit.

However, wider government policy and the application and enforcement of existing legislation can have a far larger impact. The government has committed to formally protecting 17% of its landmass and 30% of its marine areas by 2020. The government has also committed to planting 4 million trees in 4 years. Soberingly, on most recent estimates, we were believed to be losing an area of forest the size of two Beqa islands each year.

These commitments require extensive consultation and there are many willing partners who wish to support such efforts, but the leadership needs to come from the government. We believe all efforts to conserve and protect the environment should be considered to be an investment in Fiji's future as a tourism destination.

The Environment and Climate Adaptation Levy (ECAL) has the potential to raise funds to directly support these efforts. In its current form, however, it does not stimulate changes in behaviour. Indeed, we are concerned that it is detracting from conservation efforts in the industry by reducing operators' capacity to run their own environmental programmes due to:

- Higher tax payments resulting in lower local capacity to spend on initiatives;
- A reduced ability to request donations from guests towards environmental initiatives as they perceive that they are already contributing to this through ECAL;
- A perception that as the Government is taxing, the Government is taking on responsibility for leadership and action on environmental protection and sustainability.

As small and medium businesses, we welcomed the introduction of the ECAL threshold as this enabled members to resume both their work with local communities and their environmental efforts. We hope this threshold will be maintained. However, we consider it problematic for achieving the Government's wider aims that it remains a sales tax rather than an environmental tax.

The issue of waste management is also an urgent priority. Deliberate littering acts on the beach, along walkways and roads, or from moving vehicles, remain common practices.

Members are engaging in sorting and recycling where possible but are concerned that many companies that claim to be offering recycling solutions do not actually have sustainable solutions. Members have worked with suppliers to reduce the amount of waste generated. But there are no incentives available for improving waste management practices which often result in additional costs for the businesses and can deter businesses from improving their practices.

**We recommend that:**

1. ECAL revenue be hypothecated, so that it can be directed to environmental protection and conservation.
2. Clear information be provided on how this revenue can be accessed to support environmental conservation and enhancement through public-private partnerships.
3. A portion of this revenue is directed to supporting the establishment of protected areas to meet Government commitments and invest in the future.
4. ECAL be applied in proportion to resource use and environmental damage to stimulate behaviour change (e.g. electricity / energy consumption / carbon emissions), and be extended to other sectors of the economy that derive income from the environment.
5. Discounts from ECAL be granted to operators that can provide financial records that demonstrate investment in environmental conservation measures (for example, for a carbon footprint beneath a certain level, involvement in a marine/forest reserve, engagement of rural communities in conservation or cultural heritage preservation measures).
6. Relevant agencies invest in training for those with powers under the Litter Promulgation Act (police officers, port masters, forest officers, Ministry of Environment staff, LTA officers) to increase enforcement rates.
7. The Department of Environment is tasked to create a list of reputable waste management companies that can be used, and that there are incentives in place to encourage proper waste management and reduction e.g. ensure waste removal fees are based on weight.
8. The Department of Energy/CCU are tasked with creating a list of organisations that can assist businesses with undertaking carbon footprint analysis and accounting, and to investigate the feasibility and benefits of including carbon accounting with annual company registration reporting requirements.

Palau, Vanuatu and the Cook Islands are taking a lead in ensuring their tourism industries are sustainable. Fiji must start the process of consultation and engagement, so that our tourism industry is not left behind.

## 2. Improving the regulatory environment so that it supports SMEs to grow

Critical to the survival of all of our members is improving the business regulatory environment to allow SMEs to thrive and drive growth in these areas.

A significant amount of paperwork is involved in keeping our businesses in business. There are simply too many separate taxes, levies, and licences that require the regular completion and submission of paperwork, often with different Government departments, many of whom require on site visits at the cost of the applicant. Annex 2 provides specific examples of how the regulatory environment impacts our businesses, and Annex 3 details the annual costs associated with compliance. We believe that this an underestimate of the true cost. Together these annexes highlight the very real challenges faced by small businesses who want to operate in full compliance.

We propose that the Government urgently streamline the bureaucracy for SMEs. A huge amount of employee time is consumed by their interaction with numerous different Departments or Ministries through waiting times, absence of the appropriate official, unanswered telephone calls, provision of inaccurate or partial information, and the resulting repeat visits and telephone calls. For some

members, a return visit can mean spending hundreds of extra dollars on boat fares and fuel, or even overnight accommodation in Suva.

This huge bureaucratic burden for small businesses which many regulatory agencies do not understand. If a third of a small businesses time is spent on admin, that is a third of that businesses time that is not generating the income that provides employment and pays taxes.

We welcome the introduction of the bizFiji portal (<https://www.business-fiji.com/>), which for the first time provides systematic guidance on how to start a new business, as a step in the right direction.

**We recommend that:**

1. The Government openly consults with SMEs to identify administrative burdens and continues to work to reduce and streamline requirements, including giving consideration to how community-based micro-enterprises can engage in the formal economy.
2. The bizFiji portal is funded to ensure it is regularly updated and is expanded to include sector specific lists of regulations and requirements, including for accommodation providers.
3. The Government continues to upskill, recruit and promote officials based on merit and ensures performance is measured and monitored.
4. Departments and agencies work to change their ethos, to view the private sector as partners to be supported, not adversaries to be pursued and fined.
5. Technological change be embraced, but be introduced at a pace which allows for the highest levels of compliance, with due consideration to meaningful consultation and the comprehensive training of officials.
6. Government on-line systems be synchronized and consolidated so that one portal and one log-in can be used to access all platforms.

### 3. COVID-19 response and a tourism recovery plan

This budget will be delivered in what continue to be unprecedented times. We estimate that collectively members will lose out on \$ 6-10 million in revenue in 2020. As Fiji-owned and managed businesses, we are conscious that this has a very direct impact on the communities that we work with in loss of employment and reduced revenue through services they provide.

This includes a reduction in income from guiding, vegetables and fish sales, building materials (bamboo, timber, thatching) and micro-loans that our businesses provide to support our partner communities with unexpected expenses. It also includes a reduced ability to support community partners with training in conservation measures, first aid, food safety and hygiene, and cultural heritage conservation. We are also seeking Government support to keep our existing staff employed, whereas much of the support to date has been for employees who have reduced hours or have lost their jobs.

Despite the hardships, we firmly believe that this crisis presents an opportunity for the tourism industry to do the work now to be more resilient in the future. While businesses are closed, but have retained staff, there is an opportunity to work with development partners to transition the sector to

a greener, more sustainable future. As highlighted in our COVID-19 budget submission this could include:

- Hotels/operators to be supported to develop nurseries and start or expand mangrove, forest and coral replanting programmes on resources they lease/manage. These can be continued by guests in the medium term as activities.
- Hotels/operators to be supported to develop gardens to ensure a more sustainable supply of local fruits and vegetables to their operations. These can be managed by additional staff in the medium term and contribute to reducing Fiji's import bill and would provide an activity for future guests.
- Hotels to be supported to conduct energy, waste and water audits with recommendations provided on how to retro-fit solutions. Much of this could be done remotely by staff that are retained and appropriate development partner funded support. Businesses should be supported to implement the recommendations through grant financing and concessional financing to be paid from 2021 with ECAL rates reduced for any businesses that have invested in improvements.
- Support for investments in renewable energy and sustainable transport through removal of import duties on lithium ion batteries, electric vehicles and outboard motors (including parts) tax holidays, FDB concessional loans with repayments to be paid from 2021 and coupled with reduced ECAL rates for any businesses that have invested in renewable technology.
- Support for cultural heritage conservation by supporting staff and the heritage and arts industry as teachers and storytellers to document and record stories, songs and dances that can be used by communities, schools, operators and the industry in the future.

The energy and efficiency of the private sector can be harnessed to achieve things that were not previously possible because we did not have the time. Let us use this time constructively. These are all things that can be done with strict observation of social distancing by staff and maximising online training and technology.

All of these measures would allow Fiji to progress its commitments under the Green Growth Framework, Low Emissions Development Strategy, the Sustainable Development Goals and its Nationally Determined Contributions under the Paris Agreement.

When Fiji opens its doors to the world again, we will have invested in a more responsible tourism model. Forests, farms, local menus, renewable energy, sustainable transport will have all expanded, thanks to our tourism sector working in partnership with those in conservation and sustainable development. And we will have a positive COVID-19 story to tell the world. There will be no better story to tell than that.

This is an opportunity to show those in tourism, who for so long have been the backbone of the economy, that they matter and to give them an opportunity to contribute to a more sustainable future.

**In addition to this larger vision, we recommend more specific measures, including:**

- A moratorium on the payment of all license fees for SMEs in the tourism sector, and the acceptance of remote applications without the need for immediate on-site visits.
- Open consultations on and clear communication of the hygiene standards and practices that accommodation providers and tour operators should be putting in place for staff and guests, as we progress to becoming part of a Trans-Tasman bubble.

We look forward to your consideration and please do not hesitate to get in touch if you have any further queries on this submission or would like further details of our respective involvement in environmental conservation measures.

Yours sincerely,

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Kasi Taukeinikoro (Co-Chair) Director, Rivers Fiji, E: director@riversfiji.com

Marita Manley (Secretary) Director, Talanoa Treks, E: marita@talanoa-treks-fiji.com

On behalf of the wider Duavata membership, which includes:

Leleuvia Island Resort,  
Rivers Fiji,  
Talanoa Treks,  
Takalana Bay Retreat and Dolphin Watch Fiji,  
Uprising Beach Resort,  
Lawaki Beach House,  
Nukubati Resort,  
KokoMana,  
Waitika Farm,  
Namosi Eco Retreat,  
Drua Experience (Sailing for Sustainability),  
Barefoot Manta.

## Annex 1: Member profiles

Rivers Fiji is a white-water rafting company and the leaseholder (through native lease) of the first International Ramsar site which the Government of Fiji was able to attain in 2006. To protect the site the company pays 10% of its revenue to local landowners and carries out awareness with local communities and schools in the area. Rivers Fiji is the only private company sitting on the Ramsar Steering Committee and Protected Areas Committee for which the Department of the Environment provides the secretariat.

Leleuvia Island Resort is actively involved in supporting communities to enforce their marine protected areas through providing resources to patrol the waters in the Lomaiviti group working closely with the Ministry of Fisheries and the Fiji Locally Managed Marine Area Network.

Talanoa Treks is a social enterprise specialising in single- and multi-day treks through the interior of Viti Levu, working in partnership with several remote rural communities with the support of the Provincial Offices and in partnership with NatureFiji-MareqetiViti to develop income sources that are directly linked to protecting forests that are important bird areas and biodiversity hotspots and to reduce burning.

Uprising Beach Resort is a locally owned & managed Uprising Beach Resort with a stunning and impressive selection of authentic, Fijian-themed accommodation. Uprising, in partnership with Mangroves For Fiji (MFF), is committed to becoming a 100% carbon neutral resort in 2019.

Takalana Bay Beach Resort is located 35 km North East of Korovou Town, Tailevu and is the home of the Spinner Dolphins and Dolphin Watch Fiji. Takalana Bay Resort offers you an active Fiji Eco-tourism experience.

Sailing for Sustainability Fiji Ltd promotes revitalisation of Fijian seafaring heritage through creating sustainable employment for traditional seafarers using a replica drua for tourism and cultural sailing charters, Drua Experience. S4S also has been running youth training programmes for sharing practical skills on sustainable zero carbon sea transport based on Fijian traditional knowledge.

Namosi Eco Retreat is locally owned and located in the Namosi Highlands and is about the 'experience' of getting back to basics. It combines experiential ecotourism with agri-tourism. Only modern and traditional traditional Fijian meals are served.

Barefoot Manta is a small resort in the Yasawas. A commitment to responsible ecotourism underpins the ethos of Barefoot Manta Island. The island is home to one of Fiji's most iconic inhabitants, the manta ray.

Lawaki Beach House is a small, locally run, family business on Beqa Island, employing community members from the neighbouring village. It offers simple, sustainable, stays in solar powered bures on a beautiful beach, snorkelling on the house reef which is part of a marine protected area and good home cooked food.

KokoMana is a boutique chocolate processor and agro-forestry experience operator outside Savusavu enabling guests to enjoy a pod-to-plate experience on their farm and factory visits.

Waitika Farm, near Rakiraki, offers educational beekeeping tours and experiences allowing guests to learn about the importance of bees as pollinators and sample their honey and honey products such as candles and beeswax wrappers.

Nukubati were pioneers in the development of eco-luxury stays in Fiji. They have one of the largest solar arrays in the country and supply most of their food from their gardens and the ocean. They are actively involved in the Great Sea Reef protection in partnership with communities and government stakeholders.



## Annex 2: Regulatory measures

The information below provides some examples from our members of difficulties they have faced in managing the regulatory environment. This is a small selection of the daily regulatory burden facing small businesses. Many other examples can be provided on request.

### **Financial Management - Banking**

Banking services and regulations are not supportive of small and medium businesses. For example, in purchasing equipment and services not available in Fiji, required approvals from FRCS and RBF take over a day of staff time. There are no options in Fiji for online payment gateways.

### **Import Duties**

We need an enabling government framework that supports decarbonisation and supports the country to meet its targets under the Low Emissions Development Strategy. For example, where products and services are related to zero emissions they should be allowed to be imported duty free (e.g. electric outboard motors that are using renewable energy to recharge, sail materials for traditional sailing vessels).

### **Registrar of Companies**

Paying the small fee to the Registrar of Companies each year can take several days of staff time for a \$10 fee. Streamlining this so that it can be paid online would save time and effort and help the institution maintain accurate records. As with other moves to online record keeping, this should not be assumed to reduce admin time. The new online registration and re-registration process has been more time-consuming and more costly than the paper-based process.

### **Compliance letters from FRCS**

Many members receive requests for information that FRCS already has. For example, some members have received requests for tax returns prior to their existence or for STT/ ECAL returns after their deregistration. In receiving these requests we would humbly request that FRCS staff and correspondence is respectful and does not presume that businesses are trying to evade their responsibilities but are working hard to comply in a complex environment.

### **Liquor License Tribunal**

The Liquor License Tribunal takes a whole day sitting in a room waiting for your name to be called. We estimate costs about \$20k in total if you include all the staff and management hours, plus loss of productivity.

### **Maritime Safety Authority of Fiji**

In terms of MSAF requirements, some members are required to get boats surveyed every 6 months (in seeming contravention of the MSAF Act which specifies licences should be issued for 12 months), they also require a Coastal Trading License every year. The Coastal Trading License can only be signed off by the Minister and this is not usually received until it has already expired. Leleuvia's boats are often held up at Levuka Wharf with guests on board while we explain that the License had been applied for but not issued. On one occasion Leleuvia had to send another boat to pick up the guests as our boat was held by MSAF while they checked with their Suva HQ.

**Online Government (national and local) portal**

There has been many discussions about having an online "one stop shop" where we can access and submit online all relevant business forms (including business licences from provincial and town councils, Fire Authority, Min of Health, RBF, MSAF, FRCS, FNPF, Companies Register, Investment Fiji, Immigration). We understand that this will take time but many of these are going progressively online but often with their own individual website - so bring it all together in one.

### Annex 3: Summary of regulatory costs

The following is a summary of Leleuvia's annual licensing costs as an example. This does not include any of the MSAF boat surveys and coastal trading licenses. The total is over                    per annum and also does not include the loss of productivity from having staff on training (Fire Warden, OHS, Lifeguard and First Aid) and the hours required by management to organise all of this.

We believe this example highlights not only the high cost of compliance, but also the challenges faced by small businesses, and the impediments to the growth of a diverse tourism industry beyond large hotels and operators.