

2009-14

Kiribati National Tourism Action Plan





Ministry of Communications, Transport & Tourism Development

P O Box 487, Betio, Tarawa, Republic of Kiribati

Phone (686) 26003 Fax (686) 26193

As Minister responsible for Tourism Development within the Government of Kiribati, I commend to you this major initiative to stimulate tourism in our country. I, like many, see the potential that presents itself to help grow tourism for the best interests of Kiribati.

Like many of our pacific neighbours we believe that tourism will help support the socio-economic opportunities of our people.

We are very blessed with some of the world's finest natural attractions including the world's largest marine protected area, the Phoenix Island Protected Area.

Sustainability underpins the Kiribati National Tourism Action Plan – be it focussing on infrastructure, investment or management of our natural assets.

As a government we will be focussed on delivering on the actions within this strategy and on stimulating tourism for the best interests of the people of our proud country.

Warm Regards

Hon. Temate Ereateiti

Minister for Communications, Transport and Tourism Development

Contents

1.0 Introduction	5
1.1 Purpose of the Kiribati National Action Plan.....	5
1.2 Defining Tourism.....	5
1.3 This is Kiribati.....	6
2.0 Kiribati Development Plan.....	6
3.0 Why Tourism?.....	7
3.1 Economic Rational.....	7
3.2 Labour Force Rational	8
3.3 Social, Environmental and Heritage Benefits.....	8
3.4 Sustainable Tourism Development.....	8
3.5 CASE Study: Bhutan – The Development of a High Yield, Low Number Sustainable Tourism Model.....	9
4.0 Global Tourism Trends.....	10
5.0 A vision for Kiribati Tourism	11
5.1 Vision 2014: Economy	11
5.2 Vision 2014: Employment & workforce development	12
5.3 Vision 2014: Infrastructure	12
5.4 Vision 2014: Phoenix Island Protected Area	12
5.5 Vision 2014: Private Sector Development.....	13
5.6 Vision 2014: Market Segmentation.....	13
5.7 Vision 2014: Cruise Shipping.....	14
5.8 Vision 2014: Communication	14
5.9 Vision 2014: Airline Capacity	15
5.9.1 International Access	15
5.9.2 Domestic Access	15
6.0 Key Targets:.....	15
7.0 Current Analysis	16
7.1 Economic Benefit.....	17
7.2 Infrastructure	17
7.3 Workforce	17
7.4 Phoenix Island Protected Area.....	18
7.5 Enterprises	18
7.6 Cruise Shipping.....	19

7.7 Market Segmentation	19
7.8 Communication and Marketing	19
7.9 Airline Capacity and Routes	20
8.0 SWOT Analysis.....	20
9.0 Interventions for Change	21
9.1 Theme 1 – Investment in Infrastructure.....	21
9.2 Theme 2 – Enterprise Investment.....	24
9.3 Theme 3 – Communication	24
9.4 Theme 4 – Increased Aviation Access and Route Development.....	25
9.5 Theme 5 – Establishing a tourism “culture”	26
9.6 Theme 6 – Outer Island Development.....	27
9.7 Theme 7 – Education and Training.....	27
9.8 Theme 8 – Regulation, Taxation and Legislation.....	28
10.0 Implementation Timeline	29
2011-12	
11. Economic Analysis	31
11.1 Revenues from targets: (excluding multiplier) per annum.....	32
11.2 Implementation Key Assumptions:	33
11.3 Financial Conclusions.....	33
12. Project Management	33
13.0 Consultation	35
14.0 More Information	35

1.0 Introduction

1.1 Purpose of the Kiribati National Action Plan

This Action Plan is designed to provide the necessary strategies to stimulate a sustainable tourism industry that helps support the economy, community and the people of Kiribati. The plan explores a five year vision for the Government of Kiribati to strive to achieve by the year 2014.

The purpose of the Kiribati National Tourism Action Plan is to provide the vision, goals, targets and actions necessary to meet the challenges and capitalise on the opportunities available.

In establishing the vision and the principles that are at its foundation, the action plan examines the current state of play within the Kiribati tourism industry. These create a benchmark that underpins the plan.

Once understanding the current situational analysis and the vision for the sector for the next five years, the Action Plan identifies the key interventions required to reach the goals and objectives of the 2014 vision. These interventions include areas such as investment attraction, infrastructure and workforce development.

The 25 recommended interventions under the program should be seen as a 'package', each intervention impacts on others to achieve the required goals and objectives of the plan. Each intervention for change is approximately costed and the action plan provides an economic analysis of the impact of the strategy, both within the next five years and over the next 10 years.

The document is a tool for Government and industry to focus its attention on the key initiatives and projects that need to occur to stimulate tourism for the country. The Action Plan is designed to help the Government of Kiribati align its priorities to allow for future planning and development in areas that may have impact on the tourism sector.

1.2 Defining Tourism

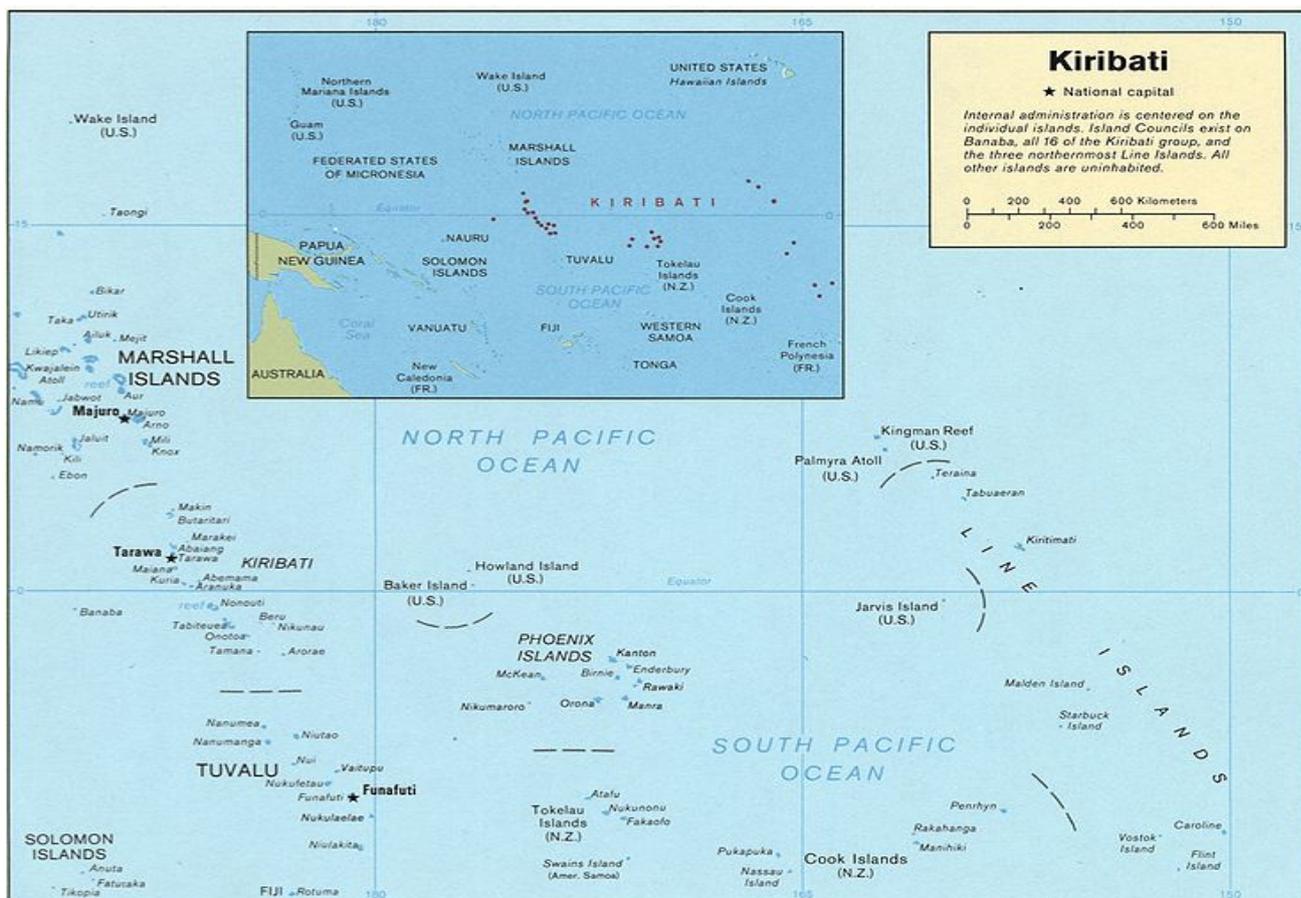
Governments and decision makers have recognised tourism as a key wealth generator and industry sector in its own right – not just an amalgam of many conventional industries that supply goods and services to tourists.

This Action Plan adopts a demand-side definition of tourism developed by the World Tourism Organisation and ratified by the United Nation's Statistical Commission, as follows:

"Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes"

1.3 This is Kiribati

Kiribati is made up of 33 low lying coral atoll islands divided into three main island groups scattered over a vast area of more than 2 million sq km of ocean. The distances between Tarawa (the capital in the Gilbert Group) and Kanton Island in the Phoenix Group and Kiritimati Island in the Line Group are 2,000km and over 3,000km respectively. Tarawa is about 2,000km north of Fiji and a similar distance south west of Hawaii.



2.0 Kiribati Development Plan

The Kiribati Development Plan 2008-11 is the key planning tool used by the Government of Kiribati to shape and form the future of the Republic. The document was developed through exhaustive community and stakeholder engagement.

The document has acknowledged a number of key economic priorities for the Republic over this period. **Tourism is one of the key priorities.** The focus of the Kiribati Development Plan in respects to tourism can be summarised as being in the following areas:

- Development of the Line and Phoenix Groups as tourism growth centres;

- The stimulation and enhancement of the private sector and public enterprises;
- Improving infrastructure – especially roads, airports and terminals;
- Improve the quality of local products and promoting them to tourists and overseas markets;
- The development and promotion of eco-tourism opportunities; and
- Strengthening wildlife conservation.

This document serves to provide a more detailed view of how tourism can be developed in Kiribati to the benefit of the country both economically and socially and to meet the goals of the Kiribati Development Plan.

In order for tourism to develop further in Kiribati there needs to be a combination of infrastructure development, industry co-ordination, training and development, and communication strategies implemented.

3.0 Why Tourism?

“For most if not all countries in the Pacific, tourism not only represents a viable source of sustained economic growth, but can be the basis for propelling countries toward prosperity” - Theo Levantis from Ausaid in his paper “The role of tourism for pro-poor growth in the Pacific”

Tourism is one of the most effective ways of redistributing wealth, by moving money into local economies from other parts of the country and overseas. It brings income into a community that would otherwise not be earned. Benefits come in 3 categories – economic, social and cultural.

3.1 Economic Rational

A **tourist dollar** is a new dollar injected into the local community economy whether it is on an Outer Island, Kiritimati or Tarawa. A percentage of this new dollar is spent in the community by the recipient and this new dollar is spent and re-spent within that same community creating a multiplier effect. One new dollar brought in by overseas travellers and spent on accommodation, transport, meals or experiences will then be spent again within the local community on food, education or other community needs. The more new tourist dollars entering a local economy and the longer the percentage is retained locally, the greater the economic benefit.

Tourism creates opportunities for the **development of small business and the private sector** through the establishment of new products, facilities and services, and expansion of existing businesses which would not otherwise be justified solely on the resident population. Areas such as merchandising, ocean based activities, and cultural activities and experiences can all be developed and promoted using existing resources and social structures. For example the sale of local handicrafts could be co-ordinated more effectively to ensure that no visitor to Kiribati leaves without the purchase of some sort of traditional handicraft. Alternatively co-ordinated and regular access to local dancing and cultural tours for visitors to access (and pay to see) can see more I-Kiribati generate an income. These small steps are a few of the many ways to ensure income distribution throughout a community using tourism.

Economic diversification is, for many communities, an insurance policy against hard times. By offering additional means of income, tourism can support a community when a traditional industry is under financial pressure, particularly where that community relies heavily on a single industry.

Sectors of the industry involved in the Tourism industry will contribute positively through the **taxation** system. Items such as income tax, head tax, airport departure taxes and the like can be used in areas such as preservation of national monuments, improvement of infrastructure, to develop community projects, conservation or documenting social histories.

3.2 Labour Force Rational

The World Tourism Council estimates that travel and tourism provides employment for more than 100 million people worldwide (that's one in sixteen workers) and is responsible for over 7% of world wide capital investment. These wages and salaries are being paid through the new money brought into the countries by visitors.

Tourism is a labour intensive industry and creates many job opportunities, especially for young people and part-time and full-time workers. In the tourism, hospitality and recreation industries alone there are 50 categories of employment and approximately 200 classifications of occupations. Tourism related jobs can be developed through direct employment such as tour guides or hotel staff, they can also be developed in the areas of production and sale of handicrafts, production of food stuffs for the various hotels (eggs, fish, coconuts, local foods). Small groups, families or communities producing these items can then be co-ordinated for sale – creating both employment and income generation.

3.3 Social, Environmental and Heritage Benefits

Community identity and pride can be generated through tourism. A positive sense of community identity can be reinforced and tourism can encourage local communities to maintain their traditions and identity. This has certainly been seen across numerous Pacific island nations who have embraced tourism.

Tourism can also help communicate wider global messages through a greater understanding and dissemination of social and cultural backgrounds and interactions. In particular Kiribati does have an opportunity to use tourism to reinforce its key international message relating to climate change and the rise of sea levels.

3.4 Sustainable Tourism Development

Tourism development within Kiribati can be undertaken within a structure that fits with government and community capabilities, policy and development goals. Discussion of tourism in the Pacific often conjures up images of mass tourism, large amounts of foreign investment and little or no connection with the community. Tourism does not need to be this way. There are many global examples of countries

that have developed viable tourism industries without the need to be overrun by visitors or have their resources over stretched.

Such examples of policies that can be adapted to manage the development of a tourism industry include:-

- **Caps on visitor numbers** - This strategy is used successfully in Bhutan. This country makes more per visitor than any other country in the world. They cap visitor entry at 10000 and then require a mandated average per day spend –starting from a minimum of \$200 USD per day.
- **Distribution Strategies** – Identifying specific areas of the country for tourism development and focusing activity there. In the Kiribati example Kiritimati, the Outer Gilbert group and Kanton all suit this model. This strategy is also in line with the Kiribati Adaption project.
- **Foreign Investment Policies**
- Strategies that **support the conservation and preservation** of both cultural and environmental heritage.

Many of these issues have been specifically identified in the Kiribati Development Plan. It is imperative that tourism is developed in Kiribati in a manner that the environment at large can sustain.

Sustainability of a tourism industry is an achievable target for a developing nation such as Kiribati. Tourism has been embraced by many countries in the developing world. One of those is the small nation of Bhutan in central Asia.

3.5 CASE Study: Bhutan – The Development of a High Yield, Low Number Sustainable Tourism Model

Bhutan’s tourism industry began in 1974. It was introduced with the primary objective of generating revenue, especially foreign exchange; publicising the country’s unique culture and traditions to the outside world and to contribute to the country’s socio-economic development. Since then the number of tourists visiting Bhutan has increased from just 287 in 1974 to nearly 10,000 today.

The royal government had always been aware that an unrestricted flow of tourists have negative impacts on Bhutan’s pristine environment and its rich and unique culture. The government, therefore, adopted a policy of “high value-low volume” tourism, controlling the type and quantity of tourism right from the start. Until 1991 the Bhutan Tourism Corporation, a quasi-autonomous and self financing body, implemented the government’s tourism policy. All tourists, up to that time came as guests of the Bhutan Tourism Corporation, which in turn operated the tour organisations, transport services and nearly all the hotels and accommodation facilities. The government privatised tourism in October 1991 to encourage increased private sector participation in the tourism sector. Today there are more than 75 licensed tour operators in the country.

Currently the minimum daily tariff set by the Department of Tourism for both cultural tours and treks is US \$200 a day.

The royal government's overall objective of maximising foreign exchange earnings while minimising adverse cultural and environmental impacts of tourism seems to have paid off. The tourism industry has made significant contributions to the socio-economic development of the country. Bhutanese have also found employment as guides, cooks, transport operators and hotel and restaurant owners

4.0 Global Tourism Trends

There are a number of global tourism and consumer trends that Kiribati is well placed to take advantage of in developing its marketing and tourism development activities.

- The world is beginning to look the same, travellers crave experiences that are authentic and genuine;
- Consumers are looking to travel for personal development and self actualisation;
- Consumers are seeking experiences that are off the well beaten tourism trail, they are seeking the passport stamps that few others have;
- As consumers become more environmentally and socially aware they are seeking holiday experiences that match;
- Experience, Experience, Experience – for many the swim up pool bar is losing its appeal as consumers want to become more involved in a destination and its people.

These trends are resulting in the growth of a group of consumers who travel as a lifestyle. They travel to explore their areas of special interest (eco, people, fishing) and they are continually seeking information on new destinations to explore.

Kiribati is well placed to take advantage of these global trends for the following reasons:-

- The isolated and remote nature of the country has ensured that the culture of the country is well preserved and part of everyday life for the I-Kiribati. This is especially so for the Outer Islands of the Gilbert group and Line Island Groups;
- The *experience* provided by the key tourism activities in Kiribati is second to none (e.g Kiritimati Island and fishing) and are able to lead the special interest category;
- The environmental issues facing the country will put Kiribati in the spotlight and grow interest in the country;
- Kiribati is able to target this group of consumers through the promotion of the countries key tourism truths – it's traditional way of life and culture, its fishing, and the boutique nature of tourism within Kiribati ;
- Kiribati is able to position itself differently to other countries in the Pacific thus creating a different story for the region and a reason to visit;
- Product development can be targeted at this segment specifically; and
- Being home to the world's largest marine protected area.

5.0 A Vision for Kiribati Tourism

“For tourism to become the largest and most sustainable economic sector driving employment, growth and the Kiribati economy.”

The Kiribati National Tourism Action Plan establishes the vision for the Kiribati tourism industry over the next five years. In doing so, it provides goals and targets for unifying industry and government action.

The aim is to create a tourism industry that is economically, environmentally and socially sustainable, a significant driver of economic growth and a creator of individual wealth and prosperity.

Tourism in 2014 **will be** a major contributor to the social, environmental and economic value of the Kiribati nation. The industry will have grown out of its infancy and will have developed into a maturing sector. Tourism will be at this time achieving its aim of stimulating the Kiribati nation and providing it with a strong and stable economic basis for its future.

A flourishing Kiribati tourism industry in 2014 will be one that:

- Showcases Kiribati as a leading, vibrant and innovative tourism destination
- Delights travellers with enriching, enjoyable and exciting visitor experiences that are distinctly “Kiribati”
- Generates business growth and profitability, creates jobs , and stimulates the growth of the Kiribati economy
- Enriches the many communities that make up Kiribati
- Celebrates and protects Kiribati culture, heritage and magnificent natural environment
- Champions an industry-wide culture of partnership and mutual respect.

A tourism industry in 2014 will be further characterised by the following.

5.1 Vision 2014: Economy

Being an industry that is driven by the private sector, tourism will be a significant industry segment for the Kiribati economy by 2014. The industry will be driving economic growth and increased prosperity for the nation and a leader in employment.

The industry will be one of the primary export earners for the nation and help decrease the sharp disparity between imports and exports into the nation.

Tourism and the hospitality sector will also by this time be producing significant levels of taxation and government revenue of the Government of Kiribati through the provision of increased income and business taxes, cruise shipping head taxes, levies and commercial revenues.

All measures will significantly improve gross domestic product and help decrease the widening balance of payments to the economy.

5.2 Vision 2014: Employment & workforce development

As a labour intensive industry, tourism and hospitality will be a major employer of the I-Kiribati people by 2014.

The workforce will be a confident, skilled and committed labour force. The sector will be focussed on constant improvement and achieving high levels of customer service.

By this time there will be a 'culture' of tourism education and training within the community that allows those willing and interested to increase their opportunities to work in the tourism and hospitality industries both in Kiribati and abroad.

In particular there is a focus on the education of critical positions such as chefs and hotel management.

5.3 Vision 2014: Infrastructure

To achieve a strong and positively growing tourism and travel industry it is critical to maintain sustainable infrastructure that can assist in the support of the sector.

A number of key pieces of infrastructure will be the cornerstone of tourism development. These being:

- Bonriki International Airport and terminal facility;
- Cassidy International Airport and terminal facility;
- Kanton Airport and refuelling centre;
- Cruise Shipping Port of entry on Kiritimati Island;
- Tourism master plan precinct in London on Kiritimati Island.

All of these pieces of infrastructure will be critical for the growth and maintenance of a tourism industry. Each of them will need to be maintained to meet international safety standards.

5.4 Vision 2014: Phoenix Island Protected Area

The Phoenix Island Protected Area will be the jewel in the crown of the Kiribati national tourism and travel industry. By 2014, as a world heritage listed area this zone will become a premier location for travellers. The area will become the adventure heart of the South Pacific with it being a magnet for divers and sports fishing enthusiasts.

The area will be connected to the world through a weekly flight that connects the outside world to Kanton Island. To accommodate visiting travellers, Kanton Island will host a world renowned fishing/adventure 'eco' lodge for up to a maximum of 20 visitors at any given time.

The area will also become a key location for visiting yacht and charter vessels travelling the Pacific from other ports.

The environmental sustainability of the area will be paramount and any tourism that occurs will be sensitive to the natural eco-systems of the area.

5.5 Vision 2014: Private Sector Development

Kiribati will be open for business in the tourism sector in 2014. The country will not only have seen the establishment of a number of major and significant enterprises, but will also be a place where small and micro enterprises in tourism are flourishing.

Critically the country will contain a number of major 'nation' building businesses that have been developed with the assistance of foreign investment. Such examples of businesses of 'national significance' could include;

- 1-2 new fishing lodges on Kiritimati Island;
- A new fishing/adventure lodge on Kanton Island;
- Two International Standard Game Fishing business – one in Tarawa and one in Kiritimati Island;
- Commercial airflights between Kiritimati, Fanning and Washington Islands;
- Blue water yachting charter business in Tarawa;
- Revitalisation of the Otintaai and Captain Cook Hotel.

In parallel to the growth of these enterprises of 'national significance' will be the creation and development of small and 'micro' enterprises across the nation. Such businesses will become the life blood of the Kiribati tourism and travel industry and increase the traveller experience for those who visit, and more importantly provide families and communities with an income stream.

Examples of such businesses should include dive operations, marine activity centres, cultural and general tours, restaurants, booking agents, boat charters, handicrafts, interpreters and transport arrangements.

Such small and micro enterprises will be a significant contributor to the Kiribati economy through employment and taxation revenue.

5.6 Vision 2014: Market Segmentation

The sector will be characterized as still being relatively low in visitor numbers – with a target of between 6000-10000 people per annum, but will be focussed on high yield tourism opportunities. For example a tourism industry of 6000 people who spend \$3000 each generating in country income of \$1.8 million per year will be more sustainable and socially acceptable than an industry based on high numbers but

lower visitor expenditure. With high numbers requiring additional infrastructure and facilities that are not available and have a high impact on the community.

As a low number, high yield destination, Kiribati in 2014 will remain true to its traditional markets being fishing, cultural/geo tourism, visiting yachts and cruisers and cruise shipping. These markets offer Kiribati the opportunity to remain a 'niche' tourism destination without the need to open up to a 'catch all' mentality as other South Pacific nations have.

5.7 Vision 2014: Cruise Shipping

Cruise shipping by 2014 will once again be one of the key drivers of tourism numbers into Kiribati. The country will again capitalise on its strategic location between four key source markets. These being Australia, United States, Japan and Tahiti.

Kiritimati, underpinned by infrastructure that will not only make it easier for cruise ship tenders to come into the Port at London but also new facilities ashore will be a major focus for new ports of call. Tarawa will be a 'special interest' port of call for especially Japanese cruise ships.

The key significant location of choice for cruise shipping will be Fanning Island where a cruise ships will have a natural locality to base for a high quality South Pacific port of call.

5.8 Vision 2014: Communication

By 2014 it will be vital to maintain a strong level of communication and marketing of Kiribati as a destination within the market place.

In particular it will be vital for the Kiribati National Tourism Office to work smarter in the area of marketing and communication. Core activities of the national tourism office will be in the areas of public relations (attracting travel journalists), digital marketing and 'niche' travel trade. These three areas will be the most cost effective ways of marketing and communicating to potential visitors.

With respects to public relations it will be critical to maintain a strong focus on attracting journalists from the key source markets, these being; Australia, New Zealand, United States of America, Japan and Continental Europe. A pool of funds will be required to constantly encourage travel journalists to visit Kiribati to write positive public relations stories.

Digital marketing will be the future of the tourism industry and is something that both the National Tourism Office and tourism and travel operators need to engage with more significantly. This will include undertaking web page 'optimizations' of key Kiribati websites, promotions of online sites such as major fishing web portals as well as the delivering of online booking systems for operators.

Finally there needs to be a culture of strongly engaging with the international travel trade sector that a focus on niche destinations such as Kiribati. Such engagement needs to include regular 'familiarisation' visits and in market representations.

5.9 Vision 2014: Airline Capacity

5.9.1 International Access

To achieve the above vision it will be critical to be able to increase air access into the country by 2014. It is expected to achieve all the above outcomes there will need to be a 15-20% increase in seat capacity into the country with special focus on Kiritimati and Kanton Islands.

An example of such route development outcomes would be to implement a new service that would link the west coast of America to Kiritimati Island, then onto Kanton Island and return.

This service would be in addition to the existing services that currently operate to Kiribati, these being; services from Nadi to Tarawa, Nadi to Kiritimati Island and then onto Honolulu.

By 2014 the Ministry of Transport will maintain a stronger and more proactive relationship with the airlines that operate services to Kiribati and be working with them in partnership to continuing to support the growth of tourism to the country.

5.9.2 Domestic Access

By 2014 there will be enhanced domestic services between all islands of the Gilbert Island Group. This will be underpinned by both the government operator, Air Kiribati and commercial operators.

In addition by this time there will also be regular air services available to the Fanning and Washington Islands connecting to Kiritimati Island.

Also a service that links both Kiritimati to Kanton Island thus opening up the Phoenix Islands will be available.

6.0 Key Targets:

The Kiribati National Tourism Action Plan is underpinned by a variety of key targets and indicators that underpin the initiative. The 2014 targets include:

- Tourism generating 40-50% of the gross domestic product for the nation
- 1200 (full, part time and casual) employees within the tourism and hospitality sector
- 40 new micro, small and medium sized businesses
- 6 enterprises of 'national significance'
- Cruise ship visitation of 32,500 minimum tourists
- Visitation of 10,000 on average land based travellers

- Increased seat capacity of airlines with routes to and from Kiribati
- 15% increase in visitor expenditure

In addition to achieving the key goals of the Kiribati Development Plan, this strategy will work to achieve a number of key action items developed in the Millennium Development Goals. These include:

- Achieve full and productive employment and decent work for all, including women and young people
- Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources
- Address the special needs of least developed countries, landlocked countries and small island developing states

7.0 Current Analysis

Tourism is very much in its infancy in Kiribati. There has been an emerging industry develop that has seen a steady increase in economic and employment opportunities for the I-Kiribati.

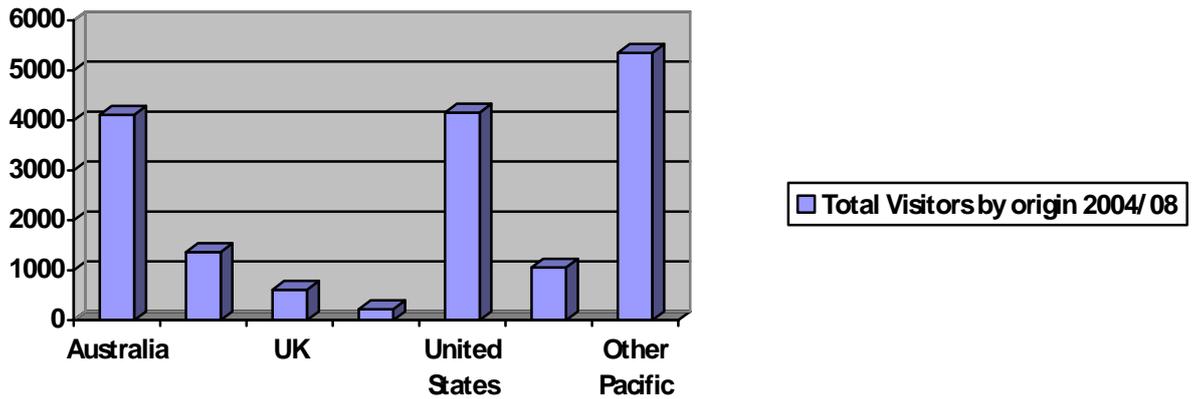
Tourism visitation over the past five years has been at the following levels:

Table One: Air based arrivals 2004-2009 **Table Two: Sea based arrivals 2004-2009**

Year	Visitation
2004	3,404
2005	4,137
2006	4,406
2007	4,709
2008	3,871

Year	Visitation
2004	60,494
2005	46,085
2006	6,421
2007	27,558
2008	6,263

Graph One: Total Visitors by origin 2004/08: Source Kiribati National Tourism Office visitation statistics.



The following section reflects the current situation of tourism within the Republic of Kiribati as of 2009.

7.1 Economic Benefit

Tourism is currently approximately 20% of the country's GDP. Its greatest economic benefit being seen on Kiritimati Island. Tawara also derives significant income from tourism. At this stage the Outer Islands of the Gilbert group are yet to see any significant economic benefit, with the exceptions of Abemama, Abaiang and Butaritari.

Importantly the economic benefit of tourism in Kiribati currently is not spread throughout the community but concentrated in a few small businesses.

7.2 Infrastructure

Current infrastructure barely supports the current level of visitation. Airports and hotels are in poor condition and will need development if potential is to be realised. Without an investment in infrastructure Kiribati will have difficulty in attracting cruise ships, airlines or foreign investment. These infrastructure issues are also impacting on visitor safety and satisfaction.

7.3 Workforce

The current workforce consists of those directly employed by accommodation houses, airlines, and those employed in the fishing industry on Kiritimati Island. There are a small number of people employed within private enterprise.

These staff suffer from lack of training, management, and exposure to service standards experienced in other parts of the world. Their inherent shyness around E-Matangs (foreigners) also inhibits service delivery to the level expected by visitors. Unfortunately this often results in staff confidence being further reduced when having to deal with a difficult or awkward situation – whether in relation to service, timing, or quality. This issue is more prominent on Tarawa than Kiritimati Island.

A number of hospitality staff have or are taking part in a range of courses offered (on scholarship) by the Australia-Pacific Technical College. It is important that the skills obtained through these programs are transferred to other staff and implemented into the business.

At this point there are few people employed through small business or ancillary services such as merchandising, tour guiding, interpreting, cultural activities.

7.4 Phoenix Island Protected Area

The Republic of Kiribati has taken the commendable step of declaring the Phoenix Islands archipelago and surrounding waters, an area of 410,500 sq. km., as the Phoenix Islands Protected Area (PIPA). It is the largest marine protected area in the world today. The Phoenix Islands group is one of the Earth's last intact oceanic coral archipelago ecosystems. The coral reefs and bird populations of the islands are unique and virtually untouched by man. Since the beginning of human settlement of the Pacific Islands, the Phoenix Islands have represented a marine wilderness area that has had very limited human exploitation due to their extremely remote location. With recent advances in the fishing industry and impacts of global climate change, isolation can no longer be relied on to conserve these atolls. The Republic of Kiribati, in partnership with the New England Aquarium and Conservation International (CI), has committed to the protection of the Phoenix Islands and their surrounding waters. The Phoenix Islands Protected Area has also been nominated as a UNESCO World Heritage Site due to its unique biological, cultural and historical significance.

PIPA's relevance as a tourism destination itself is hampered by the lack of access to the area. At present the only way to access the marine protected area is via the Kiribati Government's supply vessel or by charter boat.

7.5 Enterprises

Entrepreneurs are starting to take their first tentative steps into the tourism industry and it is important that the industry is guided and co-ordinated through this process. Business's such as Coral Sun Airlines and a raft of potential new locally owned small business's are beginning to emerge and are only enhancing the potential opportunities of tourism in Kiribati.

These business's need to review their pricing structures to ensure their continued viability and allow appropriate marketing activity to ensure a steady flow of business. There are also significant opportunities for these businesses's to improve their yield through value adding and packaging. This may include things such as merchandising, packaging and co-ordination of operations and back of house activities.

Safety, cleanliness, and quality control policies and procedures also need to be implemented and adhered to. Minimum standards legislation needs to be

developed to all tourism products to help ensure safety and security remain at high standards.

In the last 12 months alone the KNTO has consulted with approximately 35 potential business's looking at opening tourism operations.

7.6 Cruise Shipping

After a period of strong number in the early 2000's, cruise ship ports of call have reduced to zero in 2009. The cause of this can be attributed to a combination of poor port facilities and infrastructure. In addition, the on-ground co-ordination and processing has been poor, resulting in negative visitor feedback to the cruise ship companies. Relationship development and marketing activities have also not allowed the development of this sector.

7.7 Market Segmentation

Kiribati current visitors currently fall into the following categories:-

- Fishermen from Australia, New Zealand, Japan and the USA travelling to Kiritimati Island
- Consultants and long terms contractors to Tarawa who undertake tourism activities while in Kiribati working
- Small groups undertaking retreats and workshops as part of wider consulting programs
- Yachties sailing throughout the Pacific visiting Tarawa and a variety of Gilbert Islands, primarily Abiang and Butaritari
- Small number of FIT (Free and Independent Travellers)
- Visiting friends and relatives

Kiribati has adopted the promotional positioning of "For Travellers Not Tourists". Thus telling the global community the type of experience they can expect and directly targeting those people who are looking for an experience that matches Kiribati unique selling proposition of:-

A culturally intact community, off the well beaten tourist trail, that offers visitors world class fishing, access to one of the world's most pristine protected areas, and a cultural experience that takes you far from the internet, mobile phones, and the conveniences of our everyday life.

Kiribati does not offer swim up bars, fluffy towels, and cocktails. Visitors to Kiribati should expect an experience that will make them reflect on their everyday lives, it is for people who's motivations for travel are to experience another way of life far removed from the western world.

7.8 Communication and Marketing

A majority of Kiribati's promotion to date has come as a result of its strong partnership with the regional tourism organisation, South Pacific.Travel. Kiribati has been unable to undertake significant international trade missions, attendance at

travel shows and normal marketing activities due to the lack of financial resources. The budget for marketing tourism in Kiribati is less than \$5000 per year in real terms.

There have been a number of public relations opportunities that have resulted in stories on Kiribati appearing in fishing publications and documentaries. The cost effectiveness of public relations cannot be underestimated when working with limited budgets as is the case with the KNTD and the tourism industry.

Digital marketing has also been identified as the cornerstone for the marketing program of Kiribati. The new tourism website for the country will promote all tourism operators within the country. This will be supported by a number of other digital marketing activities including a Kiribati social networking site and enhanced communication with interested visitors.

The production of a Kiribati promotional video is also underway.

7.9 Airline Capacity and Routes

International services to Kiribati at the time of writing are as follows:-

- Air Pacific service from Nadi twice a week to Tarawa
- Our Airline operating from Australia via Honiara and Nauru flying once a week.
- Air Kiribati international flying between Tarawa and Nadi once a week.
- Charter service from Honolulu to Kiritimati once a week
- There is also capacity for private charters to the three international gateways to Kiribati – Bonriki, Kanton, Kiritimati

International airline services to Kiribati are currently under review in a request for proposal process that was implemented shortly after the withdrawal of the Air Pacific Flight to Kiritimati Island in August 2008. It is expected that the outcome to this process will improve air access to Kiribati for the long term..

The entry of a new domestic carrier also opens the opportunities for increased tourism to the Outer Islands of the Gilbert group. In the past these service have been unreliable with ineffective booking systems. The purchase of more reliable planes by Air Kiribati will also enhance this service and the opportunities for packaging and charter services for groups.

8.0 SWOT Analysis

Strengths

- A strong and vibrant culture
- Fishing opportunities of Kiritimati Island
- A traditional lifestyle that the majority of the Kiribati population still enjoy
- Industry in its infancy and commercialisation by global players is NIL
- Strong currency and stable government

Opportunities

- The focus on Kiribati in the debate on climate change
- Differentiated product opportunities with other Pacific nations engaged in tourism
- Phoenix Island Marine Protected Area (PIPA)
- Global tourism trends indicating that travellers are looking for self actualisation in their holiday experience – a chance to learn, participate and become a part of the destination they are visiting
- Development of new product that match's consumer needs
- Improved and more targeted marketing

Threats

- Climate change
- Reduction in air services and access
- Global competition in the tourism marketplace

Weaknesses

- Pollution and rubbish on Tarawa
- Limited and expensive access to all locations
- Random access to outer Islands
- Financial resourcing to establish and maintain a marketing program for the country
- Customer Service

9.0 Recommended Interventions for Change

The Kiribati National Tourism Action Plan consultation process identified a number of major issues facing the potential growth of the Kiribati tourism industry. Distilling these issues saw a number of clear theme areas requiring interventions that help the support of the achievement of the 5 year vision for tourism growth.

These key themes include:

- Investment in Infrastructure
- Enterprise Investment
- Communication
- Increase Aviation Access & Route Development
- And establish a tourism "culture"
- Outer Island Development
- Regulation, Taxation and Legislation
- Education and Training

The following recommended actions or interventions within each theme area deliver a package of outcomes that will make a measurable difference. The outcomes across the eight themes collectively contribute to achieving the Action Plan's goals and visions.

9.1 Theme 1 – Investment in Infrastructure

Intervention One – Upgrade of the Bonriki International Airport & the purchase of a new fire truck

Project Description: Resurfacing of the existing runway, construction of runway lights, fencing and redevelopment of the existing air terminal buildings to an ICAO standard. Currently this project has received donor support. The current plans however do not include the provision of a new additional fire truck which is needed to allow air services from any 737-800 series aircraft or above. Such a fire truck will be pivotal to obtain TSA approval to allow US flag vessels to land at Bonriki and to increase seat capacity.

Timeline: 2009-10

Implemented by: MCTTD

Estimated Project Cost: Project funding has been developed for the development of the runway and terminal building. However an approx cost \$500,000 for a fire truck to increase air capacity is noted.

Intervention Two – Cassidy International Airport Terminal Upgrade

Project Description: Rehabilitation of the existing runway, upgrade to the runway lighting, fencing and major reconstruction of the terminal facilities. The Ministry of Communications, Transport and Tourism Development are currently undertaking engineering support analysis to scope the development of the runway rehabilitation. Funding for this rehabilitation may have been secured. However funding for the cost of the terminal building has not and as such makes up the bulk of the financial costing of this project.

Timeline: 2010-11

Implemented by: MCTTD, MLPID, MPW

Estimated Project Cost: \$1.1 Million

Intervention Three – Kanton Airport Analysis and Development

Project Description: Kanton Airport has not been in use for some years. The first stage of this initiative will be to seek the services of an engineer to scope out the airport and provide a thorough overview of any major work that needs to be undertaken. It appears that the runway service is in good condition and all that would be required is the re-establishment of fuelling facilities and an upgrade to terminal facilities, however this would need to be confirmed by the engineering consultant engaged to undertake the review.

Timeline: 2010

Implemented by: Consultant

Estimated Project Cost: \$80,000

Intervention Four – Kiritimati Island Cruise Shipping Infrastructure and Tourism Precinct

Project Description: Creation of a master planned tourism precinct around the port area of London on Kiritimati Island that supports the growth of the cruise shipping ports of call for the island. Such a precinct will include a cultural centre, tourism services, retail, undercover area for immigration processing and a second for handicraft stalls, landscaping of the 'spit' area, relocation of unsightly buildings.

In addition this project will include a major dredging of the channel that will allow cruise ship tenders safe passage to the harbour and port areas in London.

Timeline: 2009-11

Implemented by: MCTTD, contractors, MLPID, MPW

Estimated Project Cost: \$3.5 Million

Intervention Five – Development of a WW2 Interpretive Centre on South Tarawa

Project Description: Development of an interpretive centre based at Takaronga Point in Betio that focuses on interpreting and conserving the World War II heritage and history. Such a 'tourism precinct' would include a tourism information centre, offices of the Kiribati National Tourism Office as well as retail space.

Timeline: 2010-12

Implemented by: Contractors

Estimated Project Cost: \$1.5 million

Intervention Six – Upgrade and Refurbishment of the South Tarawa Cultural Centre

Project Description: Supporting a general refurbishment and upgrade to the static displays within the Cultural Centre on South Tarawa.

Timeline: 2011

Implemented by: MISA, MCTTD, Contractors

Estimated Project Cost: \$200,000

Intervention Seven – Redevelopment of Cruise Shipping Infrastructure on Fanning Island

Project Description: Work to undertake the redevelopment and strengthening of the shore based pier and on shore infrastructure that supports the transiting of passengers off cruise ship tenders

Timeline 2010

Implemented by: Ministry of Works, FIC

Estimated Cost: \$50,000

9.2 Theme 2 – Enterprise Investment

Intervention Eight – Projects of National Significance

Project Description: Undertaking a “request for proposals” process to encourage both foreign and domestic private investment in a range of projects of national significance set down by the Cabinet of the Government of Kiribati. Such projects could include new fishing resorts on Kiritimati, an adventure/fishing lodge on Kanton Island, International standard game fishing operations in Tarawa and Kiritimati, the full or part privatisation of the Otintaai and Captain Cook Hotels. Such a process would be managed by a short term technical assistance advisor who would be responsible for the development of a ‘request for proposal’ document, the development of a database of potential investors, and managing the process of evaluation.

Timeline: 2009-10

Implemented by: Consultant, MCTTD, MCIC

Estimated Project Cost: \$50,000

Intervention Nine – Micro Enterprise Development

Project Description: An incubation program for the development of small business in the tourism arena. The program will focus on the education, training and development of small business operators who have shown the motivation to become involved in the tourism industry. The program will operate both on Tarawa and Kiritimati Islands with training to be undertaken in the areas of business development, marketing, and financial aspects. The project will require the engagement of a technical assistance advisor to support this initiative. This advisor will work directly to build the capacity of two currently employed Tourism Development Officers currently working for the Kiribati National Tourism Office.

Timeline: 2009-12

Implemented by: Consultant, MCTTD

Estimated Project Cost: \$270,000

9.3 Theme 3 – Communication

Intervention Ten – Targeted Campaign to Lift Kiribati’s Profile

Project Description: Support the establishment of a more professional communications program to target markets and segments promoting visitation to Kiribati. Programs will be undertaken in Australia, New Zealand, Japan, the USA and Germanic Europe. The program will be focused on digital marketing and public relations activity and communicates to potential visitors the reasons for visiting Kiribati and how to do it. This project will need to run over a minimum of 4 years as

an operators foundation program and will then need to be resourced by tourism revenues.

The program will see funding support to encourage the development of a 'visiting journalists' program, optimisation of digital marketing and the support of increasing partnerships with the travel trade industry through familiarisations to Kiribati and in market visits.

Timeline: 2009-13

Implemented by: MCTTD

Estimated Project Cost: \$1.6 million (over 5 years)

Intervention Eleven – Cruise Shipping 'business development' agent

Project Description: Engagement of a technical assistance advisor to undertake the role of a relationships manager with the various cruise shipping companies operating in the Pacific. This role would be responsible for the communication of the cruise shipping infrastructure development program and the securing of ports of call for Kiribati. The incumbent would be required to meet and liaise with cruise shipping executives and itinerary planners on an ongoing basis including the attendance all major international cruise shipping events.

Timeline: 2010-13

Implemented by: Consultant, MCTTD

Estimated Project Cost: \$450,000

Intervention Twelve – Implementation of a national online booking and reservation system

Project Description: Engagement of a technical assistance advisor for the period of one year to build the capacity of the Kiribati tourism sector and establish online booking of accommodation and tours as well as providing low cost reservation systems. The project would aim to increase the uptake by tourism operators in digital mechanisms that are commonly used worldwide and allow visitors to Kiribati to book tourism products with ease.

Timeline: 2010-13

Implemented by: Consultant, MCTTD

Estimated Project Cost: \$250,000

9.4 Theme 4 – Increased Aviation Access and Route Development

Intervention Thirteen – Aviation Policy Technical Assistance Advisor

Project Description: Engagement of a technical assistance advisor to be based within the Ministry of Communications, Transport and Tourism Development to provide advice and support to the Ministry in this highly technical area. Such a technical assistance advisor will be focussing on areas such assisting to maintain and forge new airline partnerships, airline policies, statistics and the development of new bilateral and multilateral agreements.

Timeline: 2011-11

Implemented by: MCTTD

Estimated Project Cost: \$340,000 (over two years)

Intervention Fourteen – New route program

Project Description: To provide seed funding for a new air route (West Coast of the US/Kiritimati/Kanton and Rtn) that would be underwritten for a period of three years to allow the commercialisation of the route. Such a service would increase air capacity into Kiribati by approximately 1600 seats per annum (based on a 30 seat air craft) thus providing the stimulus for increased development in tourism infrastructure and capital on both Kanton and Kiritimati Island.

Timeline: 2012-14

Estimated Project Cost: \$3.5 million (over three years)

9.5 Theme 5 – Establishing a tourism “culture”

Intervention Fifteen – Whole of Government tourism culture

Project Description: Cabinet to encourage all Ministries's to consider all policy actions and its impact on tourism and other key economic sectors. This has been successfully undertaken in Fiji over a number of years and ensures that this key economic sector is seen as a priority across government.

Timeline: 2009

Implemented by: MCTTD (KNTD), Sec Cab, Cabinet

Estimated Project Cost: Nil

Intervention Sixteen – Bone Fishing Regulation TA

Project Description: The engagement of a Technical Assistance Advisor for a period of three years to support the implementation and enforcement of the bone fishing regulations on Kiritimati Island and provide support and guidance to the Fisheries Ministry on issues relating to the preservation of fish stocks on the Island.

Timeline: 2010-2012

Implemented by: Ministry of Fisheries

Estimated Project Cost: \$510,000 (over three years)

Intervention Seventeen – Creation of a Tourism Month Promotion

Project Description: The creation of a “Tourism Month” each year that focuses the communities awareness of the tourism industry and its importance to the nation. Such a month could include a wide range of education and training opportunities, tourism awards of excellence, school visits, guest speakers and public relation opportunities.

Timeline: 2010-14

Implemented by: MCTTD

Estimated Project Cost: \$80,000 (for five years)

9.6 Theme 6 – Outer Island Development

Intervention Eighteen – Outer Island Relic, Shrine and Places of Significance Development Project

Project Description: Creation of a funding pool that allows Outer Island Councils to submit funding applications to help refurbish and protect and preserve relics, shrines and places of significance. Such funding can assist Councils with interpretive signage and fencing that aid in the preservation of key places of cultural significance.

Timeline: 2010-13

Implemented by: MCTTD

Estimated Project Cost: \$150,000 (over three years)

Intervention Nineteen – Outer Island Council Guest House Refurbishment

Project Description: Creation of a funding pool that allows Outer Island Councils to submit funding applications to support refurbishment activities to a maximum value of \$15,000 to allow Island Council's to meet minimum standards prescribed by national legislation in the area of building safety and hygiene. This i

Timeline: 2010-13

Implemented by: MCTTD

Estimated Project Cost: \$300,000

9.7 Theme 7 – Education and Training

Intervention Twenty – Workforce Capacity Building Initiative

Project Description: Implementation of a tourism workforce initiative that supports a three year education and training program through one registered training provider

of international standards within the tourism and hospitality industry. Such education and training should focus on areas such as customer service, hospitality operations, food hygiene, front office, international marketing and digital marketing.

Timeline: 2010-12

Implemented by: Consulting Registered Training providers, MCTTD

Estimated Project Cost: \$450,000

Intervention Twenty One – Scholarships for Hospitality Short Fall Areas

Project Description: Instigation of 20 annual scholarships for key skill shortage areas within the tourism and hospitality areas. Primary focus should be in the area of commercial cookery which currently has a significant short fall in skills within Kiribati.

Timeline: 2009-2014

Implemented by: MCTTD, MLHRD,

Estimated Project Cost: \$1.5 Million

9.8 Theme 8 – Regulation, Taxation and Legislation

Intervention Twenty Two – Local Government Licensing Fees

Project Description: Standardisation of all local government business licences that involve tourism operations. Such standardisations will help provide increased business confidence and stamp out inconsistencies and examples where local governments have unnecessarily increased fees without due consideration. Fees would be set annually by the Minister for Internal and Social Affairs. Such a fee schedule will break down fees relevant to localities and by the number of beds that the accommodation is licensed for. For example, accommodation on South Tarawa and Kiritimati would be rated higher compared to guest houses and eco resorts on outer islands.

Timeline: 2010

Implemented by: MCTTD MISA, AG

Estimated Project Cost: Nil

Intervention Twenty Three – Review of taxation and revenue collection

Project Description: Implementation of a whole of government review on how the Government of Kiribati collects revenues from taxation and fees and charges from the tourism industry with a view to implement a new tax regime that enhances government revenue. Such items to be reviewed include existing fees such as airport head taxes, hotel turnover tax, fishing licences, and departure taxes etc.

Timeline: 2009-10

Implemented by: Consultant, MCTTD

Estimated Project Cost: \$50,000

Intervention Twenty Four – Minimum Standards Legislation for Accommodation, Tour Businesses and Travel Agents

Project Description: Legislation to enforce minimum safety and security standards within the tourism accommodation and tour sector. Such legislation should mirror the prescribed minimum standards set down by the recent review provided by South Pacific Travel. Minimum standards should include areas such as fire safety, health and hygiene, building safety and maintenance, facilities, sustainability and waste management.

Timeline: 2010

Implemented by: MCTTD , AG

Estimated Project Cost: Nil

Intervention Twenty Five – Rogue Trader Legislation

Project Description: Legislation enacted to criminalise rogue and dishonest behaviour within tourism operations. Such legislation will protect consumer rights and enforce measures to ensure visitors rights are protected. Such legislation should mirror international standards in the area and work to build a culture of high standards and customer service within the tourism sector.

Timeline: 2011

Implemented by: MCTTD , AG.

Estimated Project Cost: Nil

10.0 Implementation Timeline

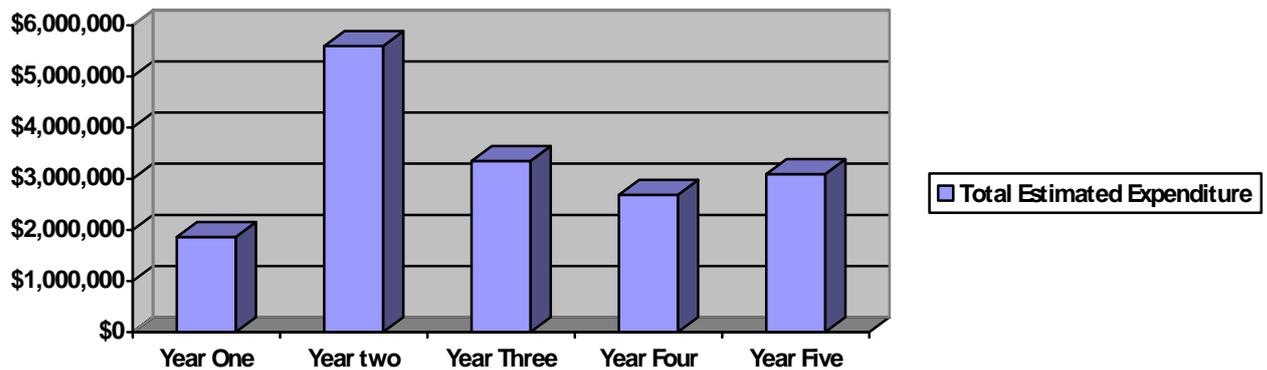
It must be stressed that the above interventions for change have been developed in an integrated manner viz that most of the projects are linked or correlated in many shapes and forms.

It is more prudent to breakdown interventions by timeline rather than a staged manner. To this end the following table breaks down each intervention on a calendar (June to July) basis and estimates the rough expenditure over a given year of this strategy. The table also indicates whether a project is an ongoing one or one that would be completed during the course of that year.

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Intervention	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Kanton Airport - Analysis and Developmt		80				80
Cassidy International Airport (terminal)		1,100				1,100
Additional Fire Truck at Bonriki Airport	500					500
Kiritimati Cruise Shipping Infrastructure	700	2,800				3,500
Tourism/Aviation Policy Advisor (TA)		170	170			340
New Route Development Program (seed support for Kanton flights development)				1,160	2,340	3,500
Targeted Campaign to lift Kiribati Profile	200	400	400	400	200	1,600
Whole of Government Tourism Culture	Nil	Nil	Nil	Nil	Nil	Nil
O/Island Guest House Improvements		50	100	100	50	300
Review of Tax and Revenue Collection	50					50
Minimum Standards Legislation		Nil				Nil
South Tarawa Cultural Centre upgrading			200			200
WW11 Interpretive Centre on Sth Tarawa		200	1,300			1,500
Online booking and reservation system			250			250
Bone Fish Law & Fish Stocking Advisor		85	170	170	85	510
Creation of a "Tourism Month" in Kiribati	16	16	16	16	16	80
O/Island Relic, Shrines, etc development		25	50	50	25	150
Rogue Trader Legislation			Nil			Nil
Tourism Micro Enterprise Devt Project	45	90	90	45		270
Regulation of Local Govt Licensing Fees	Nil					Nil
Cruise Shipping Business Devt Agent		75	150	150	75	450
Upgrade Fanning Is cruise line facilities		50				50
Workforce Capacity Building Initiative		150	150	150		450
Scholarships - Hospitality Shortfall Areas	300	300	300	300	300	1,500

TOTALS (A\$'000)	1,811	5591	3,346	2,541	3,091	16,380
------------------	-------	------	-------	-------	-------	--------

Graph No 2: Depicts the total estimated annual expenditure over the five year life the Kiribati National Tourism Action Plan



11. Economic Analysis

The Action Plan is underpinned by a strong economic foundation for the Kiribati economy. The investment required to stimulate each initiative will be returned significantly as economic generation and growth for the Kiribati economy. In preparing this economic analysis the following assumptions have been used based on the projected targets within the action strategy for the years 2009-2014. These assumptions include:

- The total number of new businesses established – (60)
- The total number of new employees generated - (1200)
- The total number of cruise ship tourists arriving in Kiribati – (32,500)
- The total of **new** air arrival (non cruise ship) tourists – 5000
- Cruise head tax set at (\$10 per head)
- Average employee income (\$4000 per annum)
- Hotel Turnover Tax – (10%)

These assumptions are regarded as relatively conservative figures. Their development needs to be put into perspective. For example, the number of new businesses equals the establishment of just 12 new businesses in a calendar year for the next five years. Cruise ship arrivals are around a half of the average ports of call that had visited Kiribati between 1995-2005.

11.1 Revenues from targets: (excluding multiplier) per annum

With focus on the tourism sector through the interventions of this strategy there will be a subsequent growth in local monies generated that will help stimulate and diversify the Kiribati economy. Examples of such in-flows include:

- Net income from new businesses(excluding wage costs & taxation)
- Additional net income from existing businesses (excluding wage costs & taxation)
- Net wages income
- Cruise ship receipts
- Taxation (Hotel Turnover Tax, Departure Tax, Cruise Ship Head Tax, Income tax, business/corporate tax)
- Local Government Revenues
- Other government charges – duty on goods imported, visas,

Utilising the above assumptions and industry averages the following per annum revenues can be assumed:

- Additional net income from new Business (excluding wage costs & taxation) : \$2.325 million
- Additional Net income from existing businesses: \$1.75 million
- Additional Net wages income: \$4.8 Million (excluding income taxation)
- Cruise ship Receipts:\$975,000
- Taxation:
 - Additional Hotel Turnover Tax: \$525,000
 - Additional Departure Tax: \$100,000
 - Additional Cruise Ship Head Tax: \$325,000
 - Income Tax: \$1.2 M
 - Business/corporate taxation: \$1.25M
 - Local Government levy and charges: \$50,000
 - Other government charges: \$23,200
- Landowner receipts: \$40,000

In total it is expected that there will be an additional \$13,363,200 injected directly into the Kiribati economy each year (excluding the multiplier effect).

It is important to factor in the multiplier effect to gauge an accurate picture of the true economic worth of tourism in the local economy. Industry averages for the calculation of multiplier effects on the tourism sector vary from around 55 cents in the dollar to up to \$1.44 per dollar for countries such as Singapore. Given the high level of leakage from the Kiribati economy going into imported items the key assumption being used for the multiplier effect will be at the lowest industry average of 55 cents in the dollar. Using this assumption net revenue from further reticulation of direct spending will be:

Multiplier Effect: 0.55 cents in the dollar factoring in leakage = \$7,349,760 Million.

11.2 Implementation Key Assumptions:

Given the ramped up approach to this strategy it **should not** be expected that all revenues will immediately flow through as expected. As such the below indicates the level of additional revenues to flow. It is estimated that it will not be until year five that 100% of the above financial data will be available to be factored in.

The following assumptions also project potential revenues up to 2019. It should be noted that years 5-10 do not run at 100% of the projected figures given an expected tapering.

Year One: 5% of target	= \$1,035,648
Year Two: 10% of target	=\$2,071,296
Year Three: 40% of target	=\$8,285,184
Year Four: 65% of target	=\$13,463,424
Year Five: 100% of target	=\$20,712,960
Year 5 – 10 average 85%	= \$88, 030, 080 (Total for five years)
Total Revenue Projections	= \$133,598,592 M

11.3 Financial Conclusions

The total cost of the Tourism Strategy over its five year life will be approximately \$16.575 million. This is in addition to the existing \$2.5 million dollars that the Kiribati government on average would of spent on the Kiribati National Tourism office over a 10 year period. This equates to a total expenditure of approximately \$19 million dollars from 09/19.

As has been seen by the total revenues projected over the same ten year period this works out to \$133,648,592 Million.

As such the total net benefit of this strategy equates to for every one dollar invested there will be a net return on investment for the Kiribati economy of \$7.03.

12. Project Management

Implementation of such a significant level of interventions will require dedicated and expert project management at all levels. The initiative will require high level buy in from government and key stakeholders to ensure that the implementation effectiveness occurs.

To do this it is recommended that a high level steering committee be formed to manage the implementation of the interventions. This steering committee needs to be made up of senior representatives of the Kiribati Government, tourism industry. Such a committee could include the following representatives:

- Secretary Finance and Economic Development
- Secretary of Ministry of Commerce Industry and Cooperatives
- Secretary of the Ministry of Communications, Transport and Tourism Development
- Secretary of the Ministry of Line and Phoenix Island Development
- CEO Air Kiribati
- CEO Bank of Kiribati
- CEO Kiribati Development Bank
- CEO – South Pacific Travel
- Project Manager
- Director of Tourism, Ministry of Communications, Transport and Tourism Development (Secretariat)

This steering committee would meet on a quarterly basis annually.

From an operational level it will also be important to obtain expert skills in project management during the process of implementing the above initiatives. To do this it is also recommended that a project management team (PMT) – to sit under the Ministry of Communications, Transport and Tourism Development (separate but working in partnership with the Kiribati National Tourism Office) to be established to manage the role out of the initiative over the five year period.

The Unit would be made up of one international expert in the field of project management and two local project officers who will assist in providing project management support for the implementation of projects.

A budget for the total operation of the unit and cost of governance would be developed to an appropriate level. Such a figure would include all salaries/consultancy costs, costs for travel for steering committee member's overseas, domestic travel and administrative costs of the project team.

It would be also recommended that both the project unit and the steering committee regularly (at least each quarter) provide a written report to cabinet on the progress of the initiative any successes and issues that need addressing.

13.0 Annual Review

Given the period of time to implement the Action Plan it will be important that the Steering Committee undertake a regular review of each intervention and its proposed scope of works to ensure that current events, issues, opportunities and happenings are reflected in the action plan.

It is proposed that this review be held annually and also form part of a cabinet submission on the progress of the initiative.

14.0 Consultation

The Action Plan has been developed in partnership with the Kiribati National Tourism Office by an Ausaid funded Technical Assistance Advisor who has been based in Kiribati for a period of twelve months. During this time there has been a wide array of consultation at both industry and government levels.

There has been three industry consultation workshops undertaken to ensure the views of the private sector and key stakeholders have been taken on board. Two of these have been done in direct consultation with the business community – one being held in Tarawa and the other on Kiritimati Island. In addition there has been one whole of government workshop to discuss the draft initiative. This workshop included representatives from the following Ministries and government bodies:

- Ministry Office of the President
- Ministry of Finance and Economic Development (Planning Unit)
- Ministry of Environment, Lands and Development
- Betio Town Council
- Ministry of Public Works
- Ministry of Commerce, Industry and Co-operatives
- Foreign Investment Commission (MCIC)

14.0 More Information

To obtain further information on the development of tourism within the Republic of Kiribati please contact the Director of Tourism within the Kiribati National Tourism Office on:

PO Box 487

Betio, Tarawa

Republic of Kiribati

Ph: +68626003

Email: sto@mcttd.gov.ki or tourisminfo@mcttd.gov.ki