

FALKLAND ISLANDS
DEVELOPMENT CORPORATION

2021

BUSINESS CLIMATE SURVEY RESULTS REPORT



Falkland Islands
Chamber of Commerce

The Business Climate Survey 2021 was produced by FIDC.

Falkland Islands Development Corporation

Shackleton House
West Hillside
Davis Street
Stanley
Falkland Islands
FIQQ 1ZZ
Tel: +500 27211
Fax: +500 27210
E-mail: info@fidc.co.fk
Website: www.fidc.co.fk
Facebook: www.facebook.com/fidc83

With advice, guidance and support from the following organisations:

Falkland Islands Chamber of Commerce

West Hillside
Davis Street
Stanley
Falkland Islands
FIQQ 1ZZ
E-mail: manager@commerce.co.fk
Tel: +500 22264
Website: www.falklandislandschamberofcommerce.com

Rural Business Association

RBA Secretary
Davis Street
Stanley
E-mail: rba@horizon.co.fk
Tel: +500 52187

Falkland Islands Tourism Association

E-mail: info@fita.co.fk

CONTENTS

SECTION	Page
INTRODUCTION	3
SECTION 1 – BUSINESS BACKGROUND	4
SECTION 2 – BUSINESS PERFORMANCE	16
SECTION 3 – THE ECONOMY AND FIDC	25
SECTION 4 – INNOVATION	39
SECTION 5 – BUSINESS ASSOCIATIONS	47
CONCLUSIONS	51
FIDC	51
FITA	52
CHAMBER OF COMMERCE	53
RURAL BUSINESS ASSOCIATION	54
APPENDIX - FULL RESULTS	55
SECTION 1 – BUSINESS BACKGROUND	55
SECTION 2 – BUSINESS PERFORMANCE	62
SECTION 3 – THE ECONOMY AND FIDC	67
SECTION 4 - INNOVATION	80
SECTION 5 – BUSINESS ASSOCIATIONS	84

INTRODUCTION

This extraordinary edition of the Business Climate Survey was brought about by the extraordinary circumstances the world has found itself in. In 2020, at the time of the last survey being conducted, the Falkland Islands were at the height of lockdown due to Covid-19 and it was a time of great uncertainty. Now we have asked business to look back on the last 12 months of trading, as well as looking to the future, to gain a picture of the current economic confidence and business performance at a time when Covid-19 impacts are still being felt.

This is the 11th time that the Business Climate Survey has been conducted. The importance of the survey has continued to increase with each edition and this year's survey is no exception. The first survey ran in 2003 and consisted of 11 questions initially run annually before continuing as a biennial survey. The survey has evolved over the years and is constantly under review, updated and amended to ensure that it captures a snapshot of how businesses feel the economy is performing, how they forecast it will perform and identifying the barriers to economic growth. The Business Climate Survey provides a safe, secure and confidential platform for the business community of the Falkland Islands to provide essential feedback to FIDC.

The period of 2018-2021 has seen many changes; the introduction of a second air link to South America via Brazil (and subsequent suspension of air routes to South America due to Covid-19), record highs for the price of greasy wool, followed by a wool market slump, improvements to the size and flexibility of broadband packages, the exit from the European Community and the continuing impacts of the Covid-19 pandemic. This survey captures the current economic confidence of the private sector at this point in time and asks respondents to look to the future, predicting how well the economy of the Falkland Islands will recover and perform in the coming years.

The results of the survey help to inform FIDC's Corporate Plan and they provide justification for new projects, initiatives and schemes, with particular attention to addressing the barriers to growth as identified in the survey results. The survey is a valuable resource for the private sector in terms of benchmarking performance and growth and the results of the survey help to inform the Falkland Islands Government (FIG) policy decisions. The survey also acts as a body of evidence for business associations when lobbying FIG regarding the issues that affect the business community.

FIDC continues to strive to improve the response rate for each edition of the survey, encouraging businesses to participate, so that we can ensure the results of the survey are representative of the business community. A lot of time and effort is placed into promoting the survey and encouraging participation.

This is the fourth time that the survey has been distributed online using the Survey Monkey platform. This year a total of 264 copies were distributed up from 263 in 2020. The number of returns this year was 92, with a response rate of 34%.

This year FIDC are pleased to be partnering with the Falkland Islands Tourism Association (FITA), a sector which has seen some of the largest impacts from Covid-19 now and potentially in the future. As well as being consulted on the survey content, there is a specific FITA section of the survey included in this edition.

The Business Climate Survey has been supported by both the Rural Business Association (since 2016) and the Falkland Islands Chamber of Commerce (since 2012). The promotion, distribution and encouragement of the Chamber of Commerce and RBA to their membership is important as it is

another avenue for accessing private sector feedback and cross sector representation. Their support is, as always, greatly valued by FIDC.

FIDC would like to extend its gratitude to every business who took the time to complete the survey. Your efforts in doing so are important and the results of the survey will continue to support and inform businesses and industries throughout the Islands.

Section 1 Business Background

Introduction

The first section of the survey focusses on the background of the respondents' businesses. Understanding the key characteristics of businesses in the Islands, such as age, company type, industry, ownership and staffing levels is important as this will assist in uncovering trends when analysing the answer to other questions within the survey. For example, we can analyse the results by target industry, business age or business location when interpreting responses.

The results from this section can be found in the Appendix on page 55.

HIGHLIGHTS

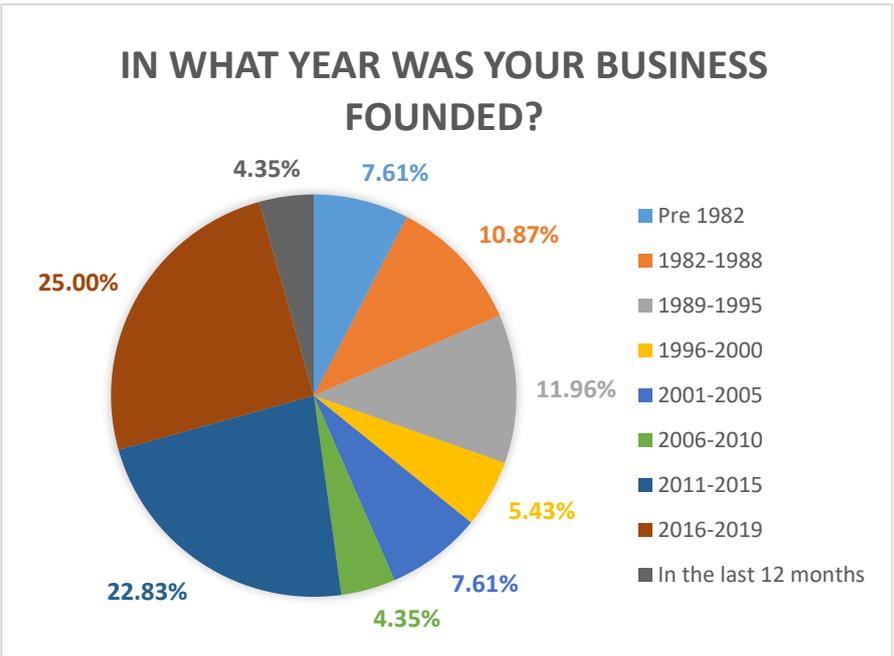
- In the period 2011-2021 48 businesses have been established;
- 4 new businesses have started in the last 12 months;
- 38% of businesses who responded to the survey were Sole Traders;
- 37% of businesses who responded to the survey were Limited Companies;
- Tourism was the largest industry in the survey with 19 businesses responding. Followed by Agriculture with 17 and Business Services with 13;
- 27% of businesses consider Tourism as their secondary industry;
- 68% of respondents are members of the Chamber of Commerce, 19% are members of the Rural Business Association and 17% are members of the Falkland Islands Tourism Association;
- The Estimated average size of a Falkland Islands Business in 2020 is 11 employees.

Results

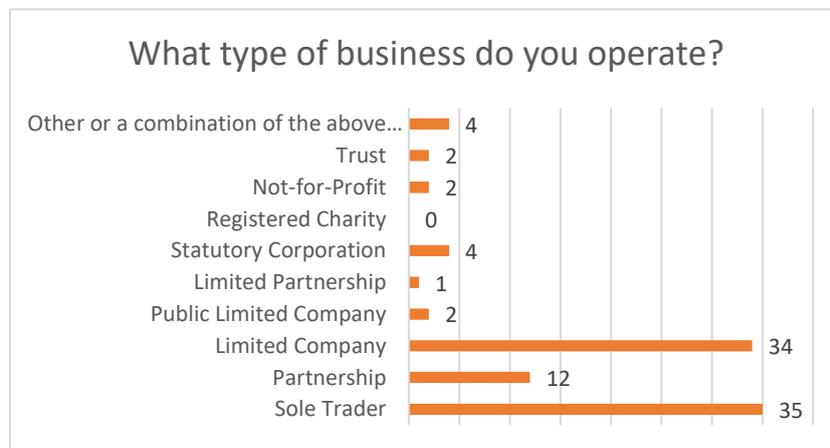
Question 1 – In what year was your business founded?

This year saw an increase in the number of businesses responding to the survey who were founded pre-1982, increasing from 5 in 2020 to 7 in 2021. However the number of business formed in the period 1982-1988 decreased from 23 in 2020 to 10 in 2021. Of the 17 business formed prior to 1989, 8 sectors were represented. The largest of these were Agriculture (8), Restaurants and Hotels (2) and Tourism (2). Business Services, Communications and Finance, Construction, Fishing and Retailers all had one selection each.

Since 2011, there have been 48 new businesses established; 21 from 2011-2015, 23 from 2016-2018 and 4 in the last 12 months. This is a decrease from the 58 businesses reported from 2011 in the 2020 edition of the survey. There has also been a decrease in the number of new businesses being formed in the last 12 months down from 9 in 2020 to 4 in 2021, this could be that new businesses did not respond to the survey or it could reflect reticence to create new business ventures while the impacts of the Covid-19 pandemic are being felt. The 4 new businesses formed in the last 12 months include Business Services, Business Services and Land Transport.



Question 2 – What type of business do you operate?



There was a lower return rate in overall survey responses this year, however there was an increase in the different types of business identified, from 8 in 2020 to 9 in 2021. 'Sole Trader' had 36 responses and 'Limited Company' had 34 respondents (down from 49 each in 2020). 37% of respondents identified 'Limited Company' as their

type of business down from 40% in 2020, and the 'Sole Trader' response rate decreased from 40% in 2020 to 38% in 2021. The percentage of partnerships increased from 2020 with 13% of respondents selecting this answer compared to 12% in 2020.

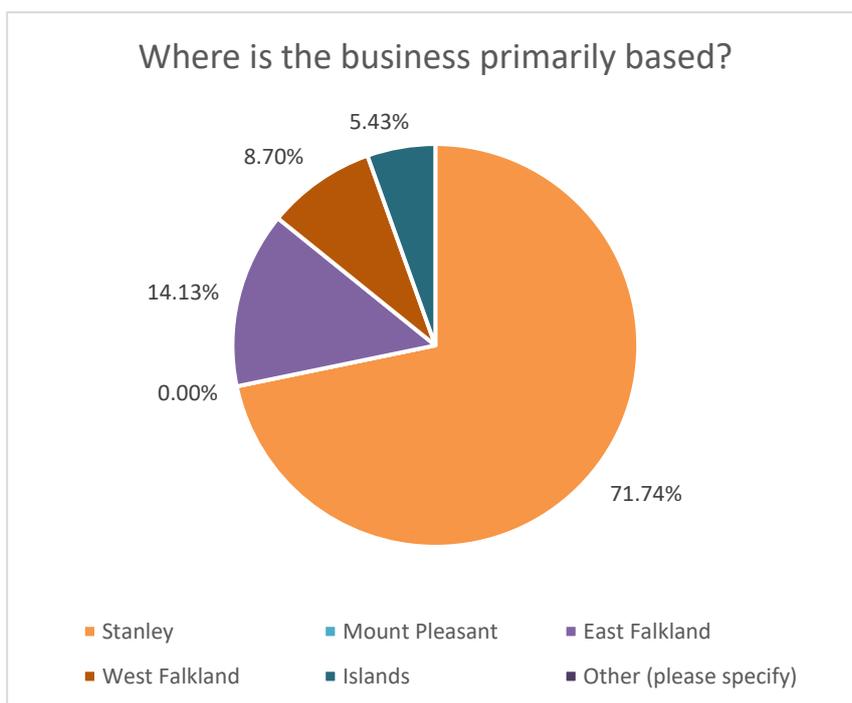
Of the 36 Limited Companies; 26 were founded pre 2005 and 26 founded in period 2011-2021. The majority of the Limited Companies were based in Stanley 82% (28) and 27 of the Limited Companies are members of a business association, reflecting the same percentage as in 2020 (75%).

The option of 'Other' was selected by 4 businesses with two stating they were a company limited by guarantee, one as a cooperation acting as a limited company and one stating formally a sole trader now incorporated.

Question 3 – Where is the business primarily based?

The percentage of Stanley based businesses represented in the survey increased slightly from 70% in 2020 to 72% in 2021. Overall there was a slight decrease in the percentage of responses from businesses based outside of Stanley, from 30% in 2020 to 28% in 2021.

Once again this year no businesses indicated that they were based at Mount Pleasant. There was also an increase in the number of businesses who selected 'Other' up from 2 in 2020 to 3 in 2021. Full responses to 'Other' can be found in the Appendix on page 56.



Question 4 - Is your business a member of the following business associations?

This was the second year that this question had been included within the survey. In previous editions, participants were asked specifically about their membership of the Chamber of Commerce and Rural Business Association (RBA) in the Business Associations section of the survey.

The Chamber of Commerce had the largest membership with 41 (68%) businesses selecting this option. This is a large percentage increase from 38% in 2020. Of these 41, 5 were also members of the RBA, 9 were also members of FITA and 3 were also members of FIFCA. The majority of members of the Chamber of Commerce were based in Stanley with only 5 businesses indicating that they were located outside of Stanley, 3 from East Falkland and 2 from the islands.



The majority, 61% of businesses that are members of the Chamber of Commerce were founded pre 2010, this is a lower percentage than in 2020, where 63% of its membership were established pre 2010. There were 17 younger businesses who indicated they were members of the Chamber of Commerce, with 8 of those formed since 2016. No Chamber of Commerce member businesses indicated that they were formed within the last 12 months. Limited Companies were the largest represented type of Company who stated they were members of the Chamber with 61% of the Chamber members selecting this option, down from 70% in 2020. Tourism was the biggest represented sector with 8 selections, followed by Business Services and Retailers with 5 selections, and Fishing, and Construction both with 4 selections each. In total, 12 different primary sectors indicated membership of the Chamber of Commerce the same amount of sectors represented as in 2020.

The RBA had the second highest membership with 19 members responding (32%), up from 21% in 2020. Of these 29, 5 were also members of the Chamber of Commerce and 5 were also members of FITA. The majority of businesses who are members of the Rural Business Association, are as expected, based outside of Stanley (84%), with 6 from West Falkland, 6 from East Falkland, 4 from the Islands. There were 3 RBA member businesses based in Stanley. Agriculture was the largest represented sector with 14 selections (74%). Tourism was the second largest primary sector with 2 selections and Marine Services, Real Estate and Restaurants and Hotels all had one selection each. Tourism was the largest secondary sector identified with 10 responses (53%).

79% of the RBA members were founded pre-2010 (up from 73% in 2020), with 32% founded in the period 1982-1988. 3 businesses had been established since 2011 and no RBA members indicated that their business had started in the last 12 months. Partnership was the main type of business indicated with 37% of members selecting this option, followed by Sole Trader and Limited Company with 26% each.

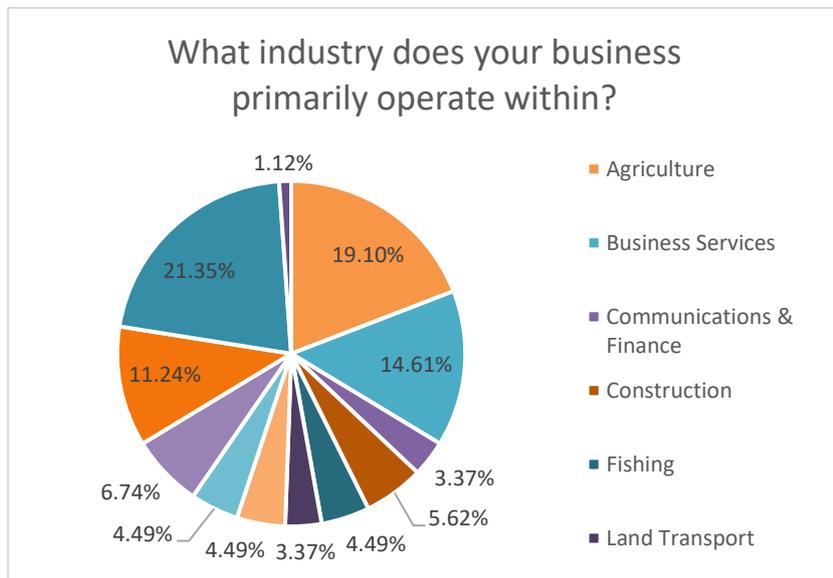
17 Businesses (28%) indicated that they were members of the Falkland Islands Tourism Association (FITA), with the majority of these businesses based in Stanley 71% (12) and 47% of the member businesses were founded pre 2010, down from 68% in 2020. 41% of FITA members had formed their businesses in the period 2016-2019. There were no new FITA member businesses founded in the last 12 months.

As expected Tourism was the largest Primary sector with 11 selections, followed by Agriculture and Restaurants and Hotels with 2 selections each and Construction and Transport Ancillary with one selection each. Tourism was also the largest secondary sector with 6 selections (75%). The majority (47%) of these businesses were Limited Companies followed by Sole Traders (41%).

All 3 businesses who were members of the Falkland Islands Fishing Companies Association (FIFCA) were based in Stanley and were also all member of the Chamber of Commerce. All 3 of the FIFCA members who responded to the survey indicated that Fishing was their primary industry, secondary industries identified were Business services, Marine Services and Real Estate with 1 selection each. Two of the FIFCA membership run Limited Companies and one selected Public Limited Company.

Question 5 – What industry does your business primarily operate within?

Down from 2020, a total of 12 of the 15 industries were selected as a primary industry compared to 13 in the previous edition of the survey. This year, for the second time, the largest primary sector identified was 'Tourism' at 21% and 19 responses, up from 18% in 2020. Since 2016, Tourism is the largest growing sector. The top three reported sectors in 2021 were Tourism (19), Agriculture (17) and Business Services (13), compared with Tourism (22), Agriculture (21) and Business Services (17) in 2020. Despite the decrease in response numbers, all three sectors saw an increase in percentage response rate compared to 2020, with Agriculture up from 17% to 19% and Business Services up from 14% to 15%. The biggest decrease in responses came from the Fishing sector, down from 9 in 2020 to 4 in 2021. This is a continuing trend as the number of returns from this sector was at 14 in 2018.



Industry	Distributed	Target	Responses	% of Target Achieved	Overall % of Industry Responses
Agriculture	80	33	17	52%	21%
Business Services	46	18	13	72%	28%
Communications & Finance	7	3	3	100%	43%
Construction	29	13	5	38%	17%
Fishing	14	6	4	67%	29%
Land Transport	5	2	3	150%	60%
Marine Services	7	3	4	133%	57%
Mining & Quarrying	0	0	0	n/a	n/a
Real Estate	5	2	4	200%	80%
Restaurants & Hotels	20	10	6	60%	30%
Retailers	23	11	10	91%	43%
Tourism	22	10	19	190%	86%
Transport Ancillary	5	2	1	50%	20%
Oil & Gas	1	1	0	0%	0%
Oil & Gas Services	0	0	0	n/a	n/a
TOTAL	264	114	89	78%	34%
SKIPPED			3		

The table to the left provides an analysis of the number of businesses FIDC estimated to be in each industry and their actual response rate to the 2021 edition of the survey. The overall target for total responses was 114 responses, however this year, with the nature of this being an interim survey this was not achieved. The overall return rate decreased from 46% in 2020 to 34% in 2021.

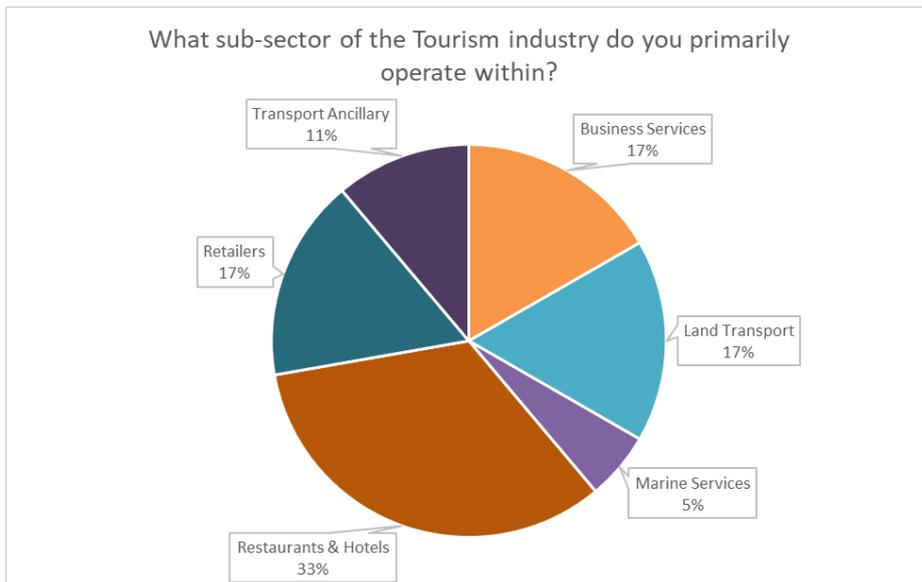
There were increases in industry response rates compared to 2020 from the following industries; Communications and Finance up from 28% to 43% and Real Estate up from 40% to 80%.

Question 6 – What sub-sector of the Tourism industry do you primarily operate within?

Because we understand that the Tourism industry actually consists of a number of different sectors, we asked respondents who selected Tourism as their primary industry, a follow up question to determine their tourism sub-sector. This data will allow FIDC to distinguish barriers to growth and innovation faced by tourism businesses operating within different sectors.

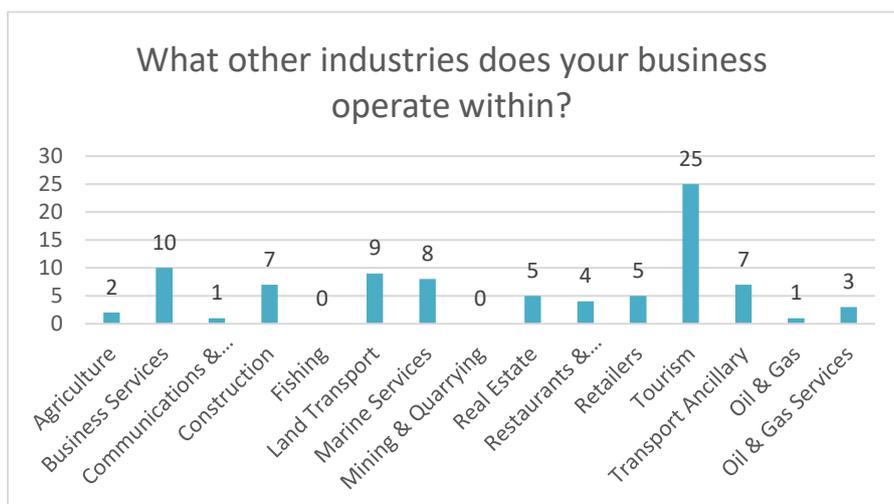
A total of 19 businesses (21%) identified as operating primarily

in Tourism with 6 subsectors identified (a decrease of 1 subsector since 2020). These subsectors were; Business Services, Land Transport, Marine Services, Restaurant and Hotels, Retailers and Transport Ancillary. Restaurants and Hotels was the largest subsector with 6 responses (33%).



Question 7 – What other industries does your business operate within?

For the fourth year running, since 2016, Tourism was selected as the largest secondary industry by respondents, with 25 selections (down 3 from 2020). Primary industries identifying Tourism as their secondary industry included Agriculture, Business services, Construction, Land Transport, Marine Services, Restaurants and Hotels, Retailers, Tourism and Transport Ancillary.



Business Services took second position with a total of 10 responses, followed by Land Transport in third with 9 selections. This year Marine Services took fourth position with 8 selections (rising from 6th position in 2020) and Construction and Transport Ancillary took fifth with 7 selections each moving from 2nd and 10th positions respectively in 2020.

In the 2018 edition of the survey it was observed that the large disparity between the number of businesses identifying Tourism as their primary or secondary sector had reduced compared to 2016 (6 and 27 respectively in 2016 and 16 and 30 respectively in 2018), reducing further in 2020 to 22

business identifying Tourism as their primary sector and 28 identifying Tourism as their secondary sector. This year the gap has continued to decrease with 19 primary selections and 25 secondary selections.

Question 8 – How many months of the year does your business operate?

As in previous editions of the survey, the majority of businesses (87%) operate all year round, this is a return to 2018 figures, reversing the previously seen decreasing trend. In previous editions of the survey it was noted that the trend was for a decline in year-round operations decreasing from 96% in 2012 to 93% in 2014, then to 90% in 2016, 87% in 2018 and 83% in 2020.

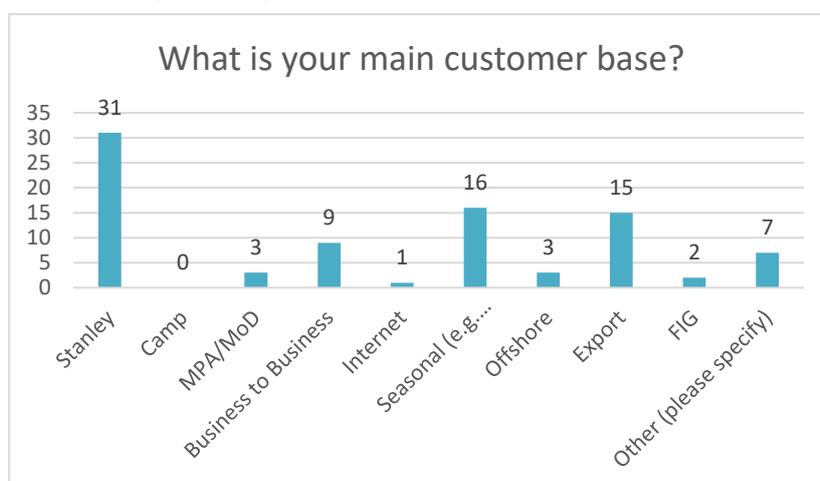
No businesses selected '0-2 months', a decrease from 2021 where one business selected this option, but a return to previous years as in 2012, 2014, 2016 and 2018 no businesses selected this option. There was a significant decrease in businesses selecting '3-6 months' down from 15 in 2020 to 7 in 2021. The number of businesses who operate from '7-11 months' remained at 4 as in 2020. Of the 11 businesses who operate for 0-11 months of the year, 10 have Tourism as their primary sector and 2 identified Tourism as their secondary sector.



Of the seasonal businesses (those who do not operate all year round), 64% of these were based outside of Stanley with 4 businesses identifying that they were based outside of Stanley: East Falkland (2), and the Islands (2). In total only 2 primary sectors responded that their business did not operate all year round a decrease from 8 in 2020, these sectors were Business Services and Tourism.

Question 9 – What is your main customer base?

As in the 2018 and 2020 editions of the survey, the largest market for Falkland Islands' businesses was 'Stanley' with 31 respondents selecting this option, however there was a decreased response rate of 36% compared with 42% in 2020. Other notable decreases were 'Export' from 18 in 2020 to 15 in 2021 and 'Seasonal' from 18 in 2020 to 16, however if we look at the response rate percentage both of these increased from 15% in 2020 to 18% for Seasonal and 17% for Export.



'Camp' also saw decrease down from 3 in 2020 to 0 in 2021. 'MPA/MoD' with no selections in 2020 compared with 3 in 2021.

Seven businesses selected 'Other' and included customer bases that were Island wide, local and international.

Question 10 - Is your business owned by another organisation(s)?

Reversing the trend in 2018 and 2020, the number of businesses owned by a parent company increased to 15% in 2021, compared to 22% in 2016, 15% in 2018 and 9% in 2020.

Question 11 - If you answered 'Yes' to the previous Question, where is your parent business based?



As seen in previous editions of the survey (2012, 2014, 2016 and 2018) the majority of parent organisations are located within the Falkland Islands. A total of 11 businesses identified that they had a parent organisation, with 9 of these located in the Falkland Islands, representing 82% of the responses, these are identical figures to 2020.

Only two businesses responded that they were owned by an organisation based outside of the Falkland Islands, both from the United Kingdom, compared with 2 businesses in 2020, 4 businesses in 2018 and 11 in 2016.

Question 12 – Is your business in partnership with another organisation(s)?

This was the second time this question had been included in the Business Climate Survey following feedback from the Chamber of Commerce. 9% of respondents (1 business) reported that they were in partnership with another organisation and 90% stated they were not partnered with another organisation. This is a significant decrease from 28% (3 responses) in 2020.

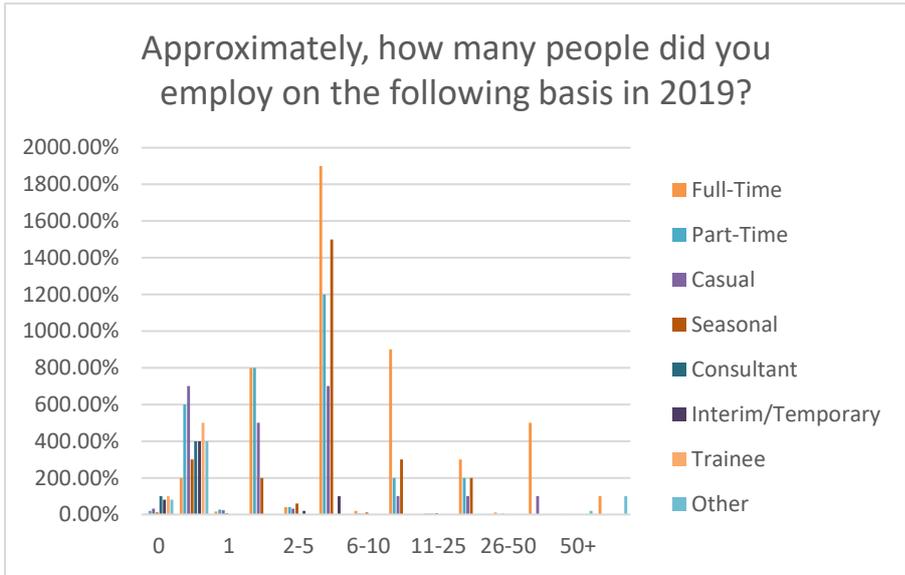
Question 13 – If you answered ‘Yes’ to the previous Question, where is your partner organisation based?

Following on from Question 12, we asked where the partner organisation identified by the respondent was based. The one respondent indicated that their partner company was located in the United Kingdom.

Question 14 - Approximately, how many people do you currently employ on the following basis in 2019, 2020 and possibly in 2021?

The table below demonstrates the estimated number of employees based on the answers provided to the question by multiplying the selections by the median number in each range. For example in 2019 9 businesses stated that they employed 6-10 ‘Full Time’ members of staff, to calculate an approximate amount of employees in this range, the calculation [9x8=72] was used. This formula has been applied to all of the ranges in order to calculate the total approximate labour force for the 69 businesses who completed this question in the survey (23 businesses skipped this question).

Year	Employee Type	Range							Total
		0	1	2-5	6-10	11-25	26-50	50+	
2019	Full-Time	0	8	76	72	54	190	50	450
	Part-Time	0	8	48	16	36	0	0	108
	Casual	0	5	28	8	18	38	0	97
	Seasonal	0	2	60	24	36	0	0	122
	Consultant	0	0	0	0	0	0	0	0
	Interim/Temporary	0	0	4	0	0	0	0	4
	Trainee	0	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	50	50
	Total								
2020	Full-Time	0	12	56	72	72	152	50	414
	Part-Time	0	12	36	16	36	38	0	138
	Casual	0	6	20	16	18	38	0	98
	Seasonal	0	1	48	8	18	0	0	75
	Consultant	0	0	0	0	0	0	0	0
	Interim/Temporary	0	0	4	0	0	0	0	4
	Trainee	0	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	50	50
	Total								
2021	Full-Time	0	12	60	80	90	152	50	444
	Part-Time	0	14	28	32	18	38	0	130
	Casual	0	9	36	16	18	38	0	117
	Seasonal	0	1	48	8	36	0	0	93
	Consultant	0	0	0	0	0	0	0	0
	Interim/Temporary	0	0	4	0	0	0	0	4
	Trainee	0	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	50	50
	Total								



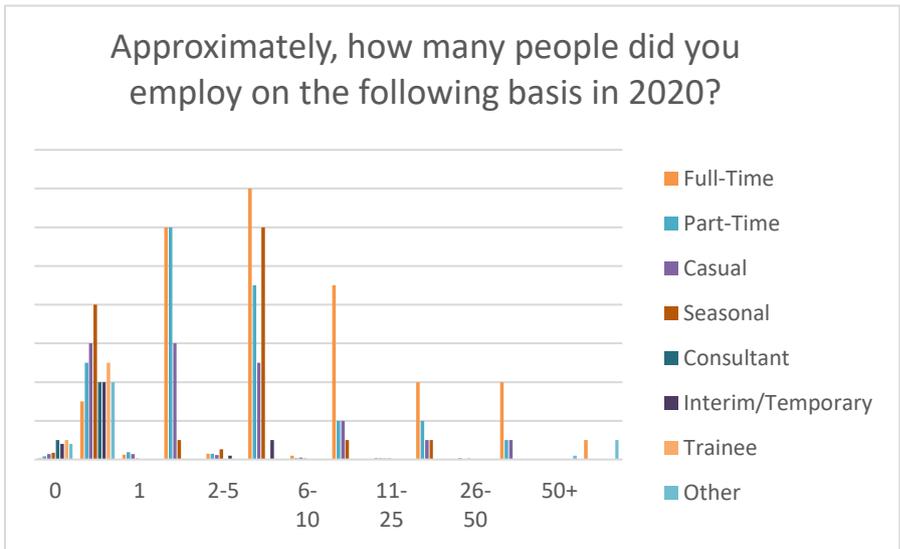
Using the calculation as described above, 831 individuals were employed by 69 businesses in 2019 and 779 in 2020. Businesses estimated that they would employ 838 individuals in 2021, an increase from 2019 and 2020 figures.

The table below provides a comparison of the average size of Falkland Islands' businesses according to the last five editions of the Business Climate Survey.

The average business size during the period of 2011-2014 was around the 10-12 employees mark, rising to 15 in 2015 and lowering to 14 in 2018.

Calendar Year	Average Business Size by Number of Employees					
	2012 Survey	2014 Survey	2016 Survey	2018 Survey	2020 Survey	2021 Survey
2011	11					
2012	11					
2013	12	10				
2014		11	14			
2015		11	15			
2016			15	11		
2017				14		
2018				14	10	
2019					12	12
2020					12	11
2021						12

The 2020 edition of the survey saw a return to figures similar to those of 2011-2014, with businesses for the period of 2018-2020 employing 10-12 individuals and this trend has continued for 2021 with the period 2019-2021 employing 11-12 individuals on average.

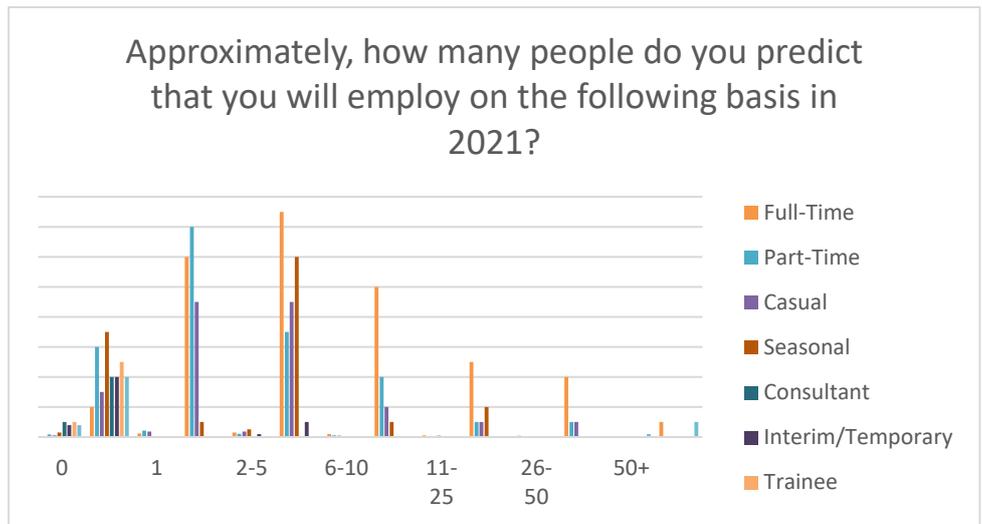


Also, the one businesses who employed 50+ 'Full-Time' individuals was a Limited Company from the Construction sector. The company that stated it employed 50+ employees in the 'Other' category was also a Limited Company and from the Fishing sector.

In 2020 businesses forecast that they would employ approximately 611 'Full-Time' individuals, the 2021 results of the survey suggest that

they actually employed less people 'Full-Time' than predicted, with 450 'Full-Time' employees, however it should be noted that this is likely due to the lower return rate than the 2020 edition of the survey.

Total 'Full-Time' staff made up 54% of the total employees in 2019, decreasing to 53% in 2020 and is predicted to increase to 53% in 2021. 'Part-Time', 'Casual' and 'Seasonal' staff made up 48% of total staffing in 2019, by 2020 the percentage of 'Part-Time', 'Casual' and



'Seasonal' workers decreased to 40% lower than the 2020 Survey prediction of 43%. For 2021 the percentage of 'Part-Time', 'Casual' and 'Seasonal' employees is predicted to increase slightly to 41%. The high number of 'Part-Time', 'Casual' and 'Seasonal' workers reflect the seasonality of many of the industries operating in the Falkland Islands.

SECTION 2 – BUSINESS PERFORMANCE

Introduction

This section is focussed on the financial performance of businesses and asks respondents a number of financially sensitive questions. It should be noted that the more sensitive questions are optional, however the majority of respondents felt secure and comfortable enough to provide answers to this section. All answers for this section in each individual survey is completely confidential and will never be shared with anyone outside of the Corporation.

This section provides an understanding of the financial performance of businesses in the Falklands. The results of this section will provide a snapshot of the financial health of the business community, as well as predictions for 2021.

At the time of running this extraordinary edition of the Business Climate Survey, the Falklands, like the rest of the world, is still experiencing the effects of the Covid-19 pandemic. In 2020 when the last survey took place, many businesses deemed non-essential had needed to reduce their operating hours, and in some cases had closed all together. FIG health guidelines requested that people work from home where possible and reduce their movement, only leaving home for essential activities.

A year on from this event, for many businesses there has been a return to 'Business as usual' however, with restrictions on travel, the suspended flights to South America, quarantine requirements and the effects of Covid-19 globally, businesses are still feeling the impacts of the pandemic.

In this section of the survey, we asked businesses to focus on the previous two years of their operation as well as predicting how they would perform in 2021 given the current economic climate.

The results for this section can be found in the Appendix on page 62.

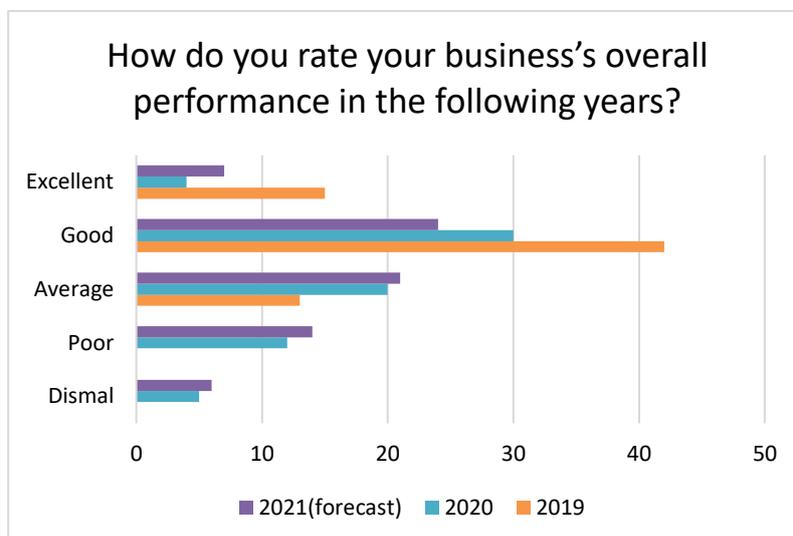
HIGHLIGHTS

- Total number of businesses who rated their performance as 'Excellent' or 'Good' for 2020 up from 35% forecasted to 48% actual;
- 43% of businesses predicted that their performance in 2021 would be 'Good' or 'Excellent';
- 90% and 65% of respondents stated they made a profit in 2019 and 2020 respectively, while 54% predict a profit in 2021;
- 57% of respondents reported that their business generated under £100k in 2020;
- Businesses who reported a turnover of more than £1.01m was 14% in 2020 up from a predicted 11%;
- 45 businesses (70%) stated that their balance sheet had grown over the last two years;
- 13% of businesses retain less than £1k cash in their business;
- 50% of businesses accessed FIG Covid-19 support schemes.

Results

Question 15 – How do you rate your business’ overall performance in the following years?

The purpose of this question is to gain an insight into how respondents felt their business had performed. Overall performance can include financial performance, but it can also include customer service and satisfaction, the introduction of new products or services, improvements to marketing or brand recognition, diversification, growth, successful investments or staff recruitment and retention.



The ratings that respondents provide presents a concise and insightful indication of how a business has and is forecasted to perform.

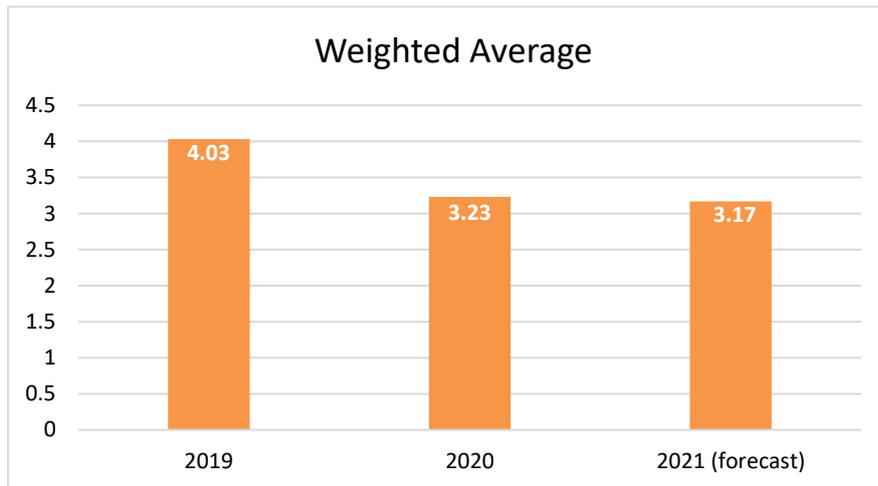
The table below provides a comparison of the predicted business performance results for 2020 from the 2020 edition of the survey with the actual results from the 2021 survey for 2020.

Business Overall Performance 2020 Actual Vs Forecast				
Rating	2020 Results (Forecast)	2021 Results (Actual)	Variance	
Excellent	6.06%	5.63%	-0.43	
Good	29.29%	42.25%	+12.96%	
Average	24.24%	28.17%	+3.93%	
Poor	25.25%	16.90%	-8.35%	
Dismal	15.15%	7.04%	-8.11%	

In 2020, at the time of the last survey, the Falkland Islands were in lock down due to the Covid-19 pandemic. This was a time of uncertainty for businesses operating in the Islands and this could be seen in their predictions

on business performance for 2020, with 15 businesses selecting ‘Dismal’ and a further 25 predicting ‘Poor’ business performance for this period. However, it is pleasing to note that when asked to review their performance for this edition of the survey, businesses appeared to have fared better than expected. With ‘Dismal’ and ‘Poor’ decreasing to 6 and 14 businesses respectively, down from 15.15% and 25.25% predicted to 7.04% and 16.90% actual. Industries that selected ‘Poor’ or ‘Dismal’ actual business performance for 2020 were Agriculture (4), Business Services (1), Restaurants and Hotels (1), Retailers (2) and Tourism (9).

Overall, businesses performed better than predicted in 2020, with the total percentage of businesses who rated their performance as ‘Good’ or ‘Excellent’ up from 35.35% forecasted to 47.88% actual. This is an increase of 12.53% from predicted figures. The predicted weighted average for 2020 from the 2020 Business Climate Survey was 2.86 compared with 3.23 actual weighted score for 2020. Industries that selected ‘Good’ or ‘Excellent’ business performance for 2020 were Agriculture (5), Business Services (7), Communications and Finance (1), Construction (3), Fishing (3), Land Transport (3), Marine Services (1), Real Estate (4) Retailers (5) and Tourism (2).



Perhaps, not surprisingly with the continued negative global economic effects being felt by local businesses during the Covid-19 pandemic, and as a result of quarantine and travel restrictions including the suspended LATAM flight to South America, the forecasted business performance for 2021 is not optimistic. A total of 42 businesses

(27.77%) stated that they expected their performance for 2021 to be either 'Dismal' (6) or 'Poor' (14) representing 5.33% and 19.44% of the overall results respectively. Industries that selected 'Dismal' or 'Poor' business performance for 2020 were Agriculture (8), Restaurants and Hotels (1), Retailers (2) and Tourism (9).

For both the Agriculture and Tourism industries, business confidence for 2021 was low, with 47% of each sector who responded to the survey predicting that their business performance would be either 'Poor' or 'Dismal' in 2021. This score reflects the current issues being faced by the Agriculture sector who have felt the impacts of the decline in the global wool market, a reduced meat export season and for Tourism businesses the suspended LATAM flight and travel restrictions currently in place due to Covid-19.

Only 31 businesses (43.05%) predicted that their business performance would be either 'Good' or 'Excellent' in 2021 a decrease from 34 (47.88%) compared to performance in 2020. This negative forecast is reflected in the weight average for 2021, dropping from 3.23 in 2020 to 3.17 in 2021. Industries that selected 'Good' or 'Excellent' business performance for 2021 were Agriculture (4), Business Services (6), Communications and Finance (1), Construction (3), Fishing (2), Land Transport (3), Marine Services (2), Real estate (4) and Retailers (6).

Interestingly when comparing actual business performance results for 2019 against the actuals stated in the 2020 edition of the survey, the average weighted performance rose from 3.86 to 4.03. This could be due to different businesses responding to the survey, or perhaps a nostalgia effect when looking back on business performance pre-pandemic.

Question 16 – How do you think your business performed or will perform in terms of profitability in the following years?

When measuring how well a business is performing there are a number of key indicators that can be used to assess success. Profitability is one way of providing a quick and simple measure of a business' performance.

46 businesses who responded to the survey stated that they made a profit in 2020 (64.79%). This is a higher percentage than the forecasted profitability from the 2020 edition of the survey where 47 (47.96%) forecasted a profit, reflecting the improved actual business performance for the year

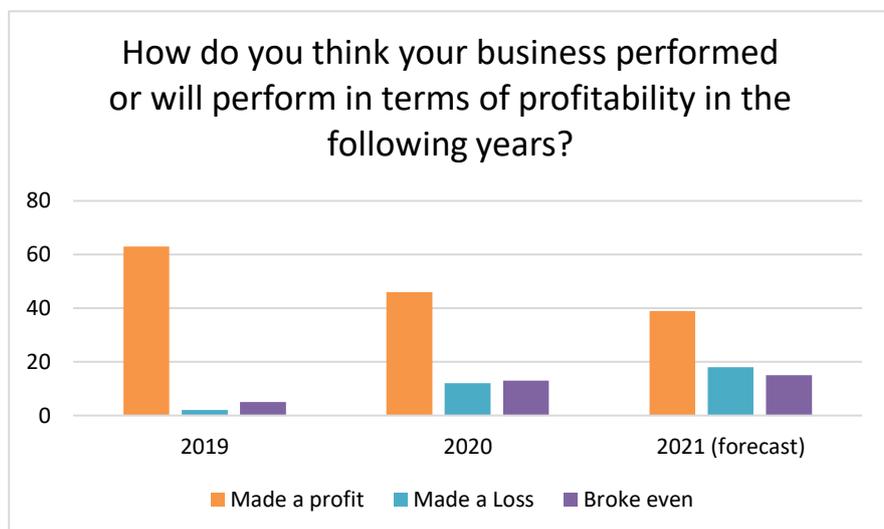
Profitability in 2020				
Answer Options	2020 Survey (Forecast)	2021 Survey (Actual)	Variance	
Made a Profit	47.96%	64.79%	+16.83%	
Made a Loss	34.69%	16.90%	-17.79%	
Broke Even	17.35%	18.31%	+0.96%	

compared to forecast. There was also a slight percentage increase in the amount of businesses who broke even compared to the predicted profitability in 2020, from

17.35% to 18.31%. Overall there was an increase in the percentage of businesses who broke even or made a profit in 2021 from 65.04% predicted to 83.1% actual.

In 2019 the number of businesses reporting a profit was (90.00%) decreasing to 64.79% in 2020. If we look at further detail for the 22 businesses reporting a profit in 2019, who either made a loss or broke-even in 2020, we can see that a range of primary sectors are identified; Agriculture, Business Services, Restaurants and Hotels, Retailers and Tourism. Secondary industries identified were Agriculture, Business Services, Land Transport, Real Estate, Restaurants and Hotels, Tourism and Transport Ancillary.

A total of 11 sectors were represented by businesses that reported a profit in 2020, with 10 from Business Services, 7 from Agriculture and 7 from Retailers. In 2019 the number of sectors reporting a profit was the same, with 11 industries identified. In 2019 15 businesses from the Agriculture sector reported a profit, reducing to 7 in 2020, Tourism decreased



from 13 to 3 in 2020. The largest secondary industry for businesses reporting a profit in 2019 and 2020 was Tourism, with 18 and 9 responses respectively.

The following industries did not report losses in 2019 and 2020; Communications and Finance, Fishing, Marine Services, Real Estate, Retailers, Transport Ancillary. Only one industry reported a loss in both 2019 and 2020, Business Services.

A total of 39 respondents (54.17%) forecast that their business would make a profit in 2021, this is a significant decrease when compared to 46 businesses (64.79%) in 2020, with 18 businesses (25.00%) predicting that they would make a loss. This reflects the negative forecasting responses to Question 15, where 27.77% of respondents thought that their business performance in 2021 would be 'Poor' or 'Dismal'. The total number of businesses that predicted they would either break-even or make a profit was 54 for 2021 compared to 59 in 2020, a percentage change of -7.92%. Again this pessimistic view of business profitability is likely based upon the global economic impacts of Covid-19 and the continued implications for businesses operating in the Islands during these unprecedented times.

Question 17 – Approximately, what was your business’ turnover in 2019 and 2020 and what do you forecast your turnover to be in 2021?

As in 2020, businesses were asked to report on their approximate turnover for the two preceding years (2019 and 2020), and what they forecast their turnover to be in 2021.

	2020 (Forecast)	2020 (Actual)	Variance	2021
£0	7.92%	2.78%	-5.14%	5.56%
£1K-£50K	43.56%	37.50%	-6.06%	44.44%
£51K-£100K	10.89%	16.67%	+5.78%	13.89%
£101K-£150K	8.91%	16.67%	+7.76%	8.33%
£151K-£300K	8.91%	4.17%	-4.74%	5.56%
£301K-£500K	1.98%	2.78%	+0.80%	4.17%
£501K-£1M	6.93%	5.56%	-1.37%	4.17%
£1.01M-£3M	2.97%	9.72%	+6.75%	11.11%
£3.01M-£5M	1.98%	1.39%	-0.59%	0.00%
£5M+	5.94%	2.78%	-3.16%	2.78%

In 2020 57% of businesses reported that their business turned over £100k or less, a decrease from the 62% who predicted this level of turnover in the 2020 edition of the survey. 48% of respondents reported a turnover of £100k or less for 2019. This percentage is predicted to rise in 2021, with

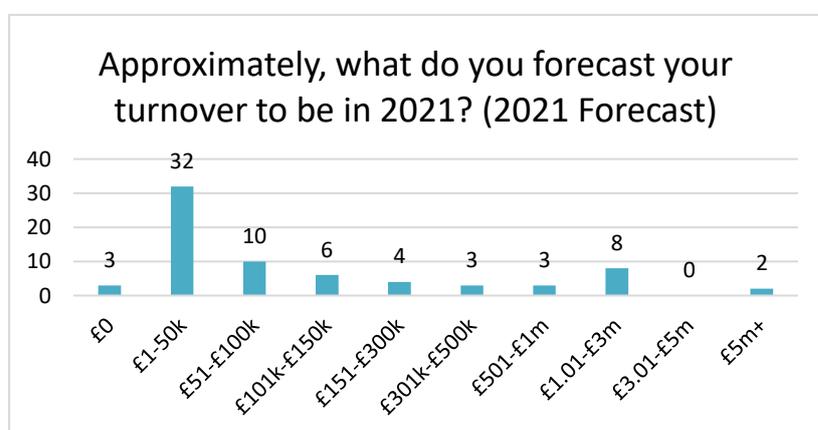
64% of businesses predicting a turnover of £100k or less. Sectors reporting a turnover of less than £100k for 2020 included Agriculture (9), Business Services (8) and Tourism (11). Businesses predicting a turnover of less than £100k for 2021 included Agriculture (13), Business Services (8), and Tourism (11).



The percentage of businesses reporting a turnover between £101k and £1m in 2020 was 29% a slight increase from the forecasted 27%. Businesses predict this falling to 22% for 2021. Primary industries reporting turnover of between £101k and £1m for both 2019 and 2020 included Agriculture, Business Services, Construction, Land Transport, Retailers, and Tourism. Businesses predicting a

turnover of between £101k and £1m for 2021 included Agriculture, Business Services, Construction, Marine Services, Real Estate, Restaurants and Hotels, Retailers and Tourism.

When responding to the 2020 edition of the survey, 11% of businesses predicted that they would have a turnover of more than £1.01m in 2020, however when reporting on 2020 we saw a slight increase rising to 14% of businesses reported a turnover of

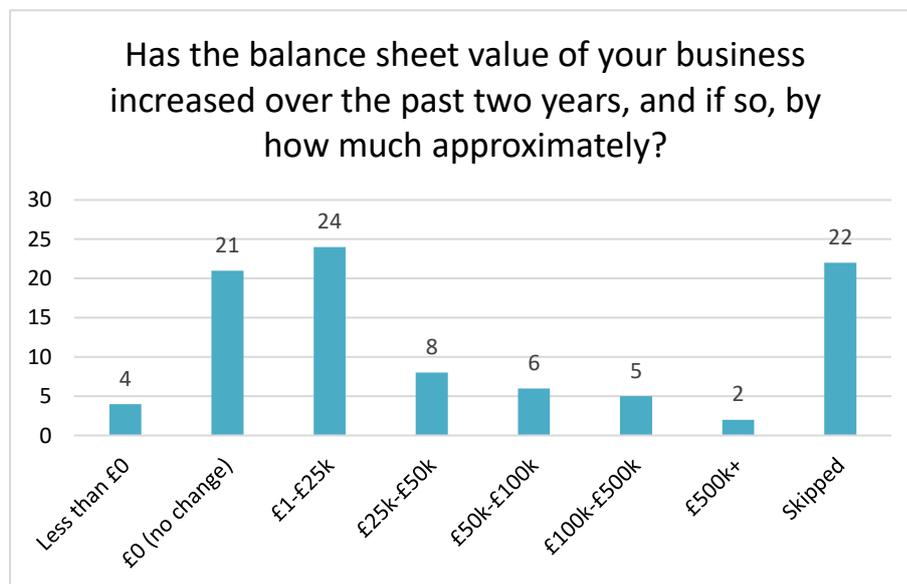


£1.01m or higher, an increase of 3%. For 2021 this remains static with 14% of businesses predicting a

turnover of £1.01m or above. Industries who reported a turnover of £1.01m or more for both 2019 and 2020 included Agriculture, Fishing, Marine Services and Retailers. Businesses predicting a turnover of more than 1.01m for 2021 included Agriculture, Fishing, Marine Services and Retailers.

Question 18 – Has the balance sheet value of your business increased over the past two years, and if so, by how much approximately?

This question first appeared in the 2016 edition of the survey and is concerned with the changes in the business’ balance sheet value in the previous two years. The purpose of this question is to gain a greater understanding of the growth of businesses, who report an approximate increase of their cash, investments and assets. Respondents had seven bands to choose from and the option of skipping this question. As always, all financial information is anonymous and confidential.



In total, 70 businesses who participated in the survey answered this question. Of the businesses who responded, 30% stated that there was no change in their business balance sheets in 2019 and 2020 and 4 businesses (6%) stated that the difference was less than £0, seeing a decrease in their balance sheet. Of the

45 businesses who stated that the value of their business had increased, 34% of respondents stated that their balance sheet had increased by ‘£1-£25k’ in the last two years. This represented 6 different primary industries with 24 responses. Of these 24 responses, Agriculture was represented by 9 businesses, Business Services by 6 and Retailers by 4.

The next largest band was ‘£25k-£50k’ with 8 (11%) of businesses selecting this option. This is the same percentage of businesses who declared this change in their balance sheet in the 2020 edition of the survey. Seven primary business sectors reported this change; Construction (2 responses), with Business Services, Marine Services, Restaurants and Hotels, Retailers, Tourism, and Transport Ancillary with one response each.

The third largest band was ‘£50-£100k+’ with 6 responses (9%). In this band the Fishing, Land Transport and Marines Services represented the 6 business who selected this option with 2 responses each.

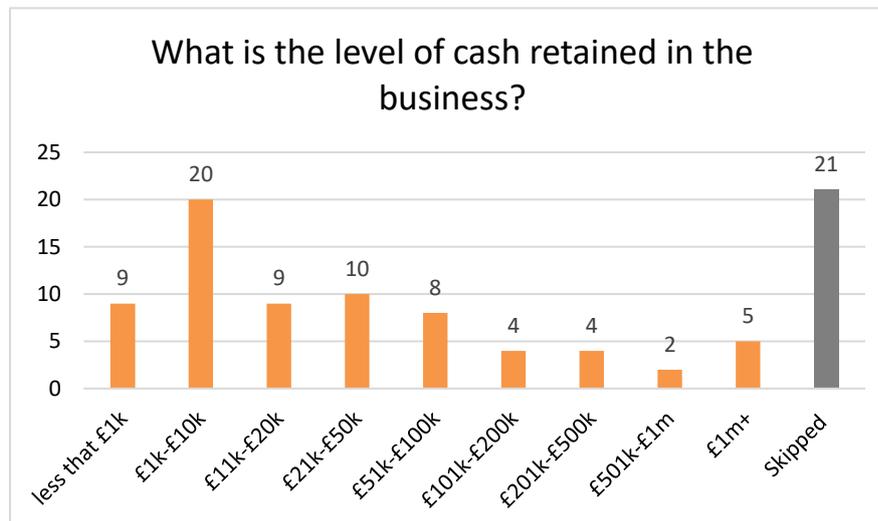
Overall, 45 out of the 70 businesses (64%) who completed this part of the survey stated that their balance sheet had grown over the last two years. This shows an increase in strength of their business, whether in terms of cash or investment in assets, such as buildings, vehicles, machinery, equipment

etc. This is also a decrease from the 2020 edition of the survey where 77% of respondents answering this question indicated an increase in their balance sheet.

Question 19 – What is the level of cash retained in the business?

This question first appeared in the Business Climate Survey in 2020, following feedback from the Chamber of Commerce and gives an indication on the liquidity of a business and the funds available for future investment. A total of 71 businesses provided responses to this optional question. As previously stated, all financial information is anonymous and confidential.

Of the 71 businesses who responded to this question, 9 of them reported retaining less than £1k cash in their business (13%), this was the same percentage reported in the 2020 edition of the survey. This represented a total of 5 primary sectors; Tourism (3), Retailers (2), Business Services (2), Agriculture, and Restaurants and Hotels with 1 response each. All of the businesses who selected this option were Sole Traders. It is possible that some of these businesses did not fully understand the question and only reported money in hand rather than the cash balance of their books.



Respondents who retained £1k to £10k cash in their business were from the following 6 primary industries; Agriculture (6), Business Services (6), Tourism (5), with Communications and Finance, Real Estate and Retailers all with 1 response each. A total of 20 businesses (28%) selected this option. The majority of businesses

who indicated this level of retained cash within their business were Sole Traders (55%), followed by Partnerships (25%) and Limited Companies (20%).

19 businesses (27%) reported that the level of cash retained in their business was between £11k and £50k (up slightly from 26% in 2020) and were from the following 9 sectors; Agriculture (5), Retailers (3), Land Transport (2), Real Estate (2), Restaurants and Hotels (2) with Business Services, Construction and Transport Ancillary all with 1 response each. The types of company retaining this level of cash within their business were; Limited Companies (47%), Sole Traders (37%) and Partnerships (16%).

There were 12 (17%) respondents who reported retaining between £51k and £200k cash within their business (a 5% increase from 2020), from the following sectors; Business Services (3), Agriculture (2), Construction (2) with Land Transport, Marine Services, Real Estate, Retailers and Tourism all with one selection each. The breakdown of the type of business indicating this level of cash retained is; Limited Companies (42%), Sole Traders (33%), Limited Partnerships (8%), Statutory Corporations (8%) and Not-For-Profits (8%).

Of the 71 respondents to this question, 6 businesses (8%) stated that they retained between £201k-£1m cash within their business, up from 4% in 2020. The majority of these businesses were Limited

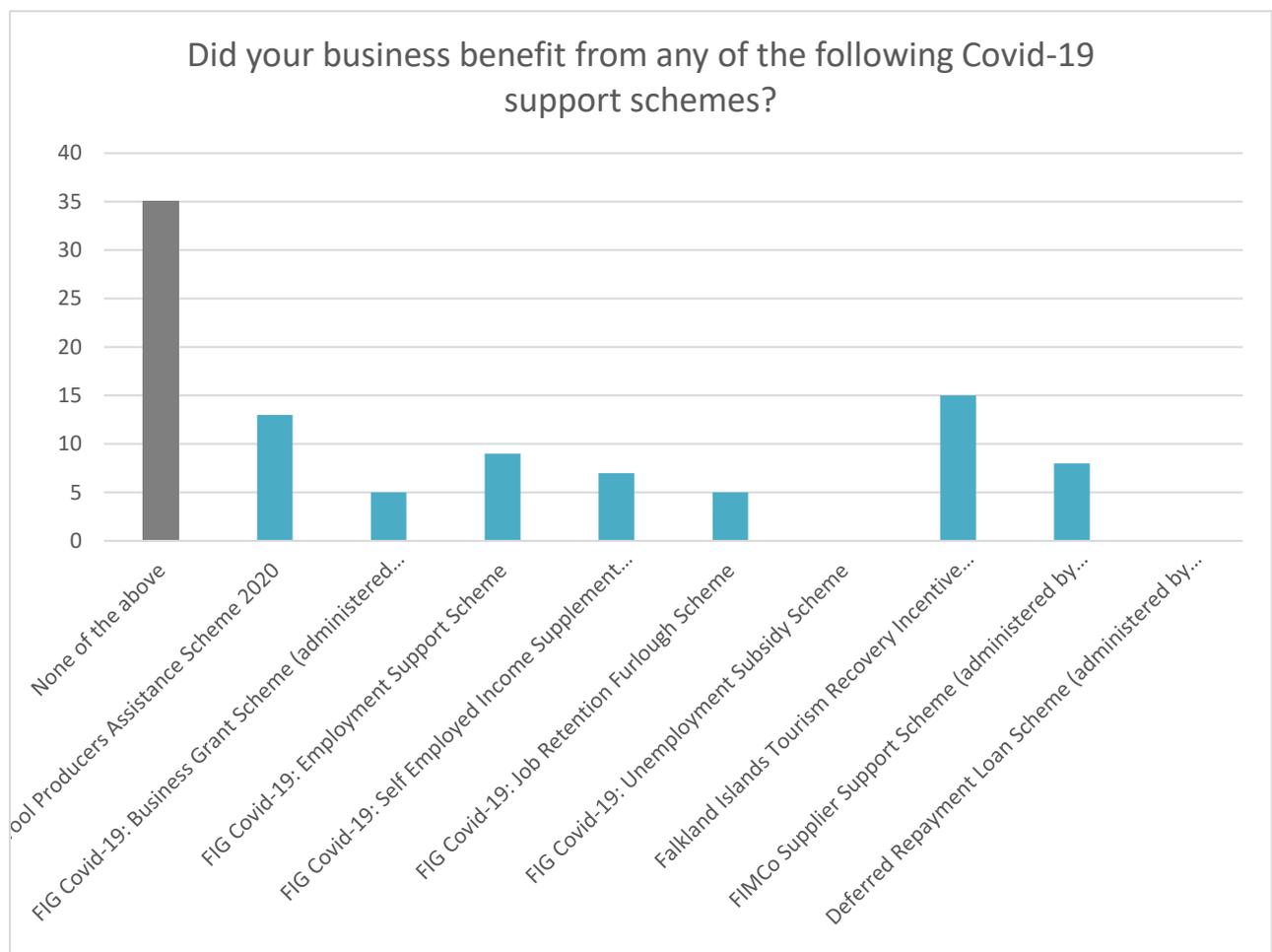
Companies (67%) with Public Limited Companies and Trusts at 17% each. Four primary industries were identified; Marine Services (2), Tourism (2) and Fishing and Retailers with one selection each.

A total of 5 businesses (7%) reported retaining £1m cash or more within their business, down from 11% in 2020. Three primary sectors were represented; Agriculture (2), Fishing (2) and Marine Services (1). The types of business represented were Limited Companies (40%), followed by Statutory Corporations (40%) and Public Limited Companies (20%).

Of the 71 businesses who answered this question, 31 (44%) were Sole Traders, with 27 of these retaining £50k or less cash within their business. The second highest type of business who answered this question was Limited Companies with 24 (34%) responding, of these, 13 (54%) businesses reported that they retained £50k or less cash within their business and 4 (17%) retained over £501k cash.

Question 20 - Did your business benefit from any of the following Covid-19 support schemes?

In order to stimulate the economy and support businesses and sectors facing the economic pressures caused as a result of the Covid-19 pandemic, The Falkland Islands Government, working in partnership with key strategic bodies, put in place a number of cross sector and sector specific support schemes. This question aims to capture the different types of support businesses were able to access.



Seventy businesses responded to this question, of those 35 (50%) did not apply for any of the Covid-19 support schemes. The most popular support scheme accessed by the Tourism Recovery Incentive Programme (TRIP) aimed at stimulating the local tourism market with 15 selections (21%). The second most popular scheme was the Covid-19 Wool Producers Assistance Scheme (19%), where FIG purchased the wool clip from producers who had been unable to sell due to the sharp decline and stagnation of the global wool market.

There were 5 primary industries who identified that they had benefited from the TRIP scheme; Agriculture (6), Tourism (6) and Marines Services, Restaurants and Hotels and Retailers all with one selection each. Unsurprisingly, given the industry specific aim of the scheme, Tourism was the highest identified secondary industry with 8 (80%) of the selections. 47% of business who received TRIP assistance also benefited from the FIG Covid-19 Wool Producers Assistance Scheme 2020.

Of the businesses who received support from the FIG Covid-19 Wool Producers Assistance Scheme 2020, 2 primary sectors were identified; Agriculture with 12 selections (92%) and Tourism with one selection (8%).

The FIG Employment support schemes; FIG Covid-19: Employment Support Scheme (9), FIG Covid-19: Self Employed Income Supplement Scheme (7) and FIG Covid-19: Job Retention Furlough Scheme (5) combined made up 30% of the overall selections. 54% of businesses who received assistance via this scheme also applied with the FIMCo Supplier Support Scheme (administered by FIMCo & FIDC). When looking at the TRIP, FIMCo and Wool support schemes combined, 23% of the businesses who benefitted were based in Stanley, the remaining 77% based in Camp; East Falkland (7), West Falkland (6) and Islands (4).

FIMCo Supplier Support Scheme (administered by FIMCo & FIDC) and the FIG Covid-19: Business Grant Scheme (administered by FIDC) received 8 (11%) and 5 (7%) selections respectively. No Businesses indicated that they had applied for either the Deferred Repayment Loan Scheme (administered by FIDC) or the FIG Covid-19: Unemployment Subsidy Scheme.

Question 21 - If you applied for any of the schemes in the previous question, please can you provide some feedback on your experience of the application process.

This question follows on from the previous question regarding the types of support received, and focusses on gaining feedback from respondents on the process to access the financial support available. This feedback will be shared with the scheme administrators.

Full answers to this question can be found in the Appendix on page 66.

SECTION 3 – THE ECONOMY & FIDC

Introduction

The third section of the Business Climate Survey aims to understand business' views with regards to the Falkland Islands economy and the Falkland Islands Development Corporation. The first four questions are focussed on the Falklands' economy and asks respondents to assess how well they think that the economy has performed, how well they predict it is going to perform and what they perceive the main barriers of growth to be. These results provide an insight into the overall performance of the economy and is there to assist policy makers within the business community.

The results of the questions regarding the barriers to growth are of particular interest as this highlights the specific challenges that businesses face in the Falkland Islands. These results will be referred back to when implementing FIDC's Corporate Plan 2021-2026, where the Corporation will continue to look at measures that can be put in place and actions taken that will alleviate these barriers, working with key strategic partners to address them.

This edition of the survey included within this section questions regarding the different types of Covid-19 business support measures put in place by FIG and administered by key strategic partners. This is in an attempt to gather data about different sectors who may have benefitted from a variety of measures during the pandemic and to gain feedback on their experience in accessing the support. The effects of the pandemic are likely to be felt for some time and FIG are continuing to put support measures in place to mitigate against this.

The survey moves on to ask businesses about their ability to tap into the market at the Mount Pleasant Complex (MPC) in this section. It is important to include the market at Mount Pleasant when considering our economy, as outside of Stanley, it is the most densely populated area of the Falkland Islands and improving access to this market for local businesses has been an important part of FIDC's and the Chamber of Commerce's work in recent years, in attempts to expand the local market which is often highlighted as a barrier to growth.

The final set of questions in this section are focussed on the principal author of the Business Climate Survey, FIDC. FIDC plays a strategic role in facilitating engagement between the public and private sectors, assisting the latter and advocating on behalf of them, and in turn growing and strengthening the economy. When considering this, it is incredibly important to understand how businesses believe FIDC has performed and areas for further improvement. This is a vital piece of feedback and is taken very seriously by FIDC, when reviewing and implementing the objectives within the FIDC Corporate Plan.

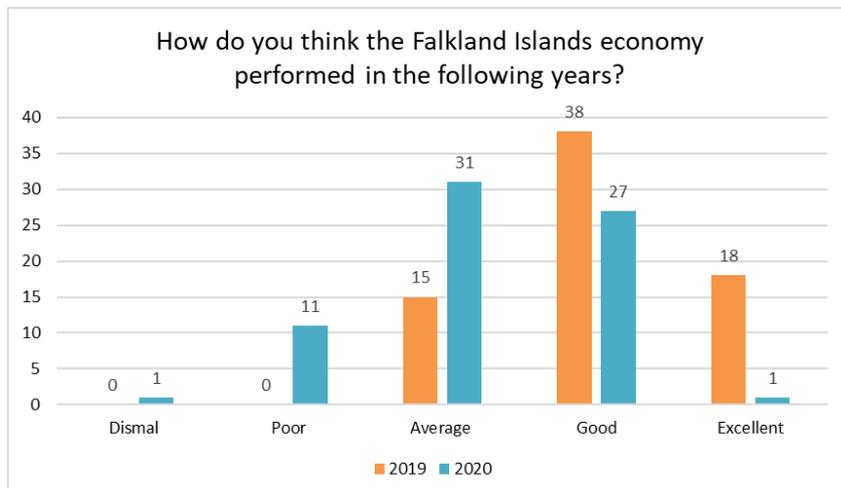
The results for this section can be found in the Appendix on page 67.

HIGHLIGHTS

- 79% and 39% of businesses rated the economy's performance in 2019 and 2020 respectively as either 'Good' or 'Excellent';
- The average weighted performance (out of 5) of the Falkland Islands economy in 2020 rose from 2.38 predicted to 3.23 actual;
- The weighted average performance in the 'Short-term (2021)' was forecast to fall to 3.01;
- The weighted average 'Medium Term (2021-2026)' and 'Long-Term (2026 and beyond) performance of the Falkland Islands' economy was forecast by businesses to increase to 3.59 in the Medium Term to 3.94 in 2026 and beyond;
- 'Telecommunications- Bandwidth (Speed & Quality)' was the largest identified barrier to business growth, with Air Links to South America (LATAM)' in second and 'Telecommunications - Cost' taking third position;
- 8 businesses are either contracted or sub-contracted to carry out work at Mount Pleasant;
- 15 businesses would like to provide products or services to MPC;
- 49% of businesses have received support from FIDC;
- FIDC received a weighted average of 3.48 out of 5 in its performance from respondents up from 3.27 in 2020;
- 49% of respondents rated FIDC's performance as 'Good' or 'Excellent' up from 46% in 2020;
- Grants and Loans were the most popular type of FIDC support received by businesses.

Results

Question 22 – How do you think the Falkland Islands economy performed in the following years?



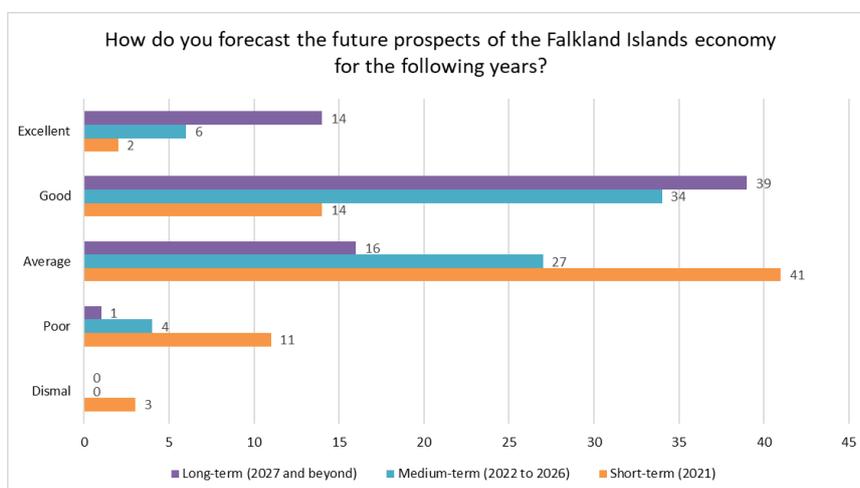
The first question of this section asked businesses to rate the performance of the Falklands' economy in 2019 and 2020. The majority of businesses stated that they felt the economy's performance in 2019 was either 'Good' or 'Excellent' at 79%, with no businesses rating performance as 'Poor' or 'Dismal' in 2019. The weighted Average score for

2019 was 4.04. For 2020 only 39% of respondents rated the economy's performance as either 'Good' or 'Excellent' and 17% rated it as 'Poor' or 'Dismal'. The weighted average for 2020 fell to 3.23.

In the 2020 edition of the survey, when asked to predict the performance of the economy for 2020, the weighted average score was 2.38, reflecting the lack of business confidence and uncertainty at the height of the Covid-19 lockdown. From results of the 2021 survey, we can see that respondents felt the economy performed better than expected, with this rising to 3.23.

Question 23 – How do you forecast the future prospects of the Falkland Islands economy for the following years?

The previous question focussed on the past and immediate performance of the Islands' economy, Question 23 asks businesses to forecast the short, medium and long-term prospects of the economy. The results of this question are very interesting as they provide a snap-shot of how the business sector views the development of the Falklands' economy, something which may influence future commercial decisions and reflect economic confidence.



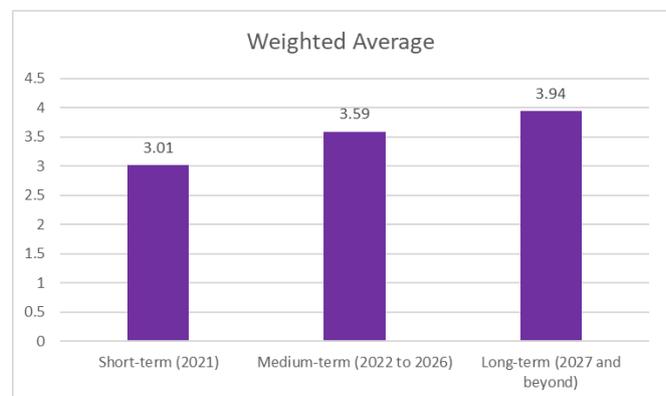
When asked to forecast the future prospects of the Falklands' economy, business predicted that in the 'Short-term (2021)' that the economy would be in decline, with the weighted average dropping from 3.23 in 2020 to 3.01 in 2021. The continued effects of the Covid-19 pandemic on the global economy are still

being felt and the world is likely going to take a long time to recover. Businesses are acutely aware of the impacts here in the Islands and this is reflected in this lack of economic confidence for 2021, however predictions are not as dire as in the 2020 edition of the survey, with many businesses in the Islands able to operate on a business as usual principle and continued support from the Government with mitigation initiatives in place.

Despite these uncertain times, respondents predicted economic recovery in the ‘Medium-term (2022-2026)’ with the weighted average rising to 3.59. Respondents also predicted that economy would continue to recover in the ‘Long-term (2027 and beyond)’ with the weighted average reaching 3.94.

Primary sectors who forecast that the economy’s performance in 2021 would be ‘Dismal’ or ‘Poor’ included Agriculture (3), Business Services (3), Retailers (3) and Tourism (3), with Marine Services and restaurants and Hotels with one selection each. Looking towards ‘Medium-term (2022-2026)’ economic performance 4 sectors continued to predict ‘Dismal’ or ‘Poor’ ratings, these were Marine Services, Restaurant and Hotels, retailers and Tourism with one selection each. In the ‘Long-term (2027 and beyond)’ only 1 industry selected ‘Dismal’ or ‘Poor’ when forecasting the performance of the economy this was Tourism with one response.

Businesses that selected ‘Good’ or ‘Excellent’ when forecasting the performance of the economy in the ‘Short-term (2021)’ represented 9 primary sectors; Agriculture (4), Business Services (2), Land Transport (2), Real Estate (2), Tourism (2) with Construction, Fishing, Marine Services and Retailers with one selection each. The number of sectors predicting that the Falklands’ economy’s performance would be ‘Good’ or ‘Excellent’ in the ‘Medium-term (2022-2026)’ increased to 11 and included Agriculture (10), Tourism (8), Business Services (6) and Retailers (4). Looking to the Long-term (2027 and beyond)’ 11 sectors also forecast that the economy would either have ‘Good’ or ‘Excellent’ performance, these sectors included Business Services (11), Tourism (10) and Agriculture (9).



Question 24 – Please select up to five barriers that prevent the growth of your business?

This question is often considered to be one of the most important questions in the entire survey. The results of this question provide an insight into issues affecting businesses operating in the Falkland Islands. It is a useful set of data that can assist in identifying key areas of priority for FIDC to focus on to help the business community and to inform economic development policies put in place by the Falkland Islands Government. The table on the next page provides the results of the question in order of number of selections per perceived barrier.

The largest identified barrier to growth in the 2021 survey was Telecommunications - Bandwidth (Speed & Quality) with 36.36% of respondents selecting this option. It has remained in the top 5 barriers to growth placing 3rd in 2020 with 19.19%. In 2018 this barrier was the joint top barrier to business growth identified. In 2016 this barrier ranked in 9th position, however the importance of reliable, affordable and high quality telecommunications services is only going to grow as businesses find new and innovative ways to use this technology to improve their services and connect with the

outside world as well as communicating proactively with the local market. Businesses are still finding that broadband on the Islands – particularly in terms of speed and quality is still an issue, making operations less effective and efficient than they could be. Top primary sectors selecting this barrier to growth were Business Services (7), Tourism (5), Marine Services (4), Retailers (4) with 8 sectors represented in total.

No.	Answer Choices	%	Amount
1	Telecommunications - Bandwidth (Speed & Quality)	36.36%	24
2	Air Links to South America (LATAM)	34.85%	23
3	Telecommunications - Cost	24.24%	16
4	Other (please specify)	19.70%	13
=5	Air Link to the UK (Airbridge)	16.67%	11
=5	Distance to Markets	16.67%	11
=5	Internal Politics	16.67%	11
=5	Shortage of Skilled Labour	16.67%	11
=5	Small Local Market	16.67%	11
=10	Housing	15.15%	10
=10	Taxation	15.15%	10
=12	Immigration Regulations & System	13.64%	9
=12	Telecommunications - Package Size	13.64%	9
=12	Warehouse Availability	13.64%	9
=15	Access to Finance - Business Loan	12.12%	8
=15	Access to Finance - Credit Card Facilities	12.12%	8
=15	Freight costs by Sea - Import	12.12%	8
=18	Public Infrastructure	10.61%	7
=18	Training	10.61%	7
20	Shortage of Unskilled Labour	9.09%	6
=21	Cost of Fuel	7.58%	5
=21	Freight Costs by DHL	7.58%	5
=23	Access to Finance - Working Capital Loan/Overdraft	6.06%	4
=23	Access to Finance - Merchant Banking Facilities	6.06%	4
=23	Freight by Air Cargo - DHL	6.06%	4
=23	Office Availability	6.06%	4
=27	Coastal Shipping/Ferry	4.55%	3
=27	FIG Size/Presence	4.55%	3
=27	Freight Costs - Internal	4.55%	3
=27	Insurance	4.55%	3
=27	Storage Availability	4.55%	3
=32	Air Link (FIGAS)	3.03%	2
=32	Freight via SAAS	3.03%	2
=32	Freight by Air Cargo	3.03%	2
=32	External Politics	3.03%	2
=36	Accountancy Services	1.52%	1
=36	Cost of Electricity	1.52%	1
=36	FIG Regulations	1.52%	1
=36	FIG Procurement Policy	1.52%	1
=36	Freight costs by Sea - Export	1.52%	1
=41	Freight via FIRS	0.00%	0
=41	Lack of Consultancy Services	0.00%	0
=41	Legal Services	0.00%	0

Air Links to South America (LATAM) placed in second position with 34.85% of those who responded to this question selecting this as a barrier to growth. This is unsurprising with the LATAM South America routes currently suspended, due to the pandemic. In 2020 this had placed in 16th position, with two weekly flights operating between the Falkland and the continent. This has had impacts on the ability to grow international tourism as well as import goods via air. Nine primary industries

selected this option with Tourism being the highest with 9 selections, followed by Agriculture with 4 and Retailers with 3.

In third place was Telecommunications – Cost, up from fourth position in 2020 with 24.24% of selections remaining in the top 5 for the last 3 editions of the survey. Despite some improvements to the telecommunications services in the Islands, businesses still feel it is cost prohibitive.

Placing 4th was ‘Other’ (19.70%) a catch all for any perceived barriers to growth than had not been listed. There were a wide variety of explanations provided, with both the pandemic and Standard Chartered Bank charges getting 2 mentions each. The full list of responses can be found in the appendix on page 68.

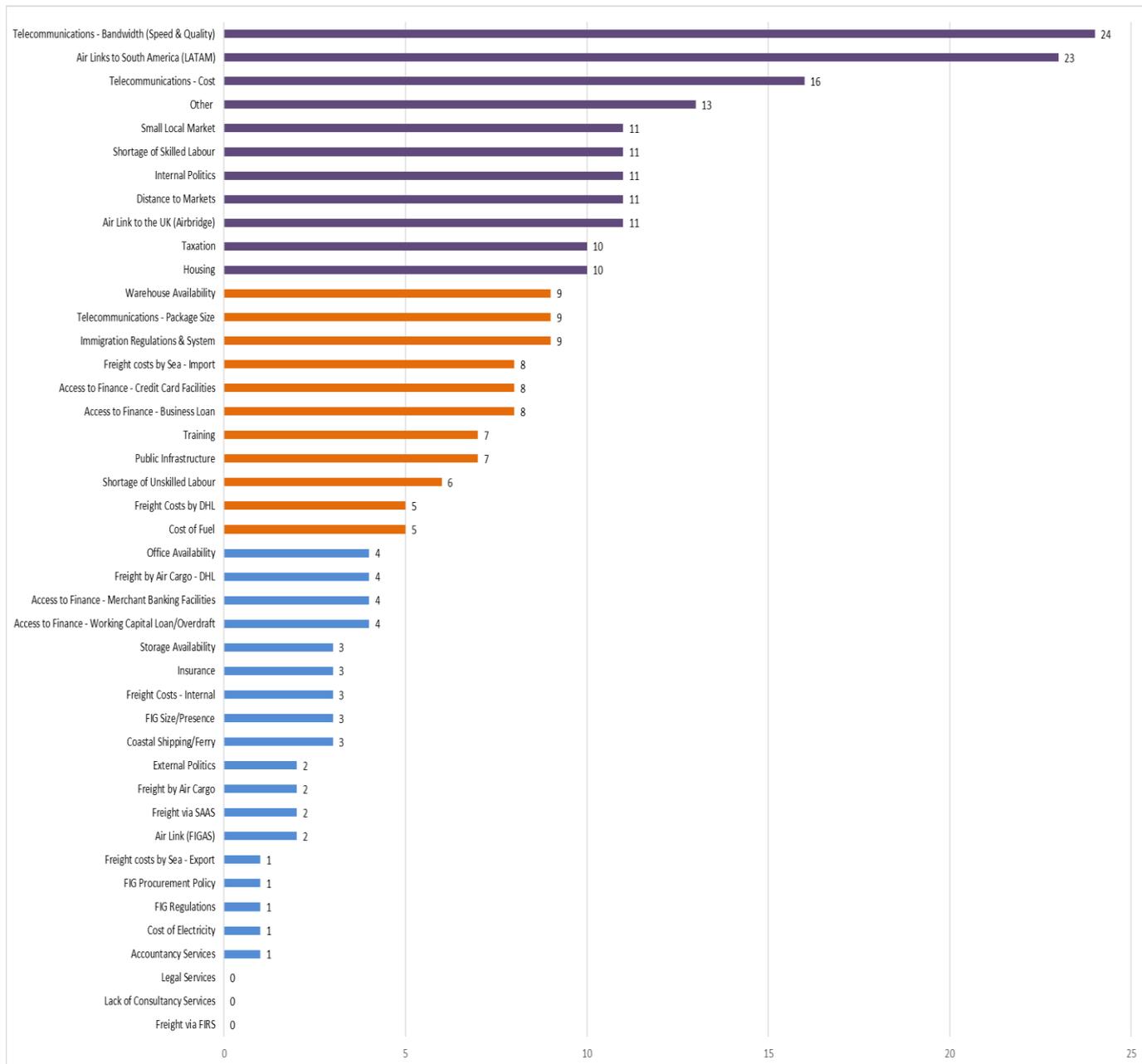
In joint 5th position were Air Link to the UK (Airbridge), Distance to Markets, Internal Politics, Shortage of Skilled Labour and Small Local Market at 16.67%. The need for reliable air links closely related to the isolation felt by an island community, alongside the distance from markets and the naturally small size of our local market due to our population size and geography. Here the limitations of being a small island community, with a limited local market is acknowledged by the private sector.

‘Internal Politics’ has moved up the rankings steadily since 2018, originally placing in 18th position, then increasing to 12th in 2020. As 2021 is an election year, this may be on the forefront of the business community’s mind moving forwards.

‘Shortage of Skilled Labour’ has remained in the top five barriers to growth since the 2012 edition of the survey with recruitment and retention still an issue for many Falkland Islands businesses. A total of 5 primary sectors identified this issue with Marine Services and Tourism being the top two respondents, with 4 and 3 selections respectively. This is despite efforts by the Falkland Islands Government to address this issue via the advice of the Skills Assessment Council and the work undertaken by the Labour force Development Specialist. However in 2018 it placed in third position and in 2020 in first. It could be surmised that one positive side effect of the pandemic is the ability to retain skilled labour on the Islands, with those on contracts renewing as opposed to returning to lockdown or job security uncertainty in their home countries.

Two barriers to growth placed in joint 10th position ‘Housing’ and ‘Taxation’ receiving 10 selections each (15.15%). The need for suitable housing placed at 6th position in 2020 and ‘Taxation’ has risen significantly from 16th place in 2020. Providing suitable and affordable housing is intrinsically linked to the ability to recruit both skilled and unskilled labour into the Islands. Taxation regulation and ordinance has been undergoing a review and changes are being implemented, this may have wider implications for businesses operating in the Islands.

‘Warehouse Availability’ has continued to climb the rankings up from 36th in 2018 to 18th in 2020, and 12th position in 2021, with 9 selections from 6 primary sectors. These sectors were Agriculture (4), with Business Services, Construction, Restaurants and Hotels, Retailers and Tourism all with one selection each. FIDC continues to work closely with FIG on solutions to provide a suitable storage and handling facility for the Falkland Islands wool clip.



Other changes of note were ‘Telecommunications - Package Size’ and ‘Training’ from 27th in 2020 to 12th and 18th positions respectively in 2021 and ‘Office Availability’ from 5th to 27th position.

Previously highlighted barriers to growth from earlier iterations of the survey included ‘Access to Finance’ which ranked at number 12 in 2016 and was later split into the following categories in 2018 to provide further clarification into the main issues affecting business growth and development ‘Access to Finance – Business Loan’, ‘Access to Finance – Working Capital Loan/Overdraft’, ‘Access to Finance – Credit Card Facilities’ and ‘Access to Finance- Merchant Banking Facilities’. In 2018 ‘Access to Finance – Business Loan’ and ‘Access to Finance – Credit Card Facilities’ both ranked in 13th place, dropping to 14th and 22nd respectively for 2020. In 2021 these both rank in 15th position despite the introduction of the Square Credit Card facilities and the links forged with the Bank of Gibraltar.

Decreases of note include ‘Cost of Fuel’ down from 12th to 21st place in 2021 and ‘Freight Costs by Sea-Export’ down from 14th position to 36th. Freight was another previously identified barrier to growth which has seen significant improvement over the years, both by air and by sea, following work

conducted by both FIG, FIDC and the private sector to improve links. Other noteworthy highlights include 'Freight via FIRS' decreasing from 23rd position in 2016 to 40th in 2020 and 41st in 2021. Both of these options were originally encompassed under the heading 'Shipping'. Which ranked in 3rd and 4th position in 2012 and 2014 respectively. Our key industries are driven by the ability to import and export goods and products, 9 years ago the existing shipping services these were deemed by respondents to not be adequate, so we have made massive advances as an economic community in addressing these barriers to growth.

The barriers to growth which have been identified in this section will be used to inform the implementation of FIDC's Corporate Plan 2021-2026, ensuring that our focus is to either remove or mitigate the barriers, enabling the economy to develop and thrive in the future. Many of the top barriers require investment in key enabling infrastructure by the Falkland Islands Government and improved regulations and processes to allow our population to grow to a sustainable level, providing housing and communications services that will encourage immigration of both skilled and unskilled labour into the Islands to meet the needs of the private sector.

Question 25 – Could you provide some detail to your five selections, particularly if you were able to overcome the identified barrier or barriers?

As in previous editions of the survey, we asked participants to not only provide further detail on their choices, but also to report on whether they had managed to overcome the barriers that they had identified and how they had done so. A total of 39 businesses answered this question, representing 42% of respondents to the survey.

Reflecting the responses to question 24, a significant number of comments were made concerning air links to and from the Islands and on the cost and reliability of telecoms. Multiple references were also made regarding shortages of both Skilled and Unskilled Labour in the Islands and the difficulties faced by businesses in navigating the Immigration system and find suitable Housing for their employees as well as a prohibitive taxation system.

Basic enabling infrastructure such as storage and warehousing, office and work space were concerns for respondents, who felt that these issues prevented them from expanding and growing their businesses. Concerns were also raised regarding the size of the market, distance to market, internal politics and political interference and FIG regulations.

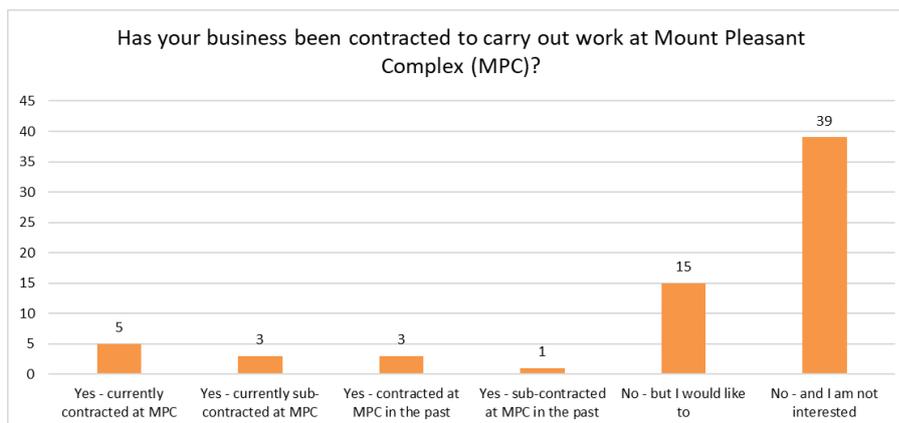
As in 2020 and bearing in mind the unusual situation that we find ourselves in with the Covid-19 pandemic, it was interesting that the majority of comments in this section did not focus on this situation. In total only 2 comments were made directly regarding Covid-19, but others were made regarding the restrictions (mainly travel) in place as a result of the pandemic.

Many respondents also focussed on banking as an issue, however noting that the Square system and the relationship with the Bank of Gibraltar had been positive for their businesses.

More information including the full text responses to this question can be found in the Appendix on page 69.

Question 26 – Has your business been contracted to carry out work at Mount Pleasant Complex (MPC)?

Questions 26 and 27 focus on businesses working at MPC or with MoD contracts. In previous years FIDC along with the Chamber of Commerce has worked hard to ensure local opportunities for companies accessing MoD contracts, including meeting with the Secretary of State for Defence, Michael Fallon MP in February 2016, attending an MoD engagement day at Abbey Wood in July 2016, relaunching SAROS and holding a workshop at the Chamber of Commerce in December 2016 and hosting a meeting with the Ecolog/MoD delegation in May 2017, and a refresher SAROS workshop at the Chamber of Commerce in 2018. In 2020 the SAROS portal underwent a major update with the aim of making the system more user friendly, accessible and effective.



This question looks at how many businesses are currently working at Mount Pleasant Complex (MPC); how many businesses have been contracted for work at MPC in the past; how many businesses are not but wish to access the market; and how many

businesses are not currently contracted at MPC and are not interested in accessing opportunities there. There are four 'Yes' answers with added detail to clarify the time and nature of the working relationship with MPC and the MoD. Currently, there are 8 businesses who have stated they are either contracted or sub-contracted to carry out work at Mount Pleasant. This is a decrease from 11 businesses in 2018 and 10 in 2020, perhaps reflecting the lower return rate this year. A total of 4 businesses stated that they had been either contracted or sub-contracted to work at Mount Pleasant in the past, a decrease from 10 businesses in 2020.

Businesses currently directly contracted to carry out work at MPC represent the Business Services, Fishing, Marine Services and Real Estate. Three businesses stated that they were subcontracted at MPC with one from the Construction sector and two from Land Transport. Businesses that had been contracted or sub-contracted to work at MPC in the past represented Business Services, Construction and Retailers.

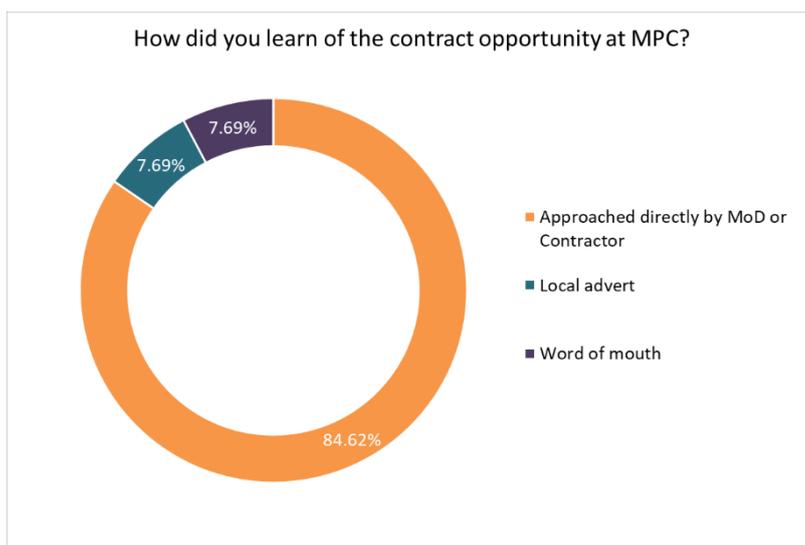
Of the businesses who responded to this question, 59% stated that they were not interested in carrying out work at MPC, this included the following primary sectors; 12 responses from Tourism, 11 responses from Agriculture, and 5 responses from Business Services. However, 15 businesses answered 'No – but I would like to' for this question, representing 23% of the responses to this question. Of those wishing to access the market at MPC, 4 were from Business Services and 3 were Retailers. Other sectors who identified as wishing to gain access to MPC contracts were Agriculture, Communications and Finance, Land Transport, Marine Services, Restaurants and Hotels, and Tourism.

Question 27 – How did you learn of the contract opportunity at MPC?

The MoD has a very strict procurement procedure that meets the international standards of the Official Journal of the European Union (OJEU) and even publishes tenders on OJEU. OJEU is the “gazette of record for the European Union”, which came into force on the 1st February 2003 and is the European portal for tenders. The procurement standards implemented by OJEU are adhered to by the MoD for all of its tenders, despite the location of where the tenders are delivered and met, therefore this includes contracts in the Falkland Islands. However, sub-contracting does not have the same procurement standards.

SAROS was initially designed, commissioned and launched by FIDC in 2015, originally conceived as a procurement portal and database for the Oil and Gas sector. Later this was extended to provide contract opportunities across all other industries and especially as a link into MOD and FIG contracting, the service has undergone revisions in both approach and design, and underwent a major update and rebuild in 2020.

The majority of businesses contracted to undertake work at MPC indicated that they were ‘Approached Directly by MoD or Contractor’ (85%), this reflects the findings in both the 2016, 2018 and 2020 editions of the Business Climate Survey. Interestingly no businesses stated that they had found the opportunity either via ‘SAROS’ or the ‘MoD procurement website’. One business indicated that it was via ‘Word of Mouth’ and one via ‘Local Advert’ (2 selections).



Question 28 – Has your business ever received assistance from FIDC?

This is the first of the FIDC specific questions in the survey and attempts to understand the number of businesses the Corporation has helped since it was established in 1983. 66 of the 92 businesses who took part in the survey answered this question. A total of 48.5% of the respondents answered ‘YES’ to the question, a decrease of 6.1% since 2020 (see table on the next page).

Answer Options	2012 Survey	2014 Survey	2016 Survey	2018 Survey	2020 Survey	2021 Survey
Yes	43.4%	53.1%	53.9%	59.3%	54.6%	48.5%
No	53.9%	46.9%	46.1%	40.7%	45.4%	51.5%

Out of the 15 industries included in the survey, FIDC has assisted 10 of them (an increase from

9 in 2020), including 8 businesses from Agriculture, 9 from Business Services, 5 from Retailers and 5 from Tourism. The 8 Agriculture businesses that have reported receiving assistance from FIDC represents 47% of all Agriculture businesses who responded to the survey. 69% of respondents from the Business Services sector have received assistance from FIDC, 50% of Retailers and 26% of those from the Tourism sector who had responded indicated that they had received support from FIDC. Tourism was the largest secondary Industry with 12 businesses indicating they had received support

from FIDC. There were two industries (including primary and secondary) that reported that they had not received support from FIDC; Mining and Quarrying and Oil and Gas. However there were no responses from these two industries to the Survey as a whole, meaning that every sector that was represented in the Survey has received some form of assistance from FIDC.

If we look at new businesses formed since 2011, of the 48 businesses formed, 17 (35%) have indicated that they have received assistance from FIDC, with 21 stating they received no assistance and 10 having skipped the question. For the period 2016-2019 17 businesses answered this question, with 7 (41%) having had some form of assistance from FIDC. Looking at the last

Primary Industry	No. of businesses helped by FIDC		No. of businesses not helped by FIDC	
	Amount	%	Amount	%
Agriculture	8	25.00%	4	11.76%
Business Services	7	21.88%	5	14.71%
Communications & Finance	1	3.13%	0	0.00%
Construction	1	3.13%	2	5.88%
Fishing	1	3.13%	2	5.88%
Land Transport	0	0.00%	3	8.82%
Marine Services	2	6.25%	2	5.88%
Mining & Quarrying	n/a	n/a	n/a	n/a
Real Estate	0	0.00%	3	8.82%
Restaurants & Hotels	1	3.13%	2	5.88%
Retailers	5	15.63%	3	8.82%
Tourism	5	15.63%	8	23.53%
Transport Ancillary	1	3.13%	0	0.00%
Oil & Gas	n/a	n/a	n/a	n/a
Oil & Gas Services	n/a	n/a	n/a	n/a

12 months, there were 4 new businesses, 3 of which responded to this question. Of those 3 who responded, 1 reported that they had received assistance from FIDC (33%).

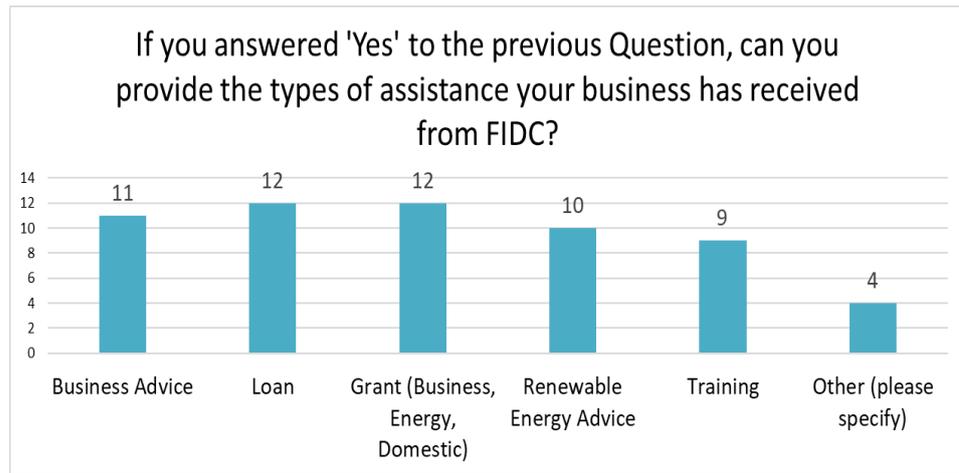
Of the businesses that stated they had assistance from FIDC, 18 businesses (56%) had a turnover of less than £100k in 2020. Interestingly 87% of the businesses who reported assistance from FIDC reported making a Profit in 2019 and 56% in 2020. 84% of businesses who received support from FIDC rated their business performance as either 'Good' or 'Excellent' in 2019 and 44% in 2020.

This year saw a decrease in the number of businesses assisted by FIDC with 5 or fewer full-time employees, from 70% in 2019 to 67% in 2020, with 33% of businesses who had help from FIDC reporting that they employed 6 or more full time employees, up from 30% in the 2020 edition of the survey. Of the businesses FIDC has assisted 37% identified as Sole Traders and 38% were Limited Companies.

Question 29 – If you answered 'Yes' to the previous Question, can you provide the types of assistance your business has received from FIDC?

This question is a follow up question for businesses who stated in their responses to Question 28, that they had received assistance from FIDC. Businesses were provided with four types of generic assistance options, with the ability to select 'Other' as an option and to provide an explanation of the assistance they received. Full responses to the 'Other' option can be found in the Appendix on page 75.

The options of 'Loan' and 'Grant' both received the highest number of responses, with 12 selections (37.5%) each. For businesses who accessed financial support via loans, 6 of these businesses were founded since 2011 (50%). Over



half (58%) of businesses who had received a loan from FIDC were based in Camp with 4 on West Falkland, 2 on East Falkland, and 1 on Islands. This is a reversal of 2020, where 58 of businesses who received loan funding were based in Stanley. 50% of businesses who had received loan funding from FIDC were established pre 2010 providing evidence that FIDC as well as assisting new business start-ups, is also providing assistance to well established Falkland Islands' businesses. There were 6 primary sectors that reported receiving loan funding from FIDC: Agriculture (5), Retailers (2), Business Services (1), Construction (1), Restaurants and Hotels (1) and Tourism (1).

'Grant' funding was equally popular as 'Loan' funding as the type of assistance received from FIDC by businesses responding to the survey, with 12 selections (37.5%). The breakdown in location of the businesses who stated they received grant funding from FIDC is as follows: 3 businesses in Stanley, 4 on West Falkland, 2 on East Falkland, and 3 on the islands. The largest represented industry to receive grant funding from FIDC was Agriculture with 6 business, followed by Tourism with 3 responses.

'Business Advice' remained in third position for 2021 with 34% (11 selections) a slight decrease from 35% in 2020. Of those who received business advice from FIDC 8 were new enterprises established since 2011 (73%), with 1 started in the last 12 months. 3 businesses were founded pre-2005 with one business established in the period 1982-1988. The majority of businesses who received advice were based in Stanley (9), with 2 from East Falkland. There were 7 sectors who reported receiving advice with Business Services as the highest represented industry with 3 selections, followed by Agriculture, and Tourism with 2 selections each. 82% of businesses who received advice made a profit in 2019 and 64% in 2020 and 4 businesses generated over £100k in 2019 and 2020, with 1 reporting a turnover of £3.01m-£5m in 2019.

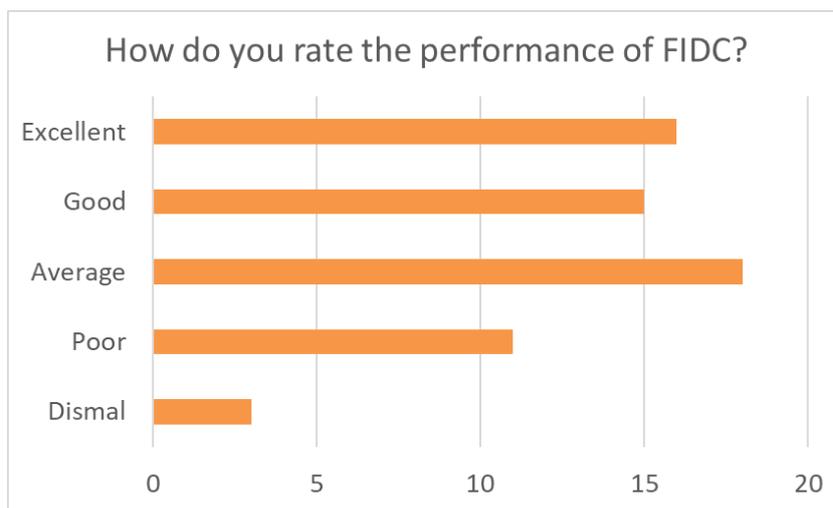
This was the first year that 'Training' was included as an option choice in the survey. There were 9 businesses who indicated that they had utilised the training programmes put on by FIDC (28%). 6 Businesses (67%) who undertook training were founded after 2011 with the majority of businesses based in Stanley (78%) and the rest (22%) from East Falkland. There were 7 primary industries who indicated they had received training via FIDC with Business Services as the sector who has most benefited with 3 selections.

As seen in previous editions of the survey, the majority of businesses who have received 'Renewable Energy Advice' from FIDC are based in Camp, with only 1 of the 10 businesses based in Stanley. Agriculture was the dominant primary industry with 7 selections (70%), Fishing, Retailers and Tourism all had one selection each.

There were 4 businesses who selected 'Other', this included Covid-19 support, assistance in setting up their business and awaiting a decision. More information including the full text responses to this question can be found in the Appendix on page 75.

Question 30 - How do you rate the performance of FIDC?

The results from this question provide important feedback regarding the overall performance of FIDC and the perception that the private sector has of the Corporation. FIDC's purpose is to assist entrepreneurs and businesses to facilitate commerce in the Falkland Islands, and it is incredibly useful to receive feedback from the business community. This feedback is utilised along with our annual Customer Satisfaction Survey conducted in November every year to inform improvements to FIDC services. A total of 63 respondents answered this question, with 29 (32%) skipping it.



The weighted average out of five of FIDC's performance according to these results was 3.48, this is an increase from the 2020 edition of the survey where the weighted average was 3.27, which can be interpreted as a 'Good' rating. A total of 31 (49%) of respondents rated FIDC's performance as 'Good' or 'Excellent' an increase of 3% from 2020 (46%). To break this down further 'Good' received 24% of responses and 'Excellent' received 25% of responses. The 'Excellent' response rate is up significantly from 2020 where it was at 12%. A total of 14 (22%) respondents selected 'Poor' or 'Dismal' and the remaining 18 respondents rated FIDC as 'Average' (29%).

FIDC will continue to strive to improve its service and performance and continues to take all constructive criticism seriously and will look to address any perceived issues or areas for improvement.

FIDC will continue to strive to improve its service and performance and continues to take all constructive criticism seriously and will look to address any perceived issues or areas for improvement.

Question 31 - What services could FIDC offer that would be of assistance to your business?

While Question 30 asked respondents to provide a rating for FIDC, Question 31 prompts respondents to provide specific feedback on what the Corporation can do to continue to assist businesses.

All 31 responses to this question can be found in full in the Appendix on 75.

Question 32 - What do you think FIDC's role in the economic development of the Falkland Islands should be?

The reason this question is included in the survey is to provide FIDC with important feedback regarding the strategic direction that it takes and to inform its day-to-day operation. Of the 92 businesses who took part in the survey, there were 35 responses to this question, which can be read in full in the Appendix on page 77.

The majority of the responses were in reference to FIDC encouraging and assisting local businesses, from new start-ups through to long-established enterprises and offering the relevant training, businesses advice and financial support options where necessary to facilitate this. Other comments included being more proactive in reaching out to individual businesses. There were a significant number of comments recognising the need for FIDC to act as a facilitator between the private sector and FIG, working on the private sector's behalf to lobby the government and ensure that the voice and needs of the private sector are heard and addressed, while continuing to advise on and implement Government strategies for economic growth and development.

The management of FIDC will carry out a full analysis of the feedback provided and will look to address any concerns and take on board any suggestions made when implementing FIDC's Corporate Plan 2021-2026, initiatives and objectives.

SECTION 4 – INNOVATION

Introduction

FIDC believes that development of local businesses and markets will bring major benefits to the Islands. In 2016-17 the Corporation began work with FIG on a cross-sectoral approach to innovation, bringing this to the forefront with an MLA portfolio holder supporting the initiative and the ExCo approved Innovation Strategy in March 2016.

Leading from this, the FIDC Innovation Project commenced with a value-adding report on wool, which led to formation of a steering group spearheading wool value adding initiatives, such as the Responsible Wool Standard accreditation. Other sectors will be addressed according to need and opportunity.

HIGHLIGHTS

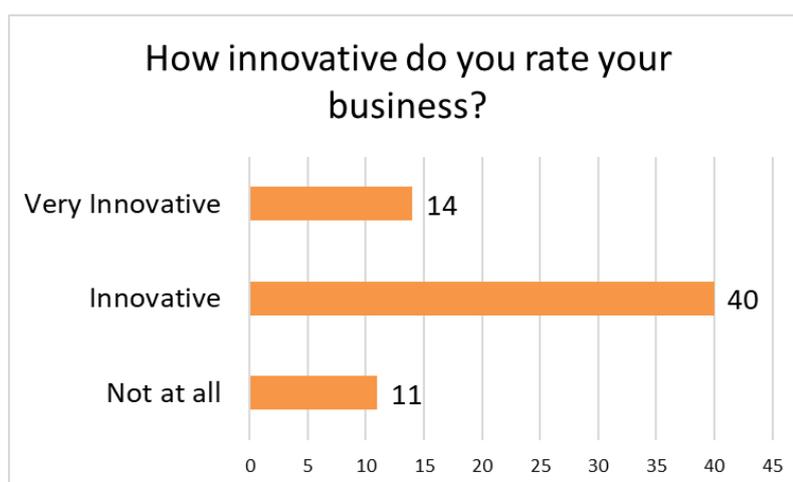
- 83% of respondents rated their business as ‘Innovative’ or ‘Very Innovative’;
- The Tourism industry had the most businesses that rated themselves as ‘Innovative’ or ‘Very Innovative’;
- 88% of businesses stated that innovation was either ‘Important’ or ‘Very important’;
- 68% of business invested some of their turnover into Research and Development in 2020;
- 59% of respondents forecast that they would be investing in Research & Development in 2021;
- 69% of businesses stated that they were exploring ways of innovating their business;
- ‘Improvements in your products/services’ was the most popular type of innovation currently being explored;
- The top three barriers to innovation are; (1) ‘Telecommunications – Cost’, (2) ‘Telecommunications - Bandwidth (Speed & Quality)and (3) ‘Air Links to South America (LATAM)’;
- The top three barriers to innovation are the same as the top three barriers to growth.

Results

Question 33 - How innovative do you rate your business?

The first question of the Innovation section of the Business Climate Survey asks participants to rate how innovative they consider their businesses to be. Respondents had a choice of three options 'Not at all', 'Innovative', and 'Very Innovative'. The majority of respondents answered this question (83%) rated their business as either 'Innovative', or 'Very Innovative', with a weighted average score of 2.05 out of 3 which is a slight decrease from the 2020 survey where the business community rated itself 2.1 out of 3. When breaking this down, 17% of those who responded to this question stated they were 'Not at all' innovative, 62% stated they were 'Innovative' and 22% selected 'Very Innovative'.

This year saw a decrease the percentage of businesses who felt that they were 'Very Innovative', down from 24% in 2020 to 22% in 2021 (14 businesses). These businesses represented 8 different sectors, with Land transport and Retailers taking first position with 3 responses each, followed by Agriculture and Marine Services with 2 responses each. When



forecasting their profit for 2021, 10 of the 14 businesses who answered this question (71%) stated that they thought their business would be profitable in 2021. In terms of turnover, 8 companies reported turnover of over £100k in 2020 (57%) with 21% reporting a turnover of over 1.01m in 2020 – with 2 of these businesses (14%) reporting a turnover of £5m+.

40 respondents stated that their business was 'Innovative' (62%) and represented 10 different sectors. Of those that rated themselves as innovative, 11 (28%) businesses operate within Tourism followed by Agriculture with 8 (20%) of the responses, and Business Services with 7 responses (18%). Of these businesses 14 reported turnover of over £100k (35%) for 2020, with 5 businesses (13%) stating they had a turnover of over £1.01m and 48% predicted that they would make a profit in 2021.

The 11 businesses who rated themselves as 'Not at all' innovative were from 5 sectors, with 4 from Business Services, 2 from, Fishing, Real Estate and Tourism, and 1 from Agriculture. 64% of these businesses forecast that they would be profitable in 2021, and 5 out of 11 of the businesses (45%) stated that their turnover for 2020 was over £100K and two businesses reported that they had turned over £1m+ in 2020 (18%).

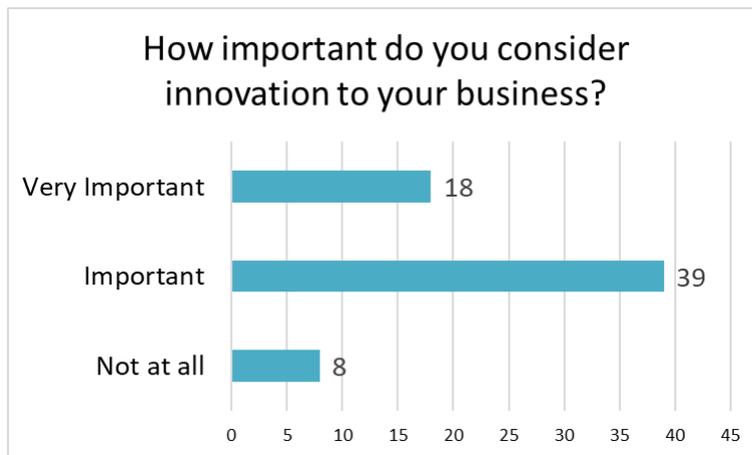
When looking at which industry rated itself as most innovative overall in the Islands, respondents that selected either 'Very Innovative' or 'Innovative' were grouped together. For the second year in a row Tourism was the most innovative industry with 11 (20%) of responses. This year Agriculture took second place with (19%) of responses having shared the top spot with Tourism in 2020, and leading in innovation in both 2016 and 2018.

Tourism is an industry continually seeking new ways of accessing global markets and encouraging increased revenue from visitors to the Islands, including the important role of technology and social

media platforms to market the Falkland Islands as a top tourist destination. The innovation undertaken by the Agriculture industry over the years includes improved land management, animal husbandry and the GVA of its core products, wool and meat. Business Services and Retailers took third place in innovation with 8 responses each in total (15%).

Question 34 - How important do you consider innovation is to your business?

The second question of the Innovation section of the survey asks businesses to rate how important innovation is to their business. Out of a possible 92 businesses, 65 answered this question. The majority of businesses stated that innovation was either 'Important' (60%) or 'Very important' (28%). Only 8 respondents felt that innovation was 'Not at all' (12.31%) important to their businesses.



Overall, as a weighted average, the respondents rated the importance of innovation to their businesses as 2.15 out of 3, a slight decrease from 2020 when innovation was given an importance rating of 2.22 and is higher than the rating provided by businesses when reporting on the innovation of their own enterprises. We have seen a growth in the number of businesses who are using innovative techniques. The table

below provides a comparison between the respondents' innovative and innovative importance ratings (out of three) by industry. Four industries were as innovative as they needed to be (down from five in 2020), with three industries; Land Transport, Retailers and Tourism, reporting they were more innovative than they felt they needed to be. Businesses from 4 industries, despite noting the importance of innovation to their business, were not as innovative as they should be down from 7 in 2020.

Industry	Innovative Rating	Innovative Importance	Variance
Agriculture	2.09	2.27	-0.18
Business Services	1.75	2.00	-0.25
Communications & Finance	2.00	2.00	0.00
Construction	2.33	2.33	0.00
Fishing	1.67	2.00	-0.33
Land Transport	3.00	2.67	+0.33
Marine Services	2.50	2.50	0.00
Mining and Quarrying	n/a	n/a	n/a
Real Estate	1.33	1.67	-0.34
Restaurant & Hotels	2.33	2.33	0.00
Retailers	2.38	2.25	+0.13
Tourism	1.85	2.00	+0.15
Transport Ancillary	2.00	2.00	0.00
Oi & Gas	n/a	n/a	n/a
Oil & Gas Services	n/a	n/a	n/a

Of the 12 primary industries who responded to the survey, 9 of these were represented by respondents who selected the 'Very Important' option, with 22% (4) of the businesses from both the Agriculture and Retailers sector. These were followed by Land Transport, Marine Services and Tourism at 11% (2

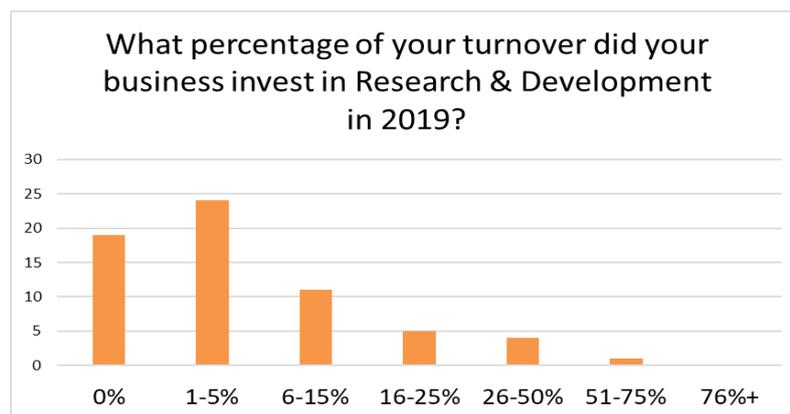
selections each). Business Services, Construction, Fishing and Restaurants and Hotels were also industries that felt that innovation was 'Very Important'.

There were 39 businesses who stated that innovation was 'Important' to their business, with 10 (26%) from Business Services, 9 (23%) from Tourism and 6 (15%) from Agriculture. A total of 12 out of 12 industries selected this option. Communications and Finance, Construction, Fishing, Land Transport, Marine Services, Real Estate, Restaurants and Hotels, Retailers and Transport Ancillary all indicated that innovations was either 'Important' or 'Very Important' to their business.

There were 6 industries that selected the 'Not at all' option, down from 8 in 2020. With Retailers and Tourism with 2 selections each and Agriculture, Business Services, Fishing and Real Estate with 1 selection each. 6 of the 8 of the businesses who stated that innovation was 'Not at all' important to their businesses also rated their businesses as 'Not at all' innovative in the previous question.

Question 35 – What percentage of your turnover did your business invest in Research and Development in the following years?

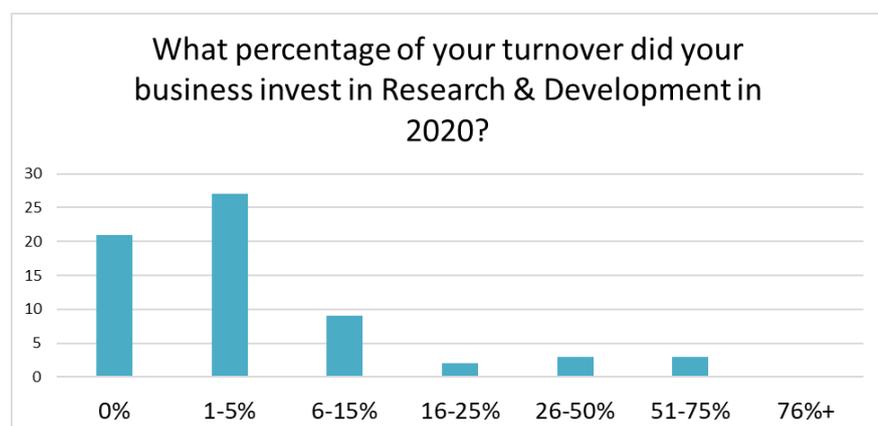
This question asks respondents to provide their approximate spending as a percentage of their turnover on Research and Development (R&D) in 2019, 2020 and forecasted for 2021.



Of the businesses who responded to this question, 19 businesses (30%) stated that they did not spend any money in R&D in 2019, increasing slightly to 21 (32%) in 2020. It could be surmised that less businesses chose to invest in R&D in 2020 due to the effects of the pandemic and economic uncertainty. The majority of

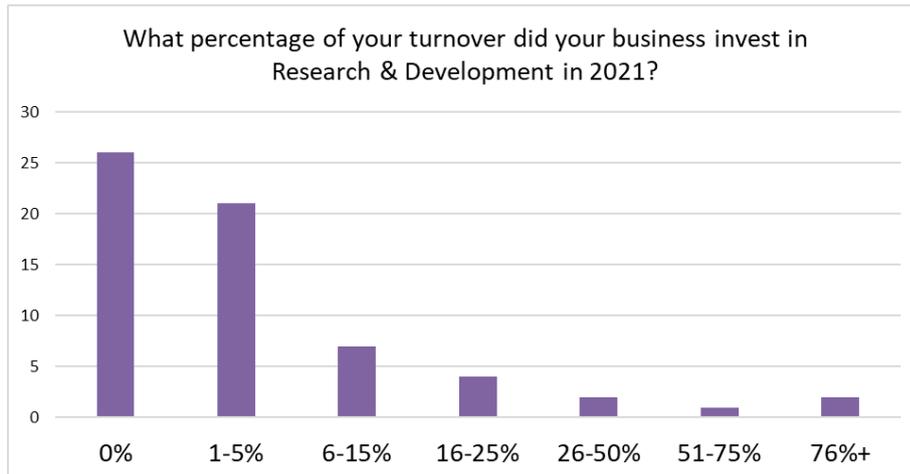
businesses who responded did invest in Research and Development in 2019 and 2020 with 70% and 68% respectively. The percentage of turnover most invested by businesses was '1%-5%' with 38% of businesses investing this amount in 2019 and 42% in 2020. The number of businesses who invested '6%-15%' in 2019 decreased from 17% to 14% in 2020. There were no businesses stated that they invested over '76%+' of their turnover for either 2019 or 2020.

When looking at the different industries represented in the survey and the percentage of turnover that these industries invested in Research and Development there are some interesting results. All of the industries that



responded to the survey had invested a percentage of their turnover in R&D either in 2019, 2020 or over both years.

Industries that spent '16%-25%' or higher were represented by the same seven sectors for 2019 and 8 for 2020. Business Services, Construction, Real Estate, Restaurants and Hotels, Retailers, Tourism and Transport Ancillary in 2019 with the addition of Land Transport in 2020. It is also interesting to note that when it came to reinvesting turnover into Research and Development of their businesses, both Marine Services and Transport Ancillary were the only two industries where all respondents to this part of the survey stated that they had invested a percentage of their turnover over both years.



Respondents were also asked to forecast what percentage of their turnover that they thought they would invest in Research and Development for 2021. Of the businesses who answered this part of the survey, 59% stated that they would be

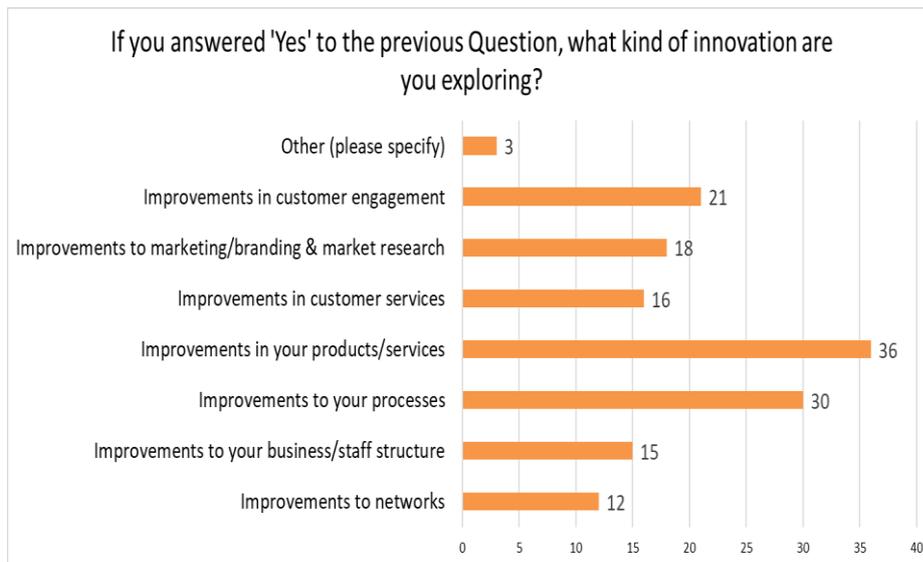
investing some of their turnover into R&D, this is a decrease of 9% from 2020. However despite the negative impacts of Covid-19 being felt by the private sector, businesses are still willing to invest in R&D. The percentage of turnover forecasted to be invested by the highest number of businesses was '1%-5%' at 33% for 2021. The number of businesses who forecast they would invest '6%-15%' in 2021 declined from 14% in 2020 to 11%. Forecasted investment of '16%-25%' increased from 3% of businesses in 2020 to 6% of businesses in 2021. There were two businesses that indicated that they planned to invest '76%+' of their turnover in Research and Development in 2021, compared with no businesses in both 2019 and 2020.

11 of the 12 of the industries that responded to this question in the survey stated that they would invest a percentage of the turnover into R&D in 2021, with the exception of Transport Ancillary. Industries that forecast spending '16%-25%' of their turnover or higher in 2021 were represented by 8 sectors; Business Services, Construction, Land Transport, Marine Services, Real estate, Restaurants and Hotels, Retailers and Tourism. Interestingly there were no industries where all respondents to this question stated that they intended to invest a percentage of their turnover in 2021, perhaps reflecting the economic uncertainty of the time.

Question 36– Are you currently exploring ways to innovate your business?

This question is a simple 'Yes' or 'No' answer. It asks respondents if they are currently exploring ways to innovate their businesses. The vast majority of respondents (69.23%) stated that they were looking at ways of innovating their business, this is a decrease compared to 79.92% in 2020.

Question 37 - If you answered 'Yes' to the previous Question, what kind of innovation are you exploring?



This question builds on the previous question by asking the respondents who answered 'Yes' to question 36, what types of innovation they are exploring. They were provided with the same 7 options as in 2016 and 2018 and 2020, which were an amalgamation from the book 'Ten Types

of Innovation: The Discipline of Building Breakthroughs' by Larry Keeley. Respondents were also provided with an 'Other' option and an opportunity to elaborate on the type of innovation they were investigating for their business. This was a multiple answer question, and respondents were allowed to select as many types of innovation as they felt were applicable.

There were 45 responses to this question in the survey and a total of 124 types of innovation were selected. This meant that on average, each business was exploring 2.75 types of innovation, down from 3.4 in 2020. According to the book 'Ten Types of Innovation: The Discipline of Building Breakthroughs', Larry Keeley states that the 'top innovating' companies would integrate on average, 3.6 types of innovation at one time and an 'average innovator' would integrate 1.8 types. It should be noted though, that this question deals with exploring innovation and not integrating it.

The top types of innovation currently being explored by the respondents to the survey are 'Improvements in your products/services' with 36 (80%) selections, followed by 'Improvements to your processes' with 30 (67%) of selections, 'Improvements in customer engagement' came third with 21 selections (47%).

Other was selected on 3 (6.7%) occasions and the full range of 'Other' answers can be found in the Appendix on page 81.

Question 38 - Please select up to three barriers that prevent your business from innovating?

This question asks respondents to select up to three barriers which prevent their business from innovating. Respondents were provided with a list of 42 answers, which was the same barrier list as provided for question 24. The purpose of providing the same list was to provide a useful comparison between the results of questions 22 and 38 and to see if the barriers to growth are the same as the barriers to innovation. The table on the next page displays the top 10 barriers identified in Question 38 and their ranking in Question 22.

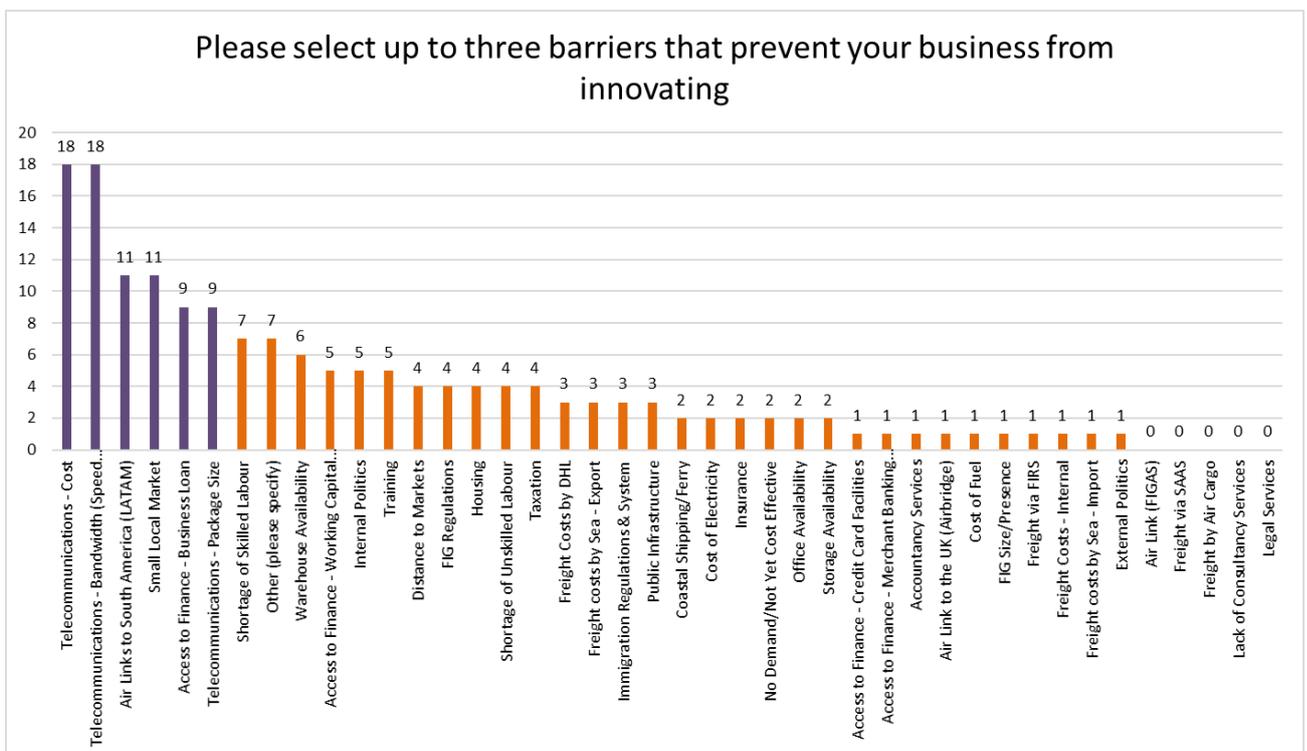
	Q38 Rank	Q24 Rank	Variance
Telecommunications - Cost	=1	3	+2
Telecommunications - Bandwidth (Speed & Quality)	=1	1	0
Air Links to South America (LATAM)	=3	2	-1
Small Local Market	=3	5	+2
Access to Finance - Business Loan	=5	15	+10
Telecommunications - Package Size	=5	12	+7
Shortage of Skilled Labour	=7	5	-2
Other (please specify)	=7	4	-3
Warehouse Availability	=9	12	+3
Access to Finance - Working Capital Loan/Overdraft	=10	23	+13
Internal Politics	=10	5	-5
Training	=10	18	+18

It is interesting to note that the top 3 barriers to innovations are the same as the top three barriers to business growth, and 7 of the top barriers to innovation can be found in the top ten barriers to growth (question

24). The biggest barriers to innovation were identified as ‘Telecommunications – Cost’ and ‘Telecommunications - Bandwidth (Speed & Quality)’ at 30.15% each. These were followed by ‘Air Links to South America (LATAM)’ and ‘Small Local Market at 18.64% each.

When comparing these results to those from 2020, we can see that 7 of the top ten barriers to innovation from 2020 are still in the top ten in 2021. These are ‘Telecommunications – Cost’ up from 7th to joint 1st position, ‘Telecommunications - Bandwidth (Speed & Quality)’ up from 3rd to joint 1st, ‘Small Local Market’ down from 2nd to 3rd place, ‘Access to Finance – Business Loan’ remaining in 5th position, ‘Shortage of Skilled Labour’ down from 1st to 7th, ‘Other (please specify)’ down from 4th to 7th, and ‘Access to Finance - Working Capital Loan/Overdraft’ down from 7th to 10th place in 2021.

The ‘Other’ category was selected by 7 businesses, and when asked to elaborate, two of these were related to having the time to innovate. Full responses to ‘Other’ can be found in the Appendix on page 82.



Question 39 - If you have managed to overcome a barrier or barriers in the last two years, could you explain how you overcame it?

There were fourteen responses to the question and they can be read in full in the Appendix on page 83.

SECTION 5 – BUSINESS ASSOCIATIONS

Introduction

This year the final section of the Business Climate Survey is devoted to the Falkland Islands Tourism Association (FITA), who have assisted with the survey in providing feedback on the content when compiling the questions and in aiding its distribution. The questions in this section focus on the performance of FITA, asking members and non-members to rate the capability of the organisation and the services that they provide.

Tourism is an industry seeing some of the largest impacts of the current Covid-19 pandemic with the suspension of flights to South America and travel restrictions to the Islands including quarantine for those arriving in the Islands.

In previous editions of the survey this section focused on the Chamber of Commerce and Rural Business Association, who again provided feedback and have assisted in the distribution, but graciously offered to step aside to allow the focus to be on this key sector. FIDC would like to extend its gratitude to these organisations for their continued support.

The feedback from this section will be shared with FITA enabling them to respond directly with their membership regarding actions that they propose to take to address any issues that may be highlighted in this year's Business Climate Survey.

The results for this section can be found in the Appendix on page 84.

HIGHLIGHTS

- 9.09% of Falkland Islands Tourism Association members rated FITA's effectiveness as 'Good' and a further 9.09% as 'Very Good';
- The highest 'Good' rated FITA service was 'Encourage the development of international Falkland Islands Tourism' at 36.36%;
- 50% of respondents rated FITA's influence over the FIE and FIG as either 'Positive' or 'Very Positive';
- 74% of respondents rates FITA's influence over FITB as either 'Positive' or 'Very Positive'.

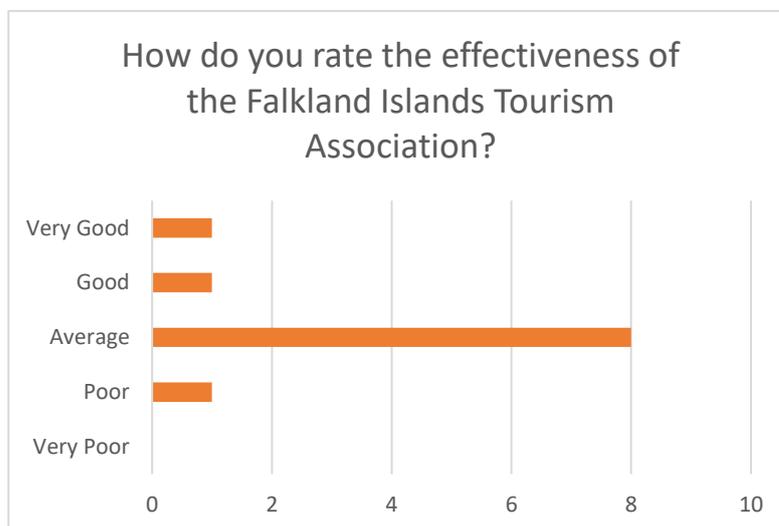
Results

Question 40 - How do you rate the effectiveness of the Falkland Islands Tourism Association?

For the purpose of this question, we looked at how the members of the Falkland Islands Tourism Association rated the effectiveness of the Falkland Islands Tourism Association. There were 11 members who answered this question and 6 that skipped this. All non-FITA members who responded to this question were filtered out for the purpose of this analysis.

The combined rating for 'Good' and 'Very Good' rating for the Falkland Islands Tourism Association was

18.18%. 'Average' received the highest amount of selections with 72.73%. No FITA members rated the effectiveness as 'Very Poor' and there was one selection for 'Poor' (9.09%). The overall weighted average score for the effectiveness of FITA was 3.18.

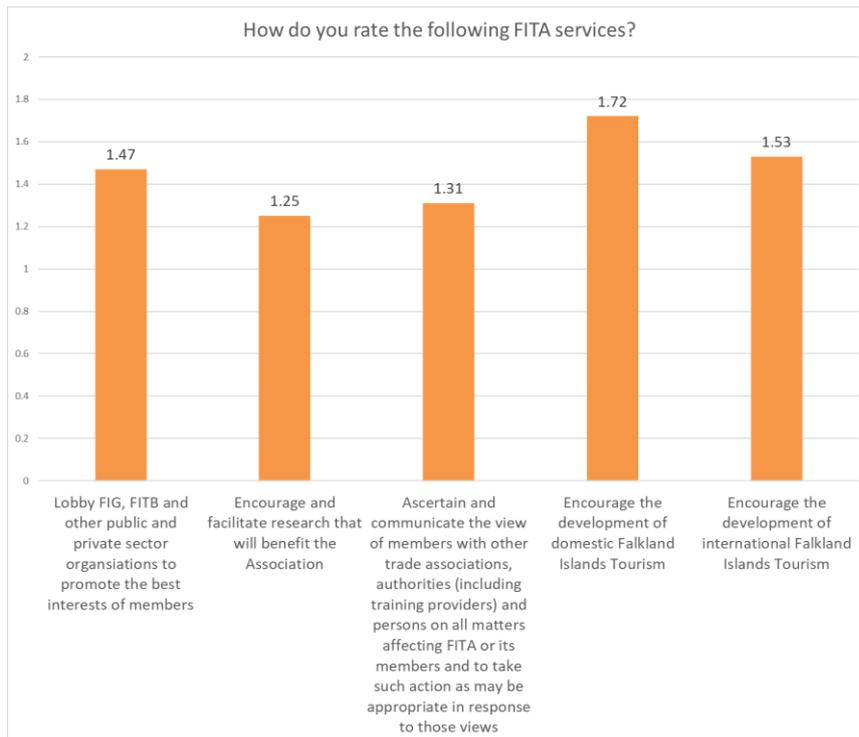


Question 41- How do you rate the following Falkland Islands Tourism Association services?

This year, the Falkland Islands Tourism Association provided a list of services that they wished to be rated in order to be able to inform and improve on the service they provide to their members. All non-Falkland Islands Tourism Association members who responded to this question were filtered out for the purpose of this analysis. 11 members of FITA answered the question and 6 chose to skip this question.

'Encourage and facilitate research that will benefit the Association' and 'Ascertain and communicate the view of members with other trade associations, authorities (including training providers) and persons on all matters affecting FITA or its members and to take such action as may be appropriate in response to those view' were the only two options where members selected 'Do not use' with one selection each. 'Encourage and facilitate research that will benefit the Association' had the lowest weighted average of 1.55 out of 3.

'Encourage the development of international Falkland Islands Tourism' was the highest rated services with a weighted average of 2.18 out of 3 and 36.36% of respondents rating it as 'Good'. The next two highest 'Good' ratings were 'Lobby FIG, FITB and other public and private sector organisations to

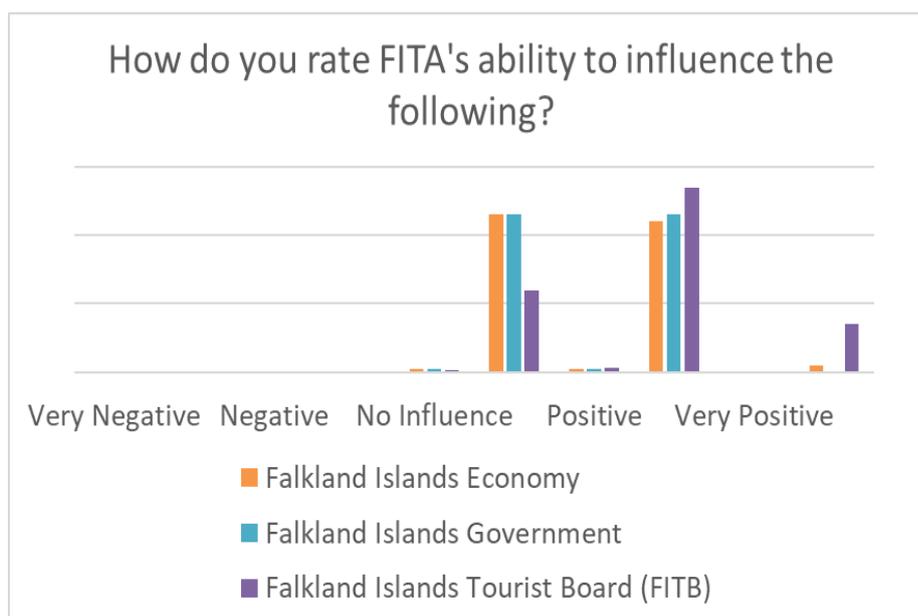


promote the best interests of members' and 'Encourage the development of domestic Falkland Islands Tourism' with a weighted average of 2.09 and a 'Good' rating of 27.27% each.

Question 42 – How do you rate FITA’s ability to influence the following?

This question was asked of all respondents, regardless of whether they were members of the Falkland Islands Tourism Association or not. 46 out of 92 respondents to the survey answered this question with 46 skipping it.

This year was the first time businesses were asked to consider the ability of FITA to influence the local economy, the government and the Falkland Islands Tourist Board. For all three areas there were no businesses that selected either 'Negative' or 'Very Negative'.



In terms of FITA's ability to influence the Falkland Islands Economy (FIE), 50% of respondents felt that FITA had 'No Influence' the remaining 50% stating the influence was either 'Positive' or 'Very Positive' at 47.83% and 2.17% respectively. Overall the weighted average score was 3.52.

In terms of how respondents to the

survey perceived the FITA's influence on the Falkland Islands Government (FIG) results were similar to FITA's influence over the economy, with 50% of respondents stating that FITA had 'No Influence' and the remaining 50% stating the influence was 'Positive'. There were no 'Very Positive' selections for this option. Overall the weighted average score was 3.50.

When asked about the influence of FITA on the Falkland Islands Tourist Board (FITB), 26.09% felt that FITA had no influence, and 73.91% rated it as either 'Positive' or 'Very Positive' at 58.70% and 15.22% respectively. Overall the weighted average score was 3.89.

There were 11 members of the Falkland Islands Tourism Association who answered this question, and members of FITA had a more positive view to FITA's influence on the economy (FIE), FIG and FITB with 54.55% 'Positive' scores for both FIE and FIG and 72.72% combine 'Positive' and 'Very Positive scores for influence over FITB. Overall the weighted average score by FITA members for influence over both FIG and the FIE was 3.55 and for over FITB 4.00.

Question 43 - If you wish to provide further comment regarding the performance of the Falkland Islands Tourism Association please do so in the box below.

There were 6 responses to the question and they can be read in full in the Appendix on page 85. There were 3 responses from FITA members and 3 from businesses who are not members of FITA.

CONCLUSIONS

FIDC

2018-2021 has been a period of change for the Falkland Islands economy, with record high sale prices for greasy wool in 2018/19, the establishment of a second airlink to South America in 2019 and improvements to telecoms. These highs were followed by the wool market slump in 2020 and the impacts of Covid-19, including the suspension of flights to South America, strict quarantine measures in place, a domestic only tourism season and Brexit.

In April 2020, at the height of lockdown the Business Climate Survey was run as originally planned. The results at the time were to be expected. There was a lack of confidence in the economy and businesses predicted that their performance would be extremely impacted by the pandemic. When reporting on the results it was agreed that it would be an interesting comparison to run an extraordinary edition of the survey in 2021, a full year on from the Covid-19 lockdown in the Islands and with a full reduced tourism season under our belt.

It is pleasing to note, that despite the forecasted poor business and economic performance forecast for 2020, on reflection businesses performed better than expected and this was also seen with an improved economic performance rating. This is in part due to the fact that lockdown for the Islands lifted quicker than in many other areas of the world and our economy and government were in a strong enough position to put a variety of support measures in place to mitigate the impacts on the private sector. FIG funded support schemes such as the Tourism Recovery Incentive Programme, Wool Producers Assistance Scheme and various Small Business and Employment grant schemes all provided key financial support to businesses.

However, it should be noted that participants still predicted poorer performance in 2021 both for their businesses and the economy than in 2020. We are now seeing global supply chain disruptions having effects on goods being imported to the Islands and steeply increasing prices for commodities such as timber. Flights to South America have not been re-established and are unlikely to be before the latter part of 2022, meaning another reduced tourism season relying on the domestic market in the main.

The lack of flights and quarantine measures are also having impacts on the ability to recruit and retain skilled and unskilled labour in the Islands. This is and will remain a pressing issue for the Falklands and the business community. Supporting the private sector in filling these labour force gaps and addressing key skills shortages is something that FIDC will continue to work towards and is included within the FIDC Corporate Plan.

With the emphasised sense of isolation, suspended airlinks and more people needing to work from home or quarantine, it is no surprise that airlinks, telecommunications, distance to markets and the small local market size all featured heavily in the Barriers to Growth. These issues are at the forefront of the business community mind and despite improvements to telecoms seen in the 2020 edition of the survey, the increased reliance on digital infrastructure, to allow remote working practices, has drawn attention to weaknesses within a stretched system.

It is heartening that the business community have confidence that in the medium to long term the economy of the Islands will recover significantly. FIDC will continue to work with key strategic partners to support this recovery, identify opportunities for business growth, foster a culture of entrepreneurship in the Islands and support business and industry growth and innovation.

FALKLAND ISLANDS TOURISM ASSOCIATION

The Falkland Islands Tourism Association consist of a range of larger companies and individuals involved in the tourism industry within the islands with both based in Camp and in Stanley. Our overriding aim is to promote healthy relationships and represent the interests of all businesses and individuals working in tourism and related industries in the Falkland Islands.

This year has been the most challenging with the global pandemic preventing travel and border restrictions and quarantine measures in place to international travel and the cruise industry. Our role over the last year has been to lobby FIG & FITB, keeping those in the industry updated on issues and events and assisting the industry during these difficult times.

The FIG Tourism Recovery Incentive Programme (TRIP scheme) has been the good news story of the season, encouraging local land based Tourism, in keeping parts of the industry going and helping to keep the interest in tourism alive, both for customers and providers. The popularity of the scheme can be seen in the Business Climate Survey results and it may be that this coming season a similar support scheme will be required.

There is also the lack of our air-link connection to South America via LATAM which is a vital part of the land base and cruise ship tourism infrastructure. Without this link we must rely on the MOD Airbridge where space is limited and is not always reliable especially for the international traveller. These concerns are seen reflected in the key barriers to growth as highlighted in the survey alongside the need for improved telecommunications in terms of speed, quality and cost, the small local market size and the shortage of labour.

We feel this coming tourist season will be very similar to last year, especially if decisions are not clearly mapped out for potential visitors soon, as long haul travellers to the islands tend to have their itinerary in place at least a year in advance. We hope that decisions regarding these restrictions, the cruise industry and connecting flights to South America are made in a timely manner and communicated clearly.

There are concerns especially for the cruise industry which employs larger numbers of people during the cruise season with some as their main employment and others as a second employment. The cruise industry is slowly restarting in other parts of the world, but with our borders still closed and restrictions in place we don't envisage seeing ships in Stanley harbour in 2021. We will need to ensure that when this industry restarts in the Islands, that there are the people and infrastructure in place to support it again.

In regards to FITA's performance as reported in the survey, this was the first time FITA have taken part and the results will provide us with a baseline for future analysis. Our work encouraging the development of domestic tourism has been recognised and we will continue to work on improving our services. To strengthen FITA's role it is vital that we continue to grow the association by growing the member base, providing a voice across the sector. We would greatly encourage anyone working within or associated with the Tourism sector to get in touch regarding how to become a member.

CHAMBER OF COMMERCE

The 2020 and 2021 survey results help paint a picture of how local and international events shaped our economy over the past 12 months and how businesses reacted to those events. The survey points to a resilient, optimistic private sector capable of adapting and innovating to overcome unexpected challenges and, whilst there is some uncertainty in the short term, foresees long term growth.

Uncertainties still surround areas such as tourism and agriculture, and there is still the possibility of other sectors being affected by the long-term effects of Brexit and COVID-19. Businesses and government must remain ready to mitigate these effects and ensure that the Falklands economy continues to develop in the short term.

Some of the most important sections of the survey for the Chamber are the barriers to growth and innovation. There have been some significant but not unexpected changes to these lists, and it is crucial to consider them in the context of the current global pandemic. With the suspension of commercial flights to South America and reduced airbridge capacity, it is unsurprising to see Air Links rise up the list after falling following the introduction of the LATAM flight to Brazil in 2019. As the world continues to move through the COVID-19 pandemic, we hope to see both of these links re-established and a considered strategy for managing the risks and benefits involved.

Similarly, after the increase in broadband capacity in December 2019, the business community saw telecoms as less of a barrier, but it is now seen as the top barrier once again. This shows that businesses are adapting, changing their business to use the increased digital connectivity, but now appear to have reached a point where further service improvements are necessary. Future agreements between Sure and FIG need to consider this ongoing development, incorporating an annual review in service to allow businesses to continue innovating and growing. Work on this issue is ongoing, and we hope that the revitalised Technology Development Group will provide a route to identify and resolve the current problems with telecoms.

It is positive to see improvement in some key areas, with recent work on FIG Procurement and Immigration policies reflected in the results. This shows that impactful changes can be implemented relatively swiftly when resources are dedicated to modernising government policy and legislation. There also continues to be a series of complex and interlinked issues surrounding labour force development and housing. With the housing strategy now published and the strategy on labour force development not far behind, we hope to see those barriers removed in the coming years.

We found it highly encouraging to see that 40% of our membership took the time to complete this edition of the Business Climate Survey and would like to thank our members for taking the time to do so. Whilst there was no section included on the Chamber itself this year, we hope that this level of engagement shows that the work we undertook following feedback from our members in the last edition of the survey has been well received. It also means that we can confidently use the results to help guide our decisions over the coming year, revise our list of priorities, and develop a long-term business plan to address areas of most significant concern.

RURAL BUSINESS ASSOCIATION

The Rural Business Association has been providing support to the rural business community for many years, and in that time priorities have changed, one thing however has remained the same, its primary goal of helping the rural community to succeed. The RBA membership consists of a very broad range of corporate entities, farm owners and wool producers, other rural-based and Stanley-based businesses that offer island-wide services, this includes hauliers and transportation providers, builders, tourism operators, hoteliers and conservation and environmental groups and individuals.

The period April 2020 to April 2021 saw extreme impacts for many rural industries with the continued effects of the Covid-19 pandemic being felt with the LATAM airlinks suspended and quarantine measures enforced for those coming to the islands, BREXIT having a bearing on meat exports and the declining wool market prices. FIG stepped in with a variety of support measures including the TRIP, Wool Producers Purchase and the FIMCO Supplier Support Schemes amongst other economic mitigations to offer some support to Camp based operations.

Although this survey saw a higher rate of responses from RBA members than in 2020 which is pleasing, it should be noted that this is only a small representation of the overall RBA membership, and does not reflect the actual number of rural businesses in the Islands. Obtaining higher response rates from those operating in Camp is important to gather measurable data in the future.

It is unsurprising that for businesses operating in Agriculture and Tourism, that business confidence for 2021 was low. Those responding the survey will have been influenced by the lower returns for wool compared to the historic highs of the previous season and greatly reduced income to some farms from FIMCo's reduced export season, lower slaughter numbers and the inability to process all animals that were ready for slaughter. Meat production starts years in advance and not all farms will be able to carry the surplus animals into the next season. This loss in income streams is compounded by the loss of other additional revenues for some businesses such as that expected from the suspended Cruise Ship Tourism season. Conversely, any 'optimisms' about returns & performance for the past season will have been based on the gratefully received FIG assistance.

In regards to barriers to growth, the increased view rating for 'internal politics' having an influence is worryingly high and increasing year on year. The present councillors and next Assembly should at least be absolutely cognisant of this fact, and where it is restricting development, causing delays and obstructions, actually look into what can be done to start mitigating some of the culpable factors influencing that perception.

Finally, the need for improved banking services, with electronic transfers and other up-to-date facilities cannot be understated, and to this end, the internet service provider needs to step up their performance to help the banking service get these vital features into action sooner rather than later. Especially in the emerging digital world, we should not be left behind, especially where access to communications is increasingly important for innovation.

APPENDIX – FULL RESULTS

Section 1 – Business Background

Question 1 - In what year was your business founded?

Answer Choices	%	Amount
Pre 1982	7.61%	7
1982-1988	10.87%	10
1989-1995	11.96%	11
1996-2000	5.43%	5
2001-2005	7.61%	7
2006-2010	4.35%	4
2011-2015	22.83%	21
2016-2019	25.00%	23
In the last 12 months	4.35%	4
	Answered	92
	Skipped	0

Question 2 - What type of business do you operate?

Answer Choices	%	Amount
Sole Trader	38.04%	35
Partnership	13.04%	12
Limited Company	36.96%	34
Public Limited Company	2.17%	2
Limited Partnership	1.09%	1
Statutory Corporation	4.35%	4
Registered Charity	0.00%	0
Not-for-Profit	2.17%	2
Trust	2.17%	2
Other or a combination of the above (please specify)		4
	Answered	92
	Skipped	0

Four respondents selected 'Other'

Number	Other (Please Specify)
1	Company Limited by Guarantee
2	Co-Operation operating as a limited company.
3	Company Limited by Guarantee
4	sole trader 2011-2019, Ltd 2019 +

Question 3 – Where is your business primarily based?

Answer Choices	%	Amount
Stanley	71.74%	66
Mount Pleasant	0.00%	0
East Falkland	14.13%	13
West Falkland	8.70%	8
Islands	5.43%	5
Other (please specify)		3
	Answered	92
	Skipped	0

Three respondents selected 'Other'

Number	Other (Please Specify)
1	We operate Island wide
2	Antarctica
3	All the Falklands

Question 4 - Is your business a member of the following business associations?

Answer Choices	%	Amount
Falkland Islands Chamber of Commerce (FICoC)	68.33%	41
Rural Business Association (RBA)	31.67%	19
Falkland Islands Tourism Association (FITA)	28.33%	17
Falkland Islands Fishing Companies Association (FIFCA)	5.00%	3
	Answered	60
	Skipped	32

Question 5 – What industry does your business primarily operate within?

Answer Choices	%	Amount
Agriculture	19.10%	17
Business Services	14.61%	13
Communications & Finance	3.37%	3
Construction	5.62%	5
Fishing	4.49%	4
Land Transport	3.37%	3
Marine Services	4.49%	4
Real Estate	4.49%	4
Restaurants & Hotels	6.74%	6
Retailers	11.24%	10
Tourism	21.35%	19
Transport Ancillary	1.12%	1
Oil & Gas	0.00%	0
Oil & Gas Services	0.00%	0
	Answered	89
	Skipped	3

Question 6 - What sub-sector of the Tourism industry do you primarily operate within?

Answer Choices	%	Amount
Agriculture	0.00%	0
Business Services	16.67%	3
Communications & Finance	0.00%	0
Construction	0.00%	0
Fishing	0.00%	0
Land Transport	16.67%	3
Marine Services	5.56%	1
Mining & Quarrying	0.00%	0
Real Estate	0.00%	0
Restaurants & Hotels	33.33%	6
Retailers	16.67%	3
Transport Ancillary	11.11%	2
Oil & Gas	0.00%	0
Oil & Gas Services	0.00%	0
	Answered	18
	Skipped	74

Question 7 - What other industries does your business operate within

Answer Choices	%	Amount
Agriculture	4.08%	2
Business Services	20.41%	10
Communications & Finance	2.04%	1
Construction	14.29%	7
Fishing	0.00%	0
Land Transport	18.37%	9
Marine Services	16.33%	8
Mining & Quarrying	0.00%	0
Real Estate	10.20%	5
Restaurants & Hotels	8.16%	4
Retailers	10.20%	5
Transport Ancillary	51.02%	25
Oil & Gas	14.29%	7
Oil & Gas Services	2.04%	1
	6.12%	3
	Answered	49

Question 8 - How many months of the year does your business operate?

Answer Choices	%	Amount
0-2 months	0.00%	0
3-6 months	8.05%	7
7-11 months	4.60%	4
All year round	87.36%	76
	Answered	87
	Skipped	5

Question 9 - What is your main customer base?

Answer Choices	%	Amount
Stanley	35.63%	31
Camp	0.00%	0
MPA/MoD	3.45%	3
Business to Business	10.34%	9
Internet	1.15%	1
Seasonal (e.g. tourists)	18.39%	16
Offshore	3.45%	3
Export	17.24%	15
FIG	2.30%	2
Other (please specify)	8.05%	7
	Answered	87
	Skipped	5

Seven respondents selected 'Other'

Number	Other (Please Specify)
1	World wide
2	Stanley and Camp
3	All of the above
4	National
5	Overseas
6	Island wide
7	All the Falklands

Question 10 - Is your business owned by another organisation(s)?

Answer Choices	%	Amount
Yes	14.94%	13
No	85.06%	74
	Answered	87
	Skipped	5

Question 11- If you answered 'Yes' to the previous Question, where is your parent organisation based?

Answer Choices	%	Amount
Falkland Islands	81.82%	9
United Kingdom	18.18%	2
Spain	0.00%	0
Other European Country	0.00%	0
South America	0.00%	0
Other (please specify)	0.00%	0
	Answered	11
	Skipped	81

Question 12 - Is your business in partnership with another organisation(s)?

Answer Choices	%	Amount
Yes	9.09%	1
No	90.91%	10
	Answered	11
	Skipped	81

Question 13 - If you answered 'Yes' to the previous Question, where is your partner organisation based?

Answer Choices	%	Amount
Falkland Islands	0.00%	0
United Kingdom	100.00%	1
Spain	0.00%	0
Other European Country	0.00%	0
South America	0.00%	0
Other (please specify)	0.00%	0
	Answered	1
	Skipped	91

Question 14 - Approximately, how many people do you currently employ on the following basis in 2019, 2020 and possibly in 2021?

2019	0	1	2-5	6-10					
Full-Time	4.26%	2	17.02%	8	40.43%	19	19.15%	9	
Part-Time	20.00%	6	26.67%	8	40.00%	12	6.67%	2	
Casual	31.82%	7	22.73%	5	31.82%	7	4.55%	1	
Seasonal	12.00%	3	8.00%	2	60.00%	15	12.00%	3	
Consultant	100.00%	4	0.00%	0	0.00%	0	0.00%	0	
Interim/Temporary	80.00%	4	0.00%	0	20.00%	1	0.00%	0	
Trainee	100.00%	5	0.00%	0	0.00%	0	0.00%	0	
Other	80.00%	4	0.00%	0	0.00%	0	0.00%	0	
2020	0	1			2-5		6-10		
Full-Time	6.38%	3	25.53%	12	29.79%	14	19.15%	9	
Part-Time	16.13%	5	38.71%	12	29.03%	9	6.45%	2	
Casual	28.57%	6	28.57%	6	23.81%	5	9.52%	2	
Seasonal	34.78%	8	4.35%	1	52.17%	12	4.35%	1	
Consultant	100.00%	4	0.00%	0	0.00%	0	0.00%	0	
Interim/Temporary	80.00%	4	0.00%	0	20.00%	1	0.00%	0	
Trainee	100.00%	5	0.00%	0	0.00%	0	0.00%	0	
Other	80.00%	4	0.00%	0	0.00%	0	0.00%	0	
2021	0	1			2-5		6-10		
Full-Time	4.08%	2	24.49%	12	30.61%	15	20.41%	10	
Part-Time	18.18%	6	42.42%	14	21.21%	7	12.12%	4	
Casual	12.00%	3	36.00%	9	36.00%	9	8.00%	2	
Seasonal	30.43%	7	4.35%	1	52.17%	12	4.35%	1	
Consultant	100.00%	4	0.00%	0	0.00%	0	0.00%	0	
Interim/Temporary	80.00%	4	0.00%	0	20.00%	1	0.00%	0	
Trainee	100.00%	5	0.00%	0	0.00%	0	0.00%	0	
Other	80.00%	4	0.00%	0	0.00%	0	0.00%	0	
Answered									69
Skipped									23

Section 2 - Business Performance

Question 15 - How do you rate your business's overall performance in the following years?

	Dismal	Poor	Average	Good	Excellent	Weighted Average	Amount	
2019	0	0	13	42	15	4.03	70	
2020	5	12	20	30	4	3.23	71	
2021 (forecast)	6	14	21	24	7	3.17	72	
Answered								72
Skipped								20

Question 16 - How do you think your business performed or will perform in terms of profitability in the following years?

	Made a Profit	Made a Loss	Broke-Even	Amount
2019	63	2	5	70
2020	46	12	13	71
2021 (forecast)	39	18	15	72
Answered				72
Skipped				20

Question 17 - Approximately, what was your business's turnover in 2019 and 2020 and what do you forecast your turnover to be in 2021?

2019	%	Amount
£0	2.82%	2
£1k-£50k	23.94%	17
£51k-£100k	21.13%	15
£101k-£150k	12.68%	9
£151k-£300K	16.90%	12
£301k-£500k	2.82%	2
£501k-£1m	5.63%	4
£1.01m-£3m	7.04%	5
£3.01m-£5m	4.23%	3
£5m+	2.82%	2
2020	%	Amount
£0	2.78%	2
£1k-£50k	37.50%	27
£51k-£100k	16.67%	12
£101k-£150k	16.67%	12
£151k-£300K	4.17%	3
£301k-£500k	2.78%	2
£501k-£1m	5.56%	4
£1.01m-£3m	9.72%	7
£3.01m-£5m	1.39%	1
£5m+	2.78%	2
2021	%	Amount
£0	5.56%	4
£1k-£50k	44.44%	32
£51k-£100k	13.89%	10
£101k-£150k	8.33%	6
£151k-£300K	5.56%	4
£301k-£500k	4.17%	3
£501k-£1m	4.17%	3
£1.01m-£3m	11.11%	8
£3.01m-£5m	0.00%	0
£5m+	2.78%	2
Answered		72
Skipped		20

Question 18 - Has the balance sheet value of your business increased over the past two years, and if so, by how much approximately?

Answer Choices	%	Amount
Less than £0	5.71%	4
£0 (no change)	30.00%	21
£1-£25k	34.29%	24
£25k-£50k	11.43%	8
£50k-£100k	8.57%	6
£100k-£500k	7.14%	5
£500k+	2.86%	2
Answered		70
Skipped		22

Question 19 - What is the level of cash retained in the business?

Answer Choices	%	Amount
less that £1k	12.68%	9
£1k-£10k	28.17%	20
£11k-£20k	12.68%	9
£21k-£50k	14.08%	10
£51k-£100k	11.27%	8
£101k-£200k	5.63%	4
£201k-£500k	5.63%	4
£501k-£1m	2.82%	2
£1m+	7.04%	5
Answered		71
Skipped		21

Question 20 - Did your business benefit from any of the following Covid-19 support schemes?

Answer Choices	%	Amount
None of the above	50.00%	35
FIG Covid-19 Wool Producers Assistance Scheme 2020	18.57%	13
FIG Covid-19: Business Grant Scheme (administered by FIDC)	7.14%	5
FIG Covid-19: Employment Support Scheme	12.86%	9
FIG Covid-19: Self Employed Income Supplement Scheme	10.00%	7
FIG Covid-19: Job Retention Furlough Scheme	7.14%	5
FIG Covid-19: Unemployment Subsidy Scheme	0.00%	0
Falkland Islands Tourism Recovery Incentive Programme (TRIP)	21.43%	15
FIMCo Supplier Support Scheme (administered by FIMCo & FIDC)	11.43%	8
Deferred Repayment Loan Scheme (administered by FIDC)	0.00%	0
Answered		70
Skipped		22

Question 21 - If you applied for any of the schemes in the previous question, please can you provide some feedback on your experience of the application process.

Answers Completed	Amount
Answered	30
Skipped	62

although I appreciate that FIG were trying to help, the process was difficult and frustrating.

FIG schemes only help so far.

We did not claim assistance at the start as we thought it would be short term and we would manage and recoup any losses this season. However, we have now applied for assistance as it is going on so long. The administrators have been very helpful, although we have not received any financial support as yet.

Still awaiting decision

Very complicated! But once you filled one next year me was much better!

Very straight forward

tourism took ages to get going wool assistance could of been more

The TRIP scheme was a great incentive and helped those to purchase something they maybe couldn't have before. It upped my workload however and my stress levels.

The application process was quite involved but relatively straightforward.

My accountant handled this process so I had no trouble at all I have received payments regularly

After filling the form I had to chase the payment several times and waited over 6 weeks for the second payment having submitted the paperwork a second time.

Can't apply!

N/A

Both application process experiences had been good, at the beginning a bit complicate to understand but had good support from FIG and FIDC

TRIP easy to apply for but not a very good response for bookings. Run at only about 30% of a normal year

was not eligible for fimco

FIMCo scheme simple. trip works well for some local tourism.

Process was straight forward, no complications experienced

All seemed to go OK.

N/A

N/A

Good

Excellent process; well managed by FIDC and supported by FIMCo

Straightforward, but exhaustive paperwork required

Excellent experience

We didn't apply for any of the schemes.

FIDC scheme was relatively straight forward but the FIG furlough scheme did feel like moving hoops initially

Both applications very straight forward and very good.

Two members of staff got paid £1000 our business has received nothing one time we were told its because there is a long waiting list but I know of other who put in after us and got paid staff got better paid we are meant to get something but a year after lick down still waiting

Very quick, we experienced no issues. We completed the forms ourselves and they were simple enough.

Section 3 - The Economy and FIDC

Question 22 - How do you think the Falkland Islands economy performed in the following years?

	Dismal	Poor	Average	Good	Excellent	Weighted Average	Amount
2019	0	0	15	38	18	4.04	71
2020	1	11	31	27	1	3.23	71
Answered							71
Skipped							21

Question 23 - How do you forecast the future prospects of the Falkland Islands economy for the following years?

	Dismal	Poor	Average	Good	Excellent	Weighted Average	Amount
Short-term (2021)	3	11	41	14	2	3.01	71
Medium-term (2022 to 2026)	0	4	27	34	6	3.59	71
Long-term (2027 and beyond)	0	1	16	39	14	3.94	70
Answered							71
Skipped							21

Question 24 - Please select up to five barriers that prevent the growth of your business?

Answer Choices	%	Amount
Access to Finance - Business Loan	12.12%	8
Access to Finance - Working Capital Loan/Overdraft	6.06%	4
Access to Finance - Credit Card Facilities	12.12%	8
Access to Finance - Merchant Banking Facilities	6.06%	4
Accountancy Services	1.52%	1
Air Links to South America (LATAM)	34.85%	23
Air Link to the UK (Airbridge)	16.67%	11
Air Link (FIGAS)	3.03%	2
Coastal Shipping/Ferry	4.55%	3
Cost of Electricity	1.52%	1
Cost of Fuel	7.58%	5
Distance to Markets	16.67%	11
FIG Regulations	1.52%	1
FIG Size/Presence	4.55%	3
FIG Procurement Policy	1.52%	1
Freight via FIRS	0.00%	0
Freight via SAAS	3.03%	2
Freight by Air Cargo	3.03%	2
Freight by Air Cargo - DHL	6.06%	4
Freight Costs - Internal	4.55%	3
Freight Costs by DHL	7.58%	5
Freight costs by Sea - Import	12.12%	8
Freight costs by Sea - Export	1.52%	1
Housing	15.15%	10
Immigration Regulations & System	13.64%	9
Insurance	4.55%	3
Internal Politics	16.67%	11
External Politics	3.03%	2
Lack of Consultancy Services	0.00%	0
Legal Services	0.00%	0
Office Availability	6.06%	4
Public Infrastructure	10.61%	7
Shortage of Skilled Labour	16.67%	11
Shortage of Unskilled Labour	9.09%	6
Small Local Market	16.67%	11
Storage Availability	4.55%	3
Taxation	15.15%	10
Telecommunications - Cost	24.24%	16
Telecommunications - Bandwidth (Speed & Quality)	36.36%	24
Telecommunications - Package Size	13.64%	9
Training	10.61%	7
Warehouse Availability	13.64%	9
Other (please specify)	19.70%	13
Answered		66
Skipped		26

Thirteen respondents selected 'Other'

Number	Other 'Please Specify'
1	SCB charges
2	Plagiarism/ copy-write / design & idea theft
3	Lack of recognition that status quo mindsett for agriculture is a problem. Long term meaningful increase in profitability is required.ge is needed.
4	Lack of available work space
5	Covid
6	Costs of other regulations
7	Cost of quarry products
8	Pandemic
9	High level reluctance to explore opportunities to do things differently at a strategic level and hence self limiting to change. Short of high level business creativity and innovation
10	My own time
11	Local Banking Costs
12	Business premises
13	FIDC failure to provide meaningful business advice and support

Q25 – Could you provide some detail regarding your five selections, particularly if you were able to overcome the identified barrier or barriers?

Answers Completed	Amount
Answered	39
Skipped	53

Nothing we can do to start up flights again. Internet has improved but customers expect to be able to connect wherever they are and this can cause disappointment. I try to assist by carrying wifi cards to resell.

A wool warehouse is vital.

Better air-links to the islands- either replacing airfield operator at MPA, or developing/upgrading Stanley Airport. Better banking facilities - Competition Better communications provision – Competition

Mostly effects for growth due to small local market which prevent growth and investment in skilled work force. Lack of Office space and office available rent is really high. Housing is big issue as market cannot grow due to lack of accommodation and rent is very unaffordable? Immigration still takes time to process work permits medicals up to 3 month Warehouse space if planning to expand there is not available as only big companies able to build big warehouse.

Cost internet, shortage of short term labour immigration getting labour into Falklands

FIG Procurement remains a significant issue for companies wishing to provide services to FIG. This seems to be improving but political and personal interference in development of private sector offerings remains an issue as does seeming widespread FIG/MLA distrust of private sector motives in general. FIG should be engaging far earlier with the local private sector to resolve long term infrastructure and environmental issues, leveraging local knowledge and experience rather than passing the buck by hiring expensive consultants from overseas. Local

engagement is happening more than it used to in the past but should still be more widespread. The shortage of labour and small local market are clear barriers, needing no further explanation. Telecoms speed and quality remain an issue on occasion.

Excellent support is offered by FIG to maintain agricultural businesses in the short term (grants etc) however very little emphasis is placed on need; plans; projects to explore opportunities to meaningfully grow in the medium to long term. Risk is that this could stifle change. Farming is too reliant on sale of wool (and meat) to a mass lowest cost global market. We are not significant in terms of global production or in have any unique intrinsic attributes. We do however have a unique place of production. Question and challenge is how to capitalise on this to add £ per kilogram to wool and meat not pennies. Serious business investigation of opportunities; serious concept planning and if promise exists serious development to commercialisation is required.

Latam is non existent currently obviously and the air bridge is a waste of time for tourism, Figs is currently overworked and has been for several seasons now so if Land based tourism comes back and increases it will be restricted in growth by FIGas capability FIG reg on Figs are losing flying days and therefore income for business the no flying with cloud below 1,000 feet when MPC is closed has a real impact on the system FIG could look at creating an alternative emergency airstrip to solve this. The upshot of all the regs is that planes can be coming here up to 5 times a day now in order to get all the movements done that causes me a problem as I have to have 2 qualified people on the ground to work them , almost requiring an employee just for that, unsustainable for me. The system of POAT at 21% for seasonal workers is a real impediment to attracting people here, telling them they will lose a quarter of their wage with RPC and they can claim it in a years time is not attractive. For someone who is only here for one season who will not reach the 183 days in a year magic number to get an allowance this is unfair. Why charge them RPC when they are not going to draw a pension smacks of rip off. I have queried this before but as we are a minority of businesses that get effected it is probably not a concern for the bigger picture but it is a problem here.

Due to a lack of work space to expand and lack of affordable accommodation to employ an overseas qualified person. Cost of freight due to every product and equipment needed to be imported

Due to the current uncertainty in our industry is very difficult to obtain financial assistance. The fact that overseas tourists can't visit the Islands due to the suspension of the Latam flights and visitor restrictions the outlook for tourism looks bleak to say the least. Trying to recruit staff from overseas is even more difficult due to the current travel restrictions and lack of housing.

As the properties are getting more expensive to construct - materials, land. Increases the amount of money to loan. The tricky thing is to try and set a balance that people can afford to rent, but also to get fidc to agree that the 50% net profit margins can be met. I like the idea of short term loans. But I think realistically when it comes to real estate loans. We should be looking towards longer term completion payments. Which will keep the monthly rental down, more money in the long term too fidc, whilst keeping my profit margins satisfactory. To me that way everyone wins

Global pandemic impacting all services to support marine industry in Falklands

Lack of proper scrutiny of FIG quarry manufacturing products; no checks and balances.

For our business it is necessary to have reliable air links as well as good, reliable and affordable internet for customers.

Merchant services. Overcome by using a app called transfer wise. This aloud me to link my POS system to enable card payments. LATAM. Obviously no LATAM so not so many visitors spending. Storage and warehouse availability Lack is affordable secure rentable warehouse space or container storage facilities. Telecoms Costs. Business line rentals are costly for small businesses. This may seem an insignificant cost but they add up.

FIG tax policy on allowances against rental property is shameful and outrageous. The fact that you cannot claim any depreciation and effectively pay tax on your gross income is ridiculous. It also pushes up rental prices as companies simply have to increase rental charges to offset the lack of taxable allowances.

Housing - There has been a constant shortage of housing for decades which has impacted heavily on the importation of skilled labour (and in recent years unskilled labour) to the islands. As a construction business we rely on skilled labour which the islands have struggled to provide locally therefore it has been necessary to import labour but this has been very restrictive due to a shortage of affordable housing. We as a business has invested heavily in new housing to meet our skilled labour demands. Skilled Labour - There is simply not enough skilled labour in the islands to maintain its continued growth in all sectors. The new Training Collage has had no impact on providing the required training needs for our youth infact it is worse now than it was 10 years ago. This has resulted in the need to import the majority of skilled labour at great cost to businesses and ultimately the consumer. In addition to this millions of pounds will be lost as money will leave the islands. Storage Availability - There continues to be a shortage of suitable warehousing for small and large businesses with too much reliance on shipping containers. We as a business hope to address this soon with a warehouse development project Training - There is very little training available for those in the construction industry. Again, the poor service from the Training Collage is mostly to blame for this and it is often left to private businesses to fly people into the islands at huge expense

Would have ticked more boxes, banking is a real issue here, SCB simply do not offer the basic requirements needed to operate a business in 2021 effectively & efficiently, simply appalling and FIG do not seem to be doing anything tangible to address this serious issue. Telecomm's is also a real issue, what we have been lumbered with is too slow and too costly. The other matters I have ticked are self-explanatory.

The market is inherently small and this means that growth of one business is often at the expense of another business. Therefore the population needs to grow and the other items show how difficult it is for the population to grow.

Lack of LATAM adding to costs Internal politics interfering with sensible decision making by FIG Shortage of skilled labour enabling us to grow. Having to outsource our entire accounting function overseas due to lack of capacity locally. Lack of pragmatic approach to Tax ordinance restricting us from restructuring. If we retained 26% of our income we could do so much more than FIG do with it. Bandwidth limiting us from use of cloud based platforms ot introduce IT and efficiency to our operation

The number of houses available and the number of houses that I manage for landlords is far less than the people requiring rental properties. The rental income that landlords want for their properties is getting higher and the standard of properties is not increasing.

Housing - Strain on recruitment Telecommunications - Bandwidth - Often unreliable speed and quality effects visa usage and supplier ordering on line Training - Lack of customer service training and other retail modules SA Air link - Choice of options to import quality ambient foods for healthier option to population Air Cargo - Extremely expensive for end customer

Internal politics - lack of cohesive political decision making regarding roll out of jetties and ramps - 6+ years waiting and no real progress - for review again in May'21 - while another FIG silo seeks commentary on types of shipping services. No joined up thinking from the outset, driving development backwards. Telecoms - no assured reliability in Camp. No assured connectivity allowing services to be utilised (plastic payments for example). Meanwhile SCB moves from paper to electronics and says "Sure has assured there is camp connectivity" - get real! The TRIPS packaging has severely dented the capabilities and elasticity of FIGAS. 500hrs of flying time being consumed in 2 months whereas expectancy/planning would be 7 months. No political thought given to the cost consequences for this "critical" vital to life transportation mode. Shipping subsidized TRIPS folkies about erodes the capabilities to deliver "working necessities" in Camp - especially islands who rely on FIGAS 100%. International airlink re-establishment necessary to bring international tourism back on line, but not at any cost. National health security must come first.

Wholly reliant on Merchant Banking Services in Gibraltar, without which the business would fail.

Numbers of contractors coming in is the major factor covid and flights has restricted that

1. Flights - it is nearly impossible for us to try to run trips inside the Falklands due to the unreliability of the flights 2. taxation - our crew come to do refit and then perhaps one or two trips around the Falklands, putting us over the (previous 30) now 45 days, when really they are seafarers..... if you want cruise ships or tourism to expand and cruise ships end up staying more than the 30/45 days - they will be in for a shock - it has required us to think about how many days we have our crew stay in the islands, which means less spending locally as well 3. telecommunications - since we are not always on the islands, we do not have access to a broadband plan, thus we are stuck using the super inefficient wifi cards and the 4G - which is good, but data runs out fast. we would like access to a broad band plan that is perhaps a month or two in length or more flexibility 4. we try to look for crew locally - putting ad, etc, but to no avail 5. immigration - we would like to hire crew under our Falkland island company, but given that they would have to go through all the work permit stuff, we hire them via a foreign company and they are seafarers... so does not make it easy for us to work within the system, even if we want to

*** improved business approach to identifying strategic opportunities * improved high level collaboration and partnerships * long term approach rather than short term**

Internet is a particular issue. Whilst packages have increased, it is difficult to utilise them as the speed and reliability isn't up to par. This means that virtual meetings are still plagued with problems and cloud-based software solutions are unreliable

All of our barriers (except telecoms) are interlinked - the shortage of labour means bringing in staff from overseas but the immigration system and lack of housing make this extremely difficult. Problems with telecoms make it extremely difficult for us to keep up to date with professional training and impossible for us to access all of our parent organisation's systems.

Telecom limitations is a major growth inhibitor as it not only limits existing business, it acts as a deterrent in inward investment, as well as being expensive and of poor quality. We also need a long term recruitment plan.

Air Links - Much of our business detail is with the UK - this year with restrictions on travel we have had to complete all transactions and business meetings remotely, which has meant development of business has been slow. Freight Cost - as an importer of goods freight costs dramatically impact our bottom line. Internal politics - business is looking toward modern technology to solve our needs here, but there is reluctance to not only adopt new technology, but often direct barriers to even exploring the idea. Public infrastructure - our business requires a specific public infrastructure which is very lacking here. so we are having to develop a solution for this. Small local market - as with all businesses selling directly to consumers we have a small local market which limits our growth potential.

As we are a fairly small company we have found that sharing shipping containers with another small business enables us to receive goods every month at the lowest possible freight costs.

have selected taxation as prevents limits outside investors but tied with finance and FIG regulation. Adverse attitude of bank to risk limits ability to develop riskier business opportunities.

UK air link - Very unreliable and costly Immigration Issues - Work Permit Restrictive Labour - Very difficult to recruit due to volume of jobs available Telecomms - Speed, quality & cost Training - Very limited workplace training providers available locally. Very costly to bring down a trainer from the UK.

The FIG initiative on square made a difference with the Chamber assistance

Need a better bank

COVID had impacted travel worldwide and the distance to the Falklands could prove to be a barrier moving forward as tourists will possibly not do long haul. There is already a shortage of labour in the Falklands and with FIG awarding some big contracts for infrastructure development this is likely to mean that current local labour which tourism uses seasonally is likely to go the companies awarded these contracts. There is already a shortage of labour in the hospitality sector. The quality of communications in the Islands is not great and there is now a greater emphasis on using the internet for bookings and promotional efforts. The flights to South America are a barrier at the present time, hopefully this is only going to be a short term problem.

Banking - we make many purchases that are over the SCB visa debit card capped amount. The card is a significant barrier to our operations. They suggest i have a UK account but i do not wish to have my companies money split over two countries. I want it here. I wish the banking facilities were better. Freight charges really do hurt our business. We import a lot of equipment and the freight bills are significant. Labour shortage - this is not a new issue. Telecommunications - again, not a new issue.

wool warehouse is a must. distance to markets and freight costs impact on wool and meat.

Question 26 - Has your business been contracted to carry out work at Mount Pleasant Complex (MPC)?

Answer Choices	%	Amount
Yes - currently contracted at MPC	7.58%	5
Yes - currently sub-contracted at MPC	4.55%	3
Yes - contracted at MPC in the past	4.55%	3
Yes - sub-contracted at MPC in the past	1.52%	1
No - but I would like to	22.73%	15
No - and I am not interested	59.09%	39
Answered		66
Skipped		26

Question 27 - How did you learn of the contract opportunity at MPC?

Answer Choices	%	Amount
Approached directly by MoD or Contractor	84.62%	11
MoD procurement website	0.00%	0
SAROS (www.saros.co.fk)	0.00%	0
International advert	0.00%	0
Local advert	7.69%	1
Word of mouth	7.69%	1
Approached the contractor	0.00%	0
Other (please specify)	0.00%	0
Answered		13
Skipped		79

Question 28 - Has your business ever received assistance from FIDC?

Answer Choices	%	Amount
Yes	48.48%	32
No	51.52%	34
Answered		66
Skipped		26

Question 29 - If you answered 'Yes' to the previous Question, can you provide the types of assistance your business has received from FIDC?

Answer Choices	%	Amount
Business Advice	34.38%	11
Loan	37.50%	12
Grant (Business, Energy, Domestic)	37.50%	12
Renewable Energy Advice	31.25%	10
Training	28.13%	9
Other (please specify)	12.50%	4
Answered		32
Skipped		60

Four respondents selected 'Other'

Number	Other 'Please Specify'
1	Decision pending
2	Covid support
3	Assistance in originally setting up our office in 1988
4	Shareholders

Question 30 - How do you rate the performance of FIDC?

	Dismal	Poor	Average	Good	Excellent	Weighted Average	Amount
Responses	3	11	18	15	16	3.48	63
Answered							63
Skipped							29

Question 31 - What additional services could FIDC offer that would be of assistance to your business?

Answers Completed	Amount
Answered	31
Skipped	61

Training

Office and retail space

I found the online marketing training sessions to be fantastic and I would like to expand my knowledge further in this area.

replacement parts grants for power systems

None that they don't already do

More accessible to loans for equipment , possible land for build office space.

loans that you dont have to pay back

Business network facilitation; concept review facilitation, performance benchmarking

Probably none but the current ones need to be easier to access, many people take one look at the requirements to application and run a mile.

More training

Finance for scoping or feasibility studies for developing new businesses. Finance for the construction of staff accommodation.

To agree on longer loan terms.

Seems disconnected with what day-to-day reality.

There is no other assistant I can think off that FIDC could provide for our business at this moment

Possibly fill the gap in the lack of SCB flexibility with financing arrangements that are more suitable for businesses looking to expand.

more agricultural business knowledge

They already offer a good level of support to businesses but perhaps they could assist with fully funding courses at Falklands College to help small/medium sized businesses improve their employee's skills base.

I think that they overlap in lots of local areas, so they offer training but there is a training centre/Falkland college, they offer business advice but not all of the advisors have run their own businesses, and so other advice from other agencies is more valuable. Therefore they should consolidate and actually give loans as the lender of the last resort, and do this function well and let other agencies do their jobs well.

None specifically at this point in time.

FIDC is too bureaucratic, clumsy and failing to understand necessities to delivery rural development. Bugged down in its own red tape. Needs to be adventurous and get out there and deliver.

Actively develop affordable industrial work units which are fit for purpose.

The range of assistance available from FIDC and their lack of expertise and understanding of the local economy made me decide to stay well clear of them to set up my business

None at this time

Continued business planning/concept analysis support

More training - eg. how to read company accounts

FIDC could remodel itself to be a leader in innovative support to industry here. It has become far too inward looking and justifying its existence in reports, grants and little else.

Simplify process, act less like a bank and more like a development corporation

At this time potentially not a great deal, however we will be looking for funding at some stage for new projects, so that is an area which we will be looking toward FIDC.

The organization spends too much on running itself rather than assisting the private sector their history of grants and loans is pathetic

Get more information of what they can do to the business who have never used them

We really need better internet, internet banking, better infrastructure. Not sure if any of this can be assisted by FIDC.

Question 32 – What do you think FIDC’s role in the economic development of the Falkland Islands should be?

Answers Completed	Amount
Answered	35
Skipped	57

developing business growth and lobbying government

FIDC is there to push FIG initiatives, be a voice for the private sector and to support local businesses.

Supporting and growing new business start-ups.

Research, providing incubation spaces for new businesses. More industry specific advice please.

rural development and push FIG harder.

supporting economic development. encouraging us to grow.

Should build a big business park with units to rent for business with different space such as storage, office space, which will be long term investment to FIDC and support growth of economic development and businesses.

Make easier to fill forms for loans

Assistance with needs analysis and subsequent priority setting and project facilitation.....against clearly articulated FIG policies of real business/social growth.

Of course provision of finance as long as we have a bank that is not fit for purpose to the rural sector

as a bridge between FIG and private sector. Pushing for tourism infrastructure development eg. waterfront development.

Assist businesses to grow

Support small to medium size businesses to grow into the future with strong financial support.

Keep going as they are, I believe things are heading in the right direction. Be willing to spend more money.

Driving the economy and not a tick box entity.

FIDC could and should do lots of things - in practice I think it's a bit of a waste of time and always has been.

assisting with financial support working with DoA to help farms be more successful

Pushing for better quality of life for those wishing to remain or more to camp. challenging poor political decisions.

Carry on doing what you have been doing since your inception in the early 1980's, with the advice and financial support given by FIDC a considerable number of businesses would not exist today, FIDC deserve a great deal of praise for their many achievements.

Lender of finance AFTER SCB has said no.

Provide business advise and support to start up businesses SME's to grow and develop more safely and quickly. To address by understanding and removing barriers to growth identified in BCS Bridge between private and public sectors

Conduit of economic development.... but largely usurped by enlarged public service in the Economic Planning Dept, which save for Wool Scheme and TRIPS (latter limited economic benefit) flounders when considering rural development.

Evaluate and assist and mentor promising small businesses, whilst creating the best economic environment for investment from overseas, prioritising green, sustainable initiatives. A priority for the future must be to lead internationally in renewable energy initiatives (and not to continually try and catch up with other far more proactive societies).

They should offer sound advice and assistance their poor record as evidenced in their annual reports gives little encouragement to local entrepreneurs.

High level facilitation of process to identify potential quantum change opportunities. High level support of concept planning when opportunities are identified Current status quo support for existing businesses

Facilitating the set-up and growth of businesses by loans, grants and advice General business advice Providing general business training Assisting with sourcing and funding specialist training off-island Bringing together businesses that may be able to assist each other Maintaining direct links with businesses that provide business services, and making fledgling businesses aware of the various sources of professional advice open to them Resolving logjams, such as difficulties

with accessing audit services, shortage of tax advice, shortage of legal representation in the courts

IT should have a far stronger role in the economic development of the islands as presently it has zero impact in this area.

To stimulate the development of businesses by being less risk adverse

Facilitating development through either financing business, or incentivizing consumers to buy from local companies.

researching business opportunities and providing development funds

They should be more proactive and innovative

To help and provide easy to understand information

FIDC's role should be to support and help develop new businesses in the Islands; I don't believe FIDC's role is to supply loans at lower interest rates than the bank to businesses that are already established; if they are established then the bank should take on that role. I think that FIDC should take a greater role in identifying business opportunities and do some promotional work on it to encourage people with the right skills to come forward who might otherwise not.

It would be useful for grants and loans to be made to speculative businesses - not just those that are a sure thing. FIDC should be taking more risks, even if it means loss of money, some "unlikely ventures" do thrive.

continue to help businesses grow and support industry.

Section 4 - Innovation

Question 33 - How innovative do you rate your business?

	Not at all	Innovative	Very Innovative	Weighted Average	Amount
Responses	11	40	14	2.05	65
Answered					65
Skipped					27

Question 34 – How important do you consider innovation to your business?

	Not at all	Important	Very Important	Weighted Average	Amount
Responses	8	39	18	2.15	65
Answered					65
Skipped					27

Question 35 - What percentage of your turnover did your business invest in Research & Development in the following years?

2019	%	Amount
0%	29.69%	19
1%-5%	37.50%	24
6%-15%	17.19%	11
16%-25%	7.81%	5
26%-50%	6.25%	4
51%-75%	1.56%	1
76%+	0.00%	0
2020	%	Amount
0%	32.31%	21
1%-5%	41.54%	27
6%-15%	13.85%	9
16%-25%	3.08%	2
26%-50%	4.62%	3
51%-75%	4.62%	3
76%+	0.00%	0
2021	%	Amount
0%	41.27%	26
1%-5%	33.33%	21
6%-15%	11.11%	7
16%-25%	6.35%	4
26%-50%	3.17%	2
51%-75%	1.59%	1
76%+	3.17%	2
Answered		65
Skipped		27

Question 36 - Are you currently exploring ways to innovate your business?

Answer Choices	%	Amount
Yes	69.23%	45
No	30.77%	20
Answered		65
Skipped		27

Question 37 - If you answered 'Yes' to the previous Question, what kind of innovation are you exploring?

Answer Choices	%	Amount
Improvements to networks	26.67%	12
Improvements to your business/staff structure	33.33%	15
Improvements to your processes	66.67%	30
Improvements in your products/services	80.00%	36
Improvements in customer services	35.56%	16
Improvements to marketing/branding & market research	40.00%	18
Improvements in customer engagement	46.67%	21
Other (please specify)	6.67%	3
Answered		45
Skipped		47

Three respondents selected 'Other'

Number	Other 'Please Specify'
1	International export
2	Value adding; diversification
3	digital delivery of services

Question 38 - Please select up to three barriers that prevent your business from innovating?

Answer Choices	%	Amount
Access to Finance - Business Loan	15.25%	9
Access to Finance - Working Capital Loan/Overdraft	8.47%	5
Access to Finance - Credit Card Facilities	1.69%	1
Access to Finance - Merchant Banking Facilities	1.69%	1
Accountancy Services	1.69%	1
Air Links to South America (LATAM)	18.64%	11
Air Link to the UK (Airbridge)	1.69%	1
Air Link (FIGAS)	0.00%	0
Coastal Shipping/Ferry	3.39%	2
Cost of Electricity	3.39%	2
Cost of Fuel	1.69%	1
Distance to Markets	6.78%	4
FIG Regulations	6.78%	4
FIG Size/Presence	1.69%	1
Freight via FIRS	1.69%	1
Freight via SAAS	0.00%	0
Freight by Air Cargo	0.00%	0
Freight Costs by DHL	5.08%	3
Freight Costs - Internal	1.69%	1
Freight costs by Sea - Import	1.69%	1
Freight costs by Sea - Export	5.08%	3
Housing	6.78%	4
Immigration Regulations & System	5.08%	3
Insurance	3.39%	2
Internal Politics	8.47%	5
External Politics	1.69%	1
Lack of Consultancy Services	0.00%	0
Legal Services	0.00%	0
No Demand/Not Yet Cost Effective	3.39%	2
Office Availability	3.39%	2
Public Infrastructure	5.08%	3
Shortage of Skilled Labour	11.86%	7
Shortage of Unskilled Labour	6.78%	4
Small Local Market	18.64%	11
Storage Availability	3.39%	2
Taxation	6.78%	4
Telecommunications - Cost	30.51%	18
Telecommunications - Bandwidth (Speed & Quality)	30.51%	18
Telecommunications - Package Size	15.25%	9
Training	8.47%	5
Warehouse Availability	10.17%	6
Other (please specify)	11.86%	7
Answered		59
Skipped		33

Seven respondents selected 'Other'

Number	Other 'Please Specify'
1	AS already describe meaningfully change and improve business outcomes
2	Desire for my business to grow
3	none
4	Lack of time to invest in innovative projects
5	None of these Prevent you, just some make it more difficult
6	Budget restrictions
7	Time.

Question 39 - If you have managed to overcome a barrier or barriers in the last two years, could you explain how you overcame it?

Answers Completed	Amount
Answered	14
Skipped	78

I have a basic website built but more assistance with promoting business online and growing business would be beneficial.

Continue to refine flock profile to improve return per kilogram but costs continue to increase and extreme market volatility overwhelms results.

currently we are overworked but cant afford more employees so the need to innovate is surplus to requirement . Employees are expensive and regs like min wage make it unviable for us to employ extra

Not spending profits, unless its investing back into the business

Persistence and KISS

Self driving and commitment to invest earnings.

We didnt, as we depend on others to the able to overcame them.

I just get on with things and be pragmatic.

n/a

Construction of new housing

Lack of qualified accountants with capacity to meet our needs. Outsourced

Struggle personally, but that has acute limitations!

With hard work and without asking FIDC

We have increased throughput by adding machinery and increasing storage space.

Section 5 - Business Associations

Question 40 - How do you rate the effectiveness of the Falkland Islands Tourism Association?

	Very Poor	Poor	Average	Good	Very Good	Weighted Average	Amount
Responses	0	1	8	1	1	3.18	11
Answered							11
Skipped							81

Question 41 -How to you rate the following FITA services?

	Do Not Use	Poor	Average	Good	Weighted Average	Amount	
Lobby FIG, FITB and other public and private sector organisations to promote the best interests of members	0	2	6	3	2.09	11	
Encourage and facilitate research that will benefit the Association	1	5	3	2	1.55	11	
Ascertain and communicate the view of members with other trade associations, authorities (including training providers) and persons on all matters affecting FITA or its members and to take such action as may be appropriate in response to those views	1	1	6	3	2.00	11	
Encourage the development of domestic Falkland Islands Tourism	0	2	6	3	2.09	11	
Encourage the development of international Falkland Islands Tourism	0	2	5	4	2.18	11	
Answered							11
Skipped							81

Question 42- How do you rate FITA's ability to influence the following?

	Very Negative	Negative	No Influence	Positive	Very Positive	Weighted Average	Amount
Falkland Islands Economy	0	0	23	22	1	3.52	46
Falkland Islands Government	0	0	23	23	0	3.5	46
Falkland Islands Tourist Board (FITB)	0	0	12	27	7	3.89	46
Answered							46
Skipped							46

Question 43 - If you wish to provide further comment regarding the performance of the Falkland Islands Tourism Association please do so in the box below.

Answers Completed	Amount
Answered	6
Skipped	86

More communication with membership and focussed initiatives would be of a benefit to the industry as a whole.

Needs to work together and push FIG harder

Low participation from industry members

Also a bit of a waste of time as is FITB.

Not sure how effective they are in general.

All aspects of Tourism is so vitally important to the Falklands economy going forward, it really is an untapped resource and FIG/FIDC should do more to nurture this industry, the sky is the limit and the rewards even more so, we have a totally amazing location that needs to be exploited, in the right way with sensitivity to wildlife & the environment, to create a beneficial symbiotic relationship. I am not involved in the Falklands Tourist Industry but see the immense potential it has, when candidates stand for election later this year Tourism and their vision for investment in it will be a key area of focus for me. FITA needs to be strengthened in its ability/expertise to deliver what the Islands need in the short/medium & long term in the development of this important sector.

