

# **Minister Milinda Moragoda - Sri Lanka, The Next Big Thing**



**With peace in our country, many people are hopeful that there will be an**

## **increase in tourism, which will result in more employment being created in the country. How are we preparing for this?**

The tourism industry is massive. According to the United Nations World Tourism Organisation, tourism is an industry that generates three billion dollars per day globally, and one out of twelve people around the world are employed by tourism. Potentially, tourism can and will become Sri Lanka's largest industry and employer. The industry can be broken down into three major sub-sectors: travel, tourism and hospitality. As a whole it comprises a wide variety of businesses in a variety of sizes from blue-chip to micro-enterprises, including businesses, services and operators such as airlines, railways, coaches and cruise ships, tour operators, hoteliers, guides, destination management companies, conference organisers, events planners, restaurateurs, retailers, street vendors, king coconut vendors to name only a few.

Therefore, the first step I took was to make it my business to meet a broad cross-section of the stakeholders and service providers in the industry to get their views and to understand the major issues. In particular, I wanted to find out what was already being done and to build on that. From the start, I firmly believed that the best way I could help tourism in Sri Lanka was to develop the capacities in the industry and set up viable and sustainable institutions which could support the needs of the tourism industry. We politicians sometimes have the habit of trying to build everything around our personalities. The problem with this approach is that there is no continuity when we and our teams move on. In a glamorous industry such as tourism, the temptation can be to focus on the PR, rather than the substance. However, I deliberately concentrated on policy-making as well as institution and capacity building.

Tourism initiatives can have a long lead in time, often requiring many years before they build up critical momentum. If the country brand changes every time a new Minister takes over and he or she abandons previous strategic priorities and begins to tinker around with ground level initiatives, this is highly unproductive as it sets the clock back even further, halting the growth momentum for the industry. This in turn means that the huge numbers of jobs we could create in the tourism industry never materialise. It is for this reason that stability and institution building were integral to my immediate plan; as was building a closer relationship between the industry, government bodies, and other stakeholders. Human resource development is a critical part of capacity building.

I also firmly believe, that the role the Government can play is in providing wise policies and the necessary infrastructure which will result in an environment which fosters tourism growth, which in the end, creates more employment opportunities for our people. I see a major part of my job as strengthening and developing human resources not only within the Ministry, but also of those at the Provincial-Government level, so that officials will have the skills, vision and understanding to support all stakeholders in the tourism industry and understand the overall vision of tourism policy.

I should also point out that I believe, the spotlight should not be on the Minister, but on the team of professionals who do the hard work. It is for this reason that I allow the officials to carry out the Ministry media briefings, make official announcements, and speak to the media while I concentrate on the macro vision and policy making. I know that has not always been popular with the Media, but the Ministry Secretary, the respective Chairmen and the institutional spokespeople are the ones who should be speaking for the industry.

**Each Board Is Comprised Of Very Senior And Experienced People But You Will Also See Some Young Faces, The Very People Who Will Take Sri Lankan Tourism Into The Future. I Do Feel That We Need More Women Representatives On Our Boards And I Have Told The Industry That They Need To Address This Gender Imbalance.**

**Could you elaborate on how you have worked to build those institutions and prepare us for peace?**

We have been working at two levels, the strategic and the tactical. Let me deal with the strategic first. As I have already stressed, there is often a long lag time between actions taken and results achieved when dealing with tourism initiatives. Therefore, over the past two years since my appointment, there was a need to get the whole of the tourism industry in good shape in readiness for when the war ended.

In part what we did was to reshape the way tourism in Sri Lanka works, in keeping with the vision of H E the President, Mahinda Rajapaksa. In the past, there were only the Tourist Board and the industry; the public sector and the private sector, with very little interaction between the two. One of my first moves

was to get the 2005 Tourism Act promulgated so that we could build a partnership between these two very important pillars. The public sector sets the strategy, but the private sector delivers the services. If the two aren't working together or agreeing on a common way forward, then we have a problem.

The new Act has enabled us to bring the very best talent from the private sector in a non-political manner onto the boards of four newly created divisions within the Ministry. We must recognise that Tourism is a private sector driven industry. Incidentally, when I speak of the private sector, I mean not only blue-chip companies, but also small businesses to micro enterprises which include vegetable sellers and souvenir sellers. If you look at the make up of our boards, you will see that each comprises of very senior people with substantial experience in the industry. However you will also see some young faces, the very people who will take Sri Lankan tourism into the future. I do feel that we need more women representatives on our boards and I have told the industry that they need to address this gender imbalance.

It is my opinion the private tourism sector in Sri Lanka is world-class and has driven much of what we have achieved in the past few years. They are also quite successful abroad, running around ten percent of the hotels in the Maldives as well as substantial operations in India and the Middle East. That has enabled them to keep up with the rest of the world and to find the resources to invest back home.

These new divisions I referred to earlier - each with their individual responsibilities - have been working to produce an agreed way forward. That way forward was published earlier this year in the form of a four-year Strategic Plan. There is also the intention to eventually create a longer term, ten-year programme for tourism.

**One Way We Can Pay Tribute To All The Young Men And Women Who Sacrificed Their Lives To Unite Our Land Is To Use This Chance To Ensure That An Internal Conflict Never Happens Again, By Creating The Necessary Economic Development And Opportunities.**

In order to ensure that all our activities will be in keeping with our beliefs, as well as cultural and traditional values, our Ministry has set up a Maha Sangha Advisory Council to guide us in our activities. This council meets quarterly to

review progress. In addition, we also consult spiritual leaders from other religions on a regular basis.

On the tactical side, there have been a number of initiatives to improve the services we provide to tourists, including the establishment of a Commissioner for Tourism Administration (Tourism Ombudsman) and a Tourism Police Division. In both cases these ensure that all complaints, whether from tourists or those involved in the industry, are handled quickly and properly. In order to create a climate in which tourism can strive for excellence, we also have introduced an annual Presidential Tourism Awards scheme.

The new Tourism Act has created a Tourism Development fund, which is built from a levy charged from all registered tourism-related establishments, as well as one-third of the airport embarkation tax charged to persons flying out from Sri Lanka. In other words, the more tourists coming into the country, the more resources we will have to spend on attracting tourists. This should hopefully help to reinforce the shared interests between the Ministry and the industry, and incentivise a good working relationship between the two.

Elsewhere, we have secured loans and grants from the Japanese Bank for International Cooperation as well as the World Bank to initiate a number of important development projects across the country, especially in the East where our prospects are so great. The Commonwealth Secretariat, too, has helped us with technical assistance. Now with an improved climate for tourism, we have begun discussions with many multilateral and bilateral donors as well.

In readiness for future tourism needs, we have started the development of a new resort in Kalpitiya and another resort on 1200 acres of land around Dedduwa. At our Pasaikuddah resort, the lands have already been leased to investors, who will be initiating construction shortly.

**You touched on the new Tourism Act and the creation of some new Divisions, but how has that helped and how is it going to make us more successful in attracting tourists?**

First of all, let me say that tourism is not just about attracting tourists from overseas, but just as importantly about building a domestic tourism base for our own people. The latter often creates the pathway for the former.

This opportunity is one that we cannot afford to get wrong. The military success has given us a massive opportunity. Many of our young people died in the conflict and we have a duty to them to make Sri Lanka a better place. One way we can pay tribute to all the young men and women who sacrificed their lives to unite our land is to use this chance to ensure that an internal conflict never happens again, by creating the necessary economic development and opportunities.

Tourism has the potential to create a lot of jobs for everyone, especially for our youth. If we can build the industry quickly, thousands of jobs could be created islandwide - in the north, south, east and west. As you know, a strong domestic tourism base will also bring people from different regions and communities in direct contact with each other - the city with the countryside, one region to another, one community to another - helping us to get to know each other better, building understanding, mutual respect and greater tolerance towards different cultures - be it a Sinhala Buddhist holidaying in a Muslim community in the East, or a Chinese visitor meeting a German tourist in Sigiriya.

Often when we observe other people from afar, they may look different and their cultures may seem very alien to us. The natural reaction is to be defensive and judgmental. But when we meet others up close, we start to understand and appreciate a different way of life. At the same time, we begin to realise how much we have in common. Suddenly it isn't the differences that stand out, but the similarities.

Similarly, prior to the new structure being put into place, the Tourist Board and the private sector had very little opportunity to meet and discuss ideas, which meant that the industry went in one direction while the Tourist Board put its own plans into place in isolation. This didn't work well for tourism. Because there was little understanding of each others' problems, both parties went about their business in divergent ways and there was no integrated approach.

With the new structure, the Boards, the Tourism Advisory Committee and the partnership building, each side has a much better appreciation of each other's needs and requirements and an appreciation of what each has to do and indeed is able to do. As a result, the new Divisions we have created are proactive in promoting very specific areas of tourism where the industry can give input and influence.

## **Can you elaborate on this?**

Under the Ministry, there are now four independent divisions - a Development Authority to carry out planning, development and regulation, a Promotions Bureau which handles marketing communications, a Conventions and Exhibitions Bureau under whose purview falls the Meetings, Incentives, Conventions and Exhibitions (MICE) sector and an Institute for Tourism and Hotel Management, which is intended to become a centre of excellence and higher education for the tourism sector. Apart from these four divisions, is an Advisory Committee, which consists of senior figures with wide experience and exposure to tourism and related sectors. We have many other government/private-sector committees as well, looking into different facets of the industry. Each of these four divisions has a specialised focus and key role to play and is headed by a mature and experienced chairman and a younger technocratic chief executive, who is selected through a process, which includes wide consultation and participation of key stakeholders. Each has a Board, which has a majority of private-sector representatives nominated by different industry trade associations. These specialists bring in knowledge, but also ensure that the direction taken in both the private and public sectors is complementary.

This combination of experience and youth, I believe, is a winning combination to best drive the industry.

## **Can you give an example?**

Yes, a very important and core example is the work of the Promotions Bureau. Our marketing required a facelift; it needed some new thinking, and policies and measures needed to be synchronised with the money being spent by private-sector companies.

So, a detailed analysis was carried out using the knowledge of the private sector and the resources of the Promotions Bureau. We brought in AC Nielsen as well as Ogilvy-Phoenix to help us with this task. It was discovered that our current country brand did not have resonance in our traditional markets in France, Germany and the UK. We also realised that the global debate about climate change - the concept of carbon credits, especially - had the potential of

negatively impacting our tourism market, as long haul destinations have begun to be perceived as not being 'climate friendly'. Therefore, now, at all stages in our planning, we have made it a point to take environmental issues into consideration.

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Without reinventing the wheel, I brought to fruition a process that was carried out over a period of eight years. I saw my role as the conductor of an orchestra; the strategy was developed by a team of tourism professionals after intensive rounds of consultations with various stake holders.

But where could we find new markets? Our private-sector colleagues told us that India was a short haul market of increasing importance in a number of areas including meetings and conferences, shopping and short stay family holidays.

Looking further, we discovered that the Middle East was a market ready to be explored, as was the growing middle class in China. As you know, we have very strong relations with China and a lot of trade with the Middle East and India. So, it became clear that we had to diversify our markets, which in turn meant that we had to diversify our products. My Deputy Minister played a very important role in developing the fast growing Middle-East market. The President for his part has been giving us the leadership and monitoring our work carefully and providing support and encouragement on a regular basis.

**What do you mean by "diversify our products"?**

That is at the centre of the new brand we launched recently. In the 1960's when tourism took off worldwide, it was virtually centred on Western countries and it



was predominantly based upon 'sun, sea and sand' with perhaps a quick trip to the Cultural Triangle. This has been the basis of our tourism industry for the past forty years. Today, however, with the rise of cheaper air travel and growing prosperity worldwide, there is a larger, more diversified and sophisticated group of tourists from a wider range of countries interested in seeing new places and exploring new things.

Crucially, Sri Lanka is one of the few countries that can boast of a multitude of varied attractions within a very compact area. Moving from the beach outwards, we have our coral reefs, sunken ships, offshore whale and dolphin populations, and a potential range of water sports such as surfing and paragliding. Inland, we have rain forest, desert, scrub jungle and mountains, wild life parks and nature reserves, not to mention important archaeological and historical sites dating from ancient to more modern times. Increasingly, tourists are looking for more specialised tourism experiences such as heritage, lifestyle, religious, cultural, adventure, and pilgrimage-based holidays, to name a few. We can offer all of these, but in the past they have been subsumed under the category of 'sun, sea and sand'.

Equally, with the growth into new markets we have to look more closely at what each particular market is seeking. Therefore, over the past two years, our people in the Promotions Bureau have been working with private sector companies to see how we can create a brand that meets the needs of each of these markets and how to create the services to meet those different cultural preferences.

**Tourism is a very complex process, it is not merely getting people to visit the country. Could you give your thoughts on this?**

It is one of the most complex industries I have worked in. There are so many possible approaches to take. If you get it wrong, you can lose out to some very strong competitors elsewhere. That's why I was so keen to focus on developing the correct structures and strong institutions as well as on human resource development, rather than spending my time in the more glamorous promotional activities that are best left to the ministerial officials and private sector representatives.

Another area we have to work on is service. We need to have the very best service

possible to create such a high quality experience that our visitors go back to their country and tell all their friends that Sri Lanka is the place to go. However, if we are being honest, services has dropped off in Sri Lanka.

In order to continuously improve our standards, we need to have young people who understand how to make a hotel bedroom a haven away from home, waiters who make the dining experience more than just about the food but also about the experience and chauffeur guides who make the journey from the airport to the hotel and around the island one of discovery and pleasurable experiences. That takes training and that is why the Hotel Management School is so very important in producing world-class tourism personnel.

**The Initiative, Ramayana Trail Has Yielded Positive Results With An Increase In Indian Tourist Arrivals To See These Sites. Our Development Authority CEO Predicts That This Alone Will Lead To An Extra 100,000 Tourists Over The Next Two To Three Years.**

**Can you elaborate on the importance of the personnel who are actually involved in the tourism industry?**

They are the most vital element as they are the people who interact closely with the tourist. At the same time, the population of Sri Lanka at large has a vital role to play, too, in tourism promotion. Imagine a tourist who has a great stay in a hotel but then, says that he is followed by beach boys or touts who won't leave them alone, aggressively hounding them until they agree to buy something they are not interested in. All the hard work done by the tourism professionals can be undone by the very people who stand to gain the most. For that reason, we are in the process of conducting an extensive public education programme to address this issue.

Tourism is an industry that is highly integrated into the local community. Many of the services needed by hotels and restaurants are provided by small businesses locally. Vegetables may be provided by local farmers, bar supplies by local wholesalers, building repairs by local builders and so on. Tourists also support local livelihoods at a grassroots level as they buy local goods, such as souvenirs, a meal or king coconuts directly from local vendors.

Happy tourists translate into increased tourist arrivals, which results in more

money being spent in the local community. That is why, as a Ministry, we have been spending a lot of our time encouraging micro, small and medium-sized businesses to get involved in tourism and it is why we have an education programme for local people around our key resorts.

I will provide a couple of examples of initiatives our tourist professionals have started which create mutual benefits for both the local community and tourists. In Bentota, the Tourism Development Authority has carried out an anti-rabies campaign through the vaccination and sterilisation of dogs. This is good for local people and at the same time, it is also reassuring to our tourists. Also, in the past two years we have distributed 16,000 copies of 'Buddhism, Culture and Sri Lanka pilgrim's guide' to hotels islandwide. Now visitors can read and understand more about Buddhism and culture along with the holy books from other faiths as they relax in their hotel rooms.

Similarly, we realised that in parts of India, there is sizeable interest and curiosity about the sites from the Ramayana. So, we have created an initiative called the "Ramayana Trail" and have opened up over fifty sites in Sri Lanka associated with the Ramayana epic. This strategy has yielded positive results with an increase in Indian tourist arrivals to see these sites. Our Development Authority CEO predicts that this alone will lead to an extra 100,000 tourists over the next two to three years. We have a strong marketing campaign in India. Given the vast size and demographic diversity of the country, we have strategically broken it up into states, and I myself have visited several states. The Indian Government has been extremely supportive of our initiatives. Recently, we jointly held an India-Sri Lanka cultural event in Beijing at the Forbidden City Concert Hall - probably a first of its kind event for both countries.

**You spoke about domestic tourism. Can you elaborate on what has been done in that arena?**

A massive amount has been done but there is much more that still needs to be done. For a start, we have had to consider how to raise awareness among our population. You may have seen the recent publicity campaign in the national papers advertising tourism establishments and sites to visit.

We have looked closely at the sites that are most likely to be visited by our

domestic tourists and worked on plans to make them better. These include improving signage and providing toilet and rest facilities. We are also looking at how we can make the North and East a place for more sites for domestic tourists, including pilgrims; how we can open picnic and play areas for families; how we can ensure that there are sufficient affordable places for people to stay. On that latter point, the Development Authority owns several resorts, all of which will be refurbished by the end of 2010 to provide clean, inexpensive and model family-resorts that ordinary Sri Lankans can use.

**Another Initiative From The Conventions Bureau Has Been The 'Meet Negombo' Campaign Which Was Launched Recently. Because Negombo Is Only A Short Drive From Bandaranaike International Airport, This Is An Ideal Location For Short-Stay Meetings Or Training Courses.**

**Presumably another important area is to bring in businessmen from overseas?**

Yes, of course. Not exclusively, but certainly the Indian market is very important in that respect because of its proximity. That is why the Conventions Bureau has been working very hard at finding attractive ways to get Indian companies to hold conferences here; the Bureau has had some notable successes in recent times.

Another initiative from the Conventions Bureau has been the 'Meet Negombo' campaign which was launched recently. Because Negombo is only a short drive from Bandaranaike International Airport, this is an ideal location for short-stay meetings or training courses. So, the Conventions Bureau has been working with the Negombo Hoteliers Association to make Negombo a 'meetings hot-spot'. Later this year they are intending to have a Negombo Festival as well to bring in short stay tourists - which reminds me to mention the many other festivals we are arranging to bring in tourists. These include building on the success of the Hikkaduwa Beach Festival last year, support for the Galle Literary Festival, the Colombo Fashion Week, hopefully, another hot air balloon festival and many other ideas that are pouring in from creative entrepreneurs from Sri Lanka and from around the world.

**What are the challenges that the tourism sector has to face?**

We are only just at the beginning of our journey and there is a lot of work and implementation to be done. There are some formidable challenges that face both Sri Lanka and our tourism industry.

Naturally, the world recession is making an impact. Potential tourists are being more cautious in their holiday bookings and in many cases choosing to stay at home. Many hotels and airlines worldwide are cutting prices drastically. That means that worldwide the tourism numbers and revenue are falling.

Apart from the Economic Crisis, we have the challenge of improving our infrastructure. Imagine you arrive at Bandaranaike International Airport after an eleven-hour flight and then are told that it will take a further five hours to get to your hotel. We have to find ways around this and we are doing so. If you notice, over the last few years, our road-networks and quality have significantly improved. Also, efficient domestic aviation, rail and ferry networks may prove viable solutions.

**Every Sri Lankan Must Play Their Part In Making Tourists Welcome. That Shouldn't Be Difficult For Us Because As A Nation We Have A Reputation As Some Of The Most Hospitable People In The World, Living In A Land Famed For Its Beauty And Diversity Since Ancient Times.**

Then there is the question about the shape of the industry in the future. Should we opt for the mass market, low cost options and a large number of tourists or do we create a more up-market boutique style of holiday? At first glance it may seem that getting lots of tourists into the island will create more jobs and provide more revenue. We have to get the balance right as there are disadvantages as well as advantages with both approaches. More jobs may be created through high quality holidays as we are able to realise more rupees per head than the mass market. Sri Lankans are top-notch at providing high quality services.

A further challenge is that we have been in the tourism wilderness for nearly thirty years. The world tourism industry has moved on aggressively and that means we are somewhat behind our competitors in certain areas.

However, that may now work in our favour, because we can study our competitors - where they have failed and succeeded - and apply those lessons to create something really modern, new, exciting and unique opportunities.

Then, as I mentioned before, there is the challenge of creating the right products for our new markets, the problem of improving airline connections and persuading governments to soften their travel advisories. Take the last two. At the moment how does a traveller get to Sri Lanka? By air. That has to change and it is why we are looking at ways to bring in more ships and ferries to widen access to the island.

As for travel advisories, the advice that national governments give their citizens about the safety of travelling to a particular country; in the past few years, those for France, Germany and the UK, our traditional markets, have been very restrictive. That has meant that tour operators find it tough to get the required insurance, so they don't promote Sri Lanka, even if they would like to. If we can get a change there, then more tour operators will be able to promote Sri Lanka.

Well, there are many more challenges that centre around service, quality, room availability, room standards, registration, hygiene and so on.

### **Final thoughts?**

Tourism requires the buy-in of everyone. When a tourist arrives to our island, our job isn't finished, it has only just begun. For Sri Lanka to become the next big thing in worldwide tourism, we need visitors to leave having had an experience that was so fantastic that they can't wait to return and want to tell everyone about. The importance of word of mouth advertising cannot be underestimated in this era of internet bloggers and social network sites such as Facebook and Myspace - not to mention the travel websites. Nowadays, many people blog about their experiences online and share their experiences with a large online audience of friends and strangers. Likewise, many travellers research their holiday destinations and hotels beforehand using internet sites and base their choices on recommendations found on the internet.

Every Sri Lankan must play their part in making tourists welcome. That shouldn't be difficult for us because as a nation we have a reputation as some of the most hospitable people in the world, living in a land famed for its beauty and diversity since ancient times. Our job now is to work in a united manner to get this message out to the world.







