

## **Barry Whiteside: Celebrating the Fijian entrepreneurial spirit**

Opening address by Mr Barry Whiteside, Governor of the Reserve Bank of Fiji, at the launch of the 2013 Fiji Development Bank Small Business Awards, Suva, 14 August 2013.

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***Ratu Deve Toganivalu***

***Executives and Staff of Fiji Development Bank***

***Fellow Sponsors***

***Distinguished Guests***

***Ladies and Gentlemen***

### **Introductory comments**

Bula vinaka and a very good morning to you all.

Thank you, Ratu Deve, for your kind invitation to launch the 2013 FDB Small Business Awards. It is another significant event on the business calendar where we recognise the achievements of the private sector, and in this particular case, small businesses in Fiji.

These Awards were conceived around the idea of the need for us all to stop what we are doing and salute those small businesses doing great things for our country. Let us not only celebrate the winners, but also all the others that have dared to back their entrepreneurial spirit and set up a business.

We trust that this event will create the necessary awareness out there of these “mum and dad” type enterprises. We hope that this will further encourage them to grow from strength to strength to become much larger businesses in the future. There are of course many examples we can cite of large successful Fijian companies that started from virtually nothing.

### **The small business awards**

Today is actually the 10th anniversary of the FDB’s Small Business Awards and I am honored to be here to share this achievement with you.

I applaud the Fiji Development Bank for organising this competition over the years. The fact that it has been sustained shows FDB’s commitment and energy towards growing the Fijian economy by assisting the small players, particularly, in providing them with access to credit. One of the major challenges of small businesses is who will give them the money to start and sustain their initial operations?

### **The winners**

I have been informed that this year there are seven award categories: – agriculture, tourism, wholesale & retail, professional & business services, manufacturing, a best business practice award and a special award. That pretty much covers everything.

Ladies and Gentlemen, in as far as gender balance goes when it comes to small businesses, women are clearly the driving force. Unfortunately they beat us men “hands down”. Last year’s awards saw women entrepreneurs win five of the seven awards. As a man, this is always a difficult and painful one to explain as it is not only Fijian men that suffer our well known “malua” fever, but this is a larger phenomenon across the globe. Studies actually show women entrepreneurs conducting small businesses are the driving force and are, by far, more successful than men – and, dare I say it, with such empowerment at this level, they are said to contribute more to GDP.

Indeed there is one micro finance institution operating in Fiji, and in other parts of our Pacific region, that will only lend to the ladies, for the very reason that women are more likely to pay back the loans with interest! South Pacific Business Development currently has nearly 3,900 lady clients under its Fijian micro loan portfolio and a repayment rate in excess of 95 percent. Clearly we men need to step up to the plate and be counted. So, while I am not a judge for the awards, (and I would not wish to influence anyone), hopefully we may see a change this year when the prizes are handed out – if just to prove all those studies wrong!

It would be remiss of me not to mention a great example of one of our small businesswoman entrepreneurs who is riding the path of success.

Makereta Matemosi was the overall winner of the 2007 Fiji Development Bank Small Business Awards. A \$35 manual sewing machine was her initial investment. She started sewing bags using mats as the base material. Then the opportunity from the makers of Mokosoi products gave her a break – she was asked to make traditional packs for their products. With product engineering, masi was blended with the mat bags. With three more electric sewing machines donated to her, her business flourished and she was able to attract more orders from as far as New Zealand. The assistance from her community also assisted her in the production process so that she was able to meet her customers' orders.

Today, Makareta's masi designs are recognised internationally – her masi design is Fiji Airways' landmark. It epitomises Fiji and enhances the new name of our national carrier. The new symbol in the landmark brings Fiji's culture and heritage to life by linking the name "Fiji Airways" with this highly respected and traditional art form that has been a part of Fijian culture for several centuries.

From humble beginnings, Makareta has shown us that there is light at the end of the tunnel and if you persevere, work hard and believe in your dreams, everything will turn out right, eventually. I have no doubts that she will move on to bigger things and I wish her the success she obviously deserves!

### **Assistance to small businesses**

It is my view that the formal financial sector needs to be a bit more accommodative in granting access to small businesses. The FDB's Small Business Awards cover businesses with a turnover of between \$30,000 and \$100,000. However, there are also those that have a lower turnover that need finance to start up. Money is not the only ingredient required for successful businesses. They need assistance with business acumen and good governance principles. Training, coaching and mentoring, including complying with the laws, are huge challenges.

The Government in its 2012 National Budget Address introduced the SME Credit Guarantee Scheme with the aim of encouraging and supporting small and medium sized local businesses, particularly by improving private sector lending in their direction. Under this Scheme, Government will provide a guarantee for up to 50 percent of the outstanding principal amount of any defaulted SME business loans, up to a limit of \$50,000 per business. Interest charged on such lending must not be higher than 10 percent per annum. The fact that the lending institutions no longer have to cover the total risk should make it easier to lend and our latest data shows this to be the case with 338 SMEs already qualifying through the commercial banks since the Scheme's inception in January 2012. These businesses have managed to borrow a total of \$18.8 million and to date there have been no failures or calls reported on the guarantee.

Ladies and Gentlemen, the RBF Board at its June 2013 meeting approved a reduction in the RBF advance rate to lending institutions under its Import Substitution and Export Finance Facility (ISEFF) and Natural Disaster Rehabilitation Facility (NDRF). Licensed credit institutions, commercial banks and the Fiji Development Bank are now able to access ISEFF

and NDRF funding from the Reserve Bank at 1 percent per annum compared with 2 percent previously. They on-lend these funds to eligible businesses up to a maximum of 5 percent.

Together the Fijian Government and the RBF have been building an enabling and supportive environment that is conducive to economic growth for the business community. RBF monetary policy continues to be accommodative towards growth.

### **The Fijian economy**

Before I close, I would just like to provide a brief update for you on the positive news about the Fijian economy. Growth this year is estimated at 3.2 percent, the highest since 2004. This compares with our earlier forecast of 2.7 percent. The 2013 growth rate is broad based with positive contributions from all sectors, except for mining and quarrying.

The revised growth projection for 2013 reflects a growing optimism in the economy and is consistent with the strong growth in various partial indicators, for example, net value added tax collections, inward remittances, domestic cement sales, and borrowing by the private sector for consumption and investment purposes. The surveys conducted by the RBF – Business Expectations and Retail Sales Surveys – together with direct feedback from industry groups and the private sector, echo many positive sentiments as well.

Investment as a percentage of GDP is estimated at 28 percent in 2013, above the Government's target of 25 percent.

The growth forecasts for 2014 and 2015 have also been revised upwards.

### **Official launch**

Ladies and Gentlemen, in concluding, let me also thank all the sponsors for their valuable contributions towards these Small Business Awards. The Reserve Bank has been a sponsor since the inception of the Awards in 2004 and we intend to continue supporting small businesses. We will be recognising micro businesses and their contributions later this year at a separate ceremony.

I take this opportunity to extend my best wishes to the contenders of this year's competition – you are all winners in my eyes.

Hibiscus is just a few days away and we hope that everyone will visit the RBF's Financial Inclusion Village at Albert Park to learn more about financial literacy, capital markets, and also support the micro entrepreneurs who will be selling their wares.

Once again, thank you for the kind invitation to share in the launch. I now have much pleasure in officially launching the 2013 Fiji Development Bank Small Business Awards.

Vinaka vaka levu.