

## STANDING COMMITTEE ON ECONOMIC AFFAIRS

### ACCESS TO BUSINESS FUNDING BILL (BILL NO. 18 OF 2024)

#### BILL CONSULTATION PROGRAMME

7-18 NOVEMBER, 2024

Day	TIME	SITE/LOCATION AND DETAILS	CONTACT NUMBER	COMMENTS
		<b>CENTRAL DIVISION</b>		
<b>Thursday, 7 Nov. 2024</b>	3.00pm-4.00pm	<b>Public Hearing</b> on the Bill No. 18 of 2024 ( <a href="#">MSME Council</a> )		BCR 2 (East Wing), Parliament precinct.
<b>Friday, 8 Nov. 2024</b>	1.00pm-4.00pm	<b>Public Hearing</b> on the Bill No. 18 of 2024 ( <a href="#">BAF</a> )		SCR (West Wing) Parliament precinct.

<b>WESTERN DIVISION</b>				
<b>Monday, 11 Nov.</b>	7.00am – 7.30am	Pick-up Members and Secretariat and leaving for Rakiraki		
	10.30am-11.30am	<b>Public Consultation</b> Rakiraki MSMEs		<b>Rakiraki Town Council Conference Room</b>
	12.00pm	Leaving for Korovou		
	1.30pm-3pm	<b>Public Consultation</b> <a href="#">Korovou, Tailevu MSMEs</a>		Korovou Conference Room

	4.15pm	Dropping Members and secretariat to their residence		
<b>Tuesday, 12 Nov.</b>	10.00am-10.30am	Leaving for Tavua		
	1.30pm-2.00pm	Check-in at the Hotel (TAVUA)		Tavua Hotel
	2.00pm-3.00pm	Visit Individual MSMEs		
	6.00pm-7.00pm	<b>Public Consultation</b> Tavua and Ba MSMEs		Tavua Town Council Conference Room
	7.30pm	Return to the Hotel		
<b>Wednesday, 13 Nov.</b>	7.00am-8.00am	Check-out and Leaving for Lautoka		
	10.00am-11.30am	<b>Public Consultation</b> Lautoka Chamber of Commerce/Lautoka Retailers Association		Lautoka Mayoral Chamber
	11.30am	Leaving for Nadi		
	1.00pm – 3.00pm	<b>Public Consultation</b> Nadi Chamber Commerce, Tourism, Retailers Associations		Nadi Town Council Chamber
	4.30pm	Check-in at the Hotel (NADI)		Mercure Hotel – Nadi
<b>NORTHERN DIVISION</b>				
<b>Thursday, 14 Nov.</b>	11.30am-12.30pm	Flight from Nadi Int. Airport to Labasa Airport		Members to travel by plane and Secretariat to travel by boat (Interlink - 6am).
	3.00pm	Check-in at the Hotel (LABASA)		Galaxy Hotel and Apartment
	6.00pm-7.00pm	<b>Public Consultation</b> Labasa Chamber of Commerce and Individual MSMEs (Cooperatives)		Labasa Town Council Conference Room
	7.30pm	Return to the Hotel		

<b>Friday, 15 Nov.</b>	8.30am-10.30am	Visit Individual MSMEs in Labasa		
	11.00am	Leaving for Savusavu		
	11.30am-1.00pm	Meet Bua and Seaqaqa Business Communities and Cooperatives		
	1.00pm-1.15pm	Check-in at the Hotel (SAVUSAVU)		Hot Spring Hotel
	5.00pm-7.00pm	<b>Public Consultation</b> Cooperatives in Bua and Macuata		Primary School
<b>Saturday, 16 Nov.</b>	6.30am	Leaving for Natuvu Jetty		
	8.30am	Depart Natuvu Jetty for Taveuni		Driver will stay behind in Savusavu. Transport to be arranged with the PA Taveuni.
	10.30am-12.00pm	Visit the Individual MSMEs		Taveuni Central
	12.30pm	Check-in at the Hotel (TAVEUNI)		Dateline Hotel
	5pm-7.00pm	<b>Public Consultation</b> Taveuni MSMEs and the Cooperatives		
	7.30pm	Return to the Hotel		
<b>Sunday, 17 Nov</b>	10.00am-2.00pm	Visit Taveuni Cooperatives		
<b>Monday, 18 Nov</b>	6.30am-8.30am	Check-out and Travel from Taveuni to Natuvu Jetty		Secretariat team only.
	9.35am-10.35pm	Flight from Taveuni to Suva		Members only travel by plane.
	8.30am-10.30am	Pick-up at Natuvu Jetty and leaving for Nabouwalu.		Secretariat to board the afternoon boat.

**STANDING COMMITTEE ON ECONOMIC AFFAIRS**  
**ACCESS TO BUSINESS FUNDING BILL (BILL NO. 18 OF 2024)**  
**BILL CONSULTATION PROGRAMME**  
**27-29 JANUARY AND 3-5 FEBRUARY 2025**

Day	TIME	SITE/LOCATION AND DETAILS	CONTACT NUMBER	COMMENTS
<b>WESTERN DIVISION</b>				
<b>Monday, 27/1/25</b>	10.00am	Leaving Parliament for Ba		
	2.00pm-2.30pm	Arrive in Ba		
	2.30pm-3.30pm 3.30pm-4.30pm 4.30pm-5.00pm	Site visit to some business complex in Ba 1. Ramesh/Elisha Engineering 2. Vueti Au Cooperative, Waiwai BA	Ramesh -9996571 Penioni Kinilovo - 8330117	
	5.00pm-6.30pm	Consultation in progress ( <b>Ba Civic Hall</b> )	Siteri Nakete 9996062	
	6.30pm-8.00pm	Leaving Ba for Nadi		
	8.15pm	Arrival in Nadi and check-in at <b>Mercure Hotel</b> /Vualiku Hotel (Nadi)		Members and secretariat will be accommodated at Mercure Hotel, Martintar, Nadi
<b>Tuesday, 28/1/25</b>	7.00am-8.00am	Breakfast		
	11.30am-12.00pm	Check-out and leaving Nadi for Sigatoka		
	12.00pm	Greenfield Mechanical Harvester Cooperative Ltd – Maro Settlement	Tazlim - 8490567	



	12.45pm	Check-in at the <b>Ramada Suites,</b> Korotogo ( <b>Sigatoka</b> )		
	5.00pm-7.00pm	Consultation in progress ( <b>Sigatoka Town Council Chamber</b> )	Darshika Ram	
	7.15pm	Return to the Hotel		
<b>Wednesday, 29/1/25</b>	7.00am-8.00am	Breakfast		
	10.00am	Check-out and Leaving for Navua		
	11.00am-12.00pm	Visit Seapack Aquaculture Fiji		
	1.00pm-1.30pm	Visit Lami Kava		
	1.30pm	Member and Secretariat drop-off at their residents		
		<b>CENTRAL DIVISION</b>		
<b>Monday, 3/2/25</b>	4.00pm	Leaving Parliament for Nausori		
	6.00pm-7.00pm	Nausori Consultation in progress (Nausori Town Council Hall)		
	7.00pm	Member and Staff drop-off at their respective residence		
<b>Tuesday, 4/2/25</b>	4.00pm	Leaving Parliament for Nakasi		
	6.00pm-7.00pm	Nakasi Consultation in progress		
	7.00pm	Member and Staff drop-off at their respective residence		
<b>Wednesday, 5/2/25</b>	9.00am-12.00pm	Suva Consultation in progress (Parliament precinct)		



**ACCESS TO BUSINESS FUNDING BILL 2024**

**FOR**

**SMALL OFFERS & CROWDFUNDING IN FIJI**

**BRIEF**

**PREPARED BY THE RESERVE BANK OF FIJI**

**OCTOBER 2024**

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## INTRODUCTION

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1. Micro, Small & Medium Enterprises (MSMEs) face significant challenges in accessing traditional finance due to a lack of proven revenue streams, credit history or collateral; ultimately hindering the growth of the sector.
2. The current default option for most funding is through commercial banks, which may not offer tailored products and services, such as those with lower interest rates and flexible collateral requirements and repayment terms with extended tenures for MSMEs.
3. In addition, MSMEs often rely on personal networks for early-stage investment through informal arrangements based on relationships and trust. Like other Pacific countries, a strong sense of community also exists in Fiji, which makes community-based projects as well as funding mechanisms e.g. *solesolevaki* quite common. These financing arrangements could benefit from a structured framework to enhance its potential.
4. As such, there exists an opportunity for alternative financing mechanisms to bridging the gap in access to finance for MSMEs while complementing the existing reforms and initiatives that the Fiji Government, RBF and other key stakeholders continue to undertake to develop the MSME sector.
5. This brief is intended to provide background information on the MSME sector and the proposed draft legislation titled Access to Business Funding Bill 2024, a standalone bill to enable small offers and crowdfunding regimes in Fiji.

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## MSMES & THE FINANCING GAP

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6. In Fiji, a firm with an annual turnover up to \$50,000 is classified as a microenterprise, one with up to \$300,000 is a small enterprise, and those with up to \$1.25 million are medium-sized enterprises<sup>1</sup>.
7. Based on the most recent available data<sup>2</sup>, MSMEs accounted for 82.4 percent of all enterprises, with microenterprises comprising 39.7 percent of all MSMEs, small enterprises 23.2 percent and medium-sized enterprises 37.0 percent<sup>3</sup>. MSMEs had 21,302 employees (28.3% of the labour force).
8. In Fiji, while MSMEs make up about 95.0 percent of all businesses, less than 20.0 percent have access to credit from formal lending institutions. The funding gap is estimated at \$2.2 billion in Fiji<sup>4</sup>. MSMEs often present new and innovative business models that carry higher

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<sup>1</sup> Business Now Fiji, 2023. Micro, Small, and Medium Enterprise Fiji – Policy Framework. Available at: <https://businessnow.gov.fj/wp-content/uploads/2023/11/msme-policy.pdf>

<sup>2</sup> Asian Development Bank (2023) Asia Small and Medium-Sized Enterprise Monitor 2023: How Small Firms Can Contribute to Resilient Growth in the Pacific Post COVID-19 Pandemic. Available at: <http://dx.doi.org/10.22617/SGP230413-2>

<sup>3</sup> Globally, MSMEs constitute 90.0 percent of all businesses and more than 50 percent of employment. In emerging economies, formal MSMEs contribute up to 40 percent of national income.

<sup>4</sup> In-depth Assessment of MSME Landscape in Fiji, Market Development Facility, June 2018.

risks for traditional lenders. Consequently, these lenders impose high costs, collateral demands and impractical interest rates on their credit offerings.

9. In the recent Financial Services Demand Side Survey Fiji 2020 report, only 8.9% of respondents were borrowing from financial sources (banks, credit institutions, credit unions, finance companies and microfinance institutions) and uptake of credit remained low.
10. Informal sources to access credit are still preferred as they are quick, reliable and offer repayment terms. Self-employed Fijians with no access to formal financial services are still saving at home and borrowing from informal sources (17%) like friends and family or hire purchase. In addition, accessibility to financial services in terms of cost and distance continues to be a major barrier while women-led MSMEs also face considerable challenges<sup>5</sup>.

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## LIMITATIONS OF EXISTING LEGISLATION ON CAPITAL RAISING

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11. The provisions of the Companies Act 2015 (“CA15”) which detail fundraising regimes in Fiji do not provide any alternative funding mechanisms suitable for MSMEs, including debt crowdfunding in its current form<sup>6</sup>.
12. CA15 requires any company seeking to raise funds from the public to be a public company and issue a prospectus as the main funding instrument documentation. This incurs high transaction costs.
13. The 2016 Asian Development Bank Pacific Private Sector Development Initiative (ADB-PSDI) diagnostic study report identified four limitations in the CA15, namely:
  - i) the definition of “offer to the public”;
  - ii) the prohibition on a private company from offering securities to the public;
  - iii) an offer of securities can only be made under a prospectus; and
  - iv) the exemptions on offers to be made to the public without a prospectus are still too cumbersome for the MSME sector.
14. To date, countries have taken various approaches towards address similar constraints within their respective fundraising regimes. Specifically, Australia, Morocco, New Zealand and US have introduced legislation to provide a framework for alternative financing sources, while countries such as China, Malaysia and UK have issued regulations or guidelines under legislations.
15. These various regulatory approaches reflect the characteristics of each financial system as well as the needs of local markets and investors in order to address the cumbersome compliance costs imposed due to the way that general securities laws have been historically designed.

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<sup>5</sup> Reserve Bank of Fiji, 2020. Fiji Financial Services Demand Side Survey 2020. Suva: Reserve Bank of Fiji. Available at: <https://www.rbf.gov.fj/wp-content/uploads/2021/08/RBF-Fiji-Financial-Services-Demand-Side-Survey-2020-Publication.pdf>

<sup>6</sup> Specifically, Parts 26-28 of the Companies Act 2015. Part 26 provides the general framework for capital raising and requires a prospectus as the main fundraising instrument for companies. This entails high transaction costs for Micro, Small and Medium Enterprises (MSMEs).

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## OVERVIEW OF THE ACCESS TO BUSINESS FUNDING BILL (“BILL”)

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16. In view of the challenges faced by MSMEs as well as the limitations of the current legislation, the Bill introduces additional, alternative sources of finance for the MSME sector with the objective of facilitating investment and lending for businesses in Fiji. It will also protect investors by ensuring that these activities operate in a regulated environment with a licensing and supervisory framework administered by the RBF.
17. The two new fundraising regimes that the Bill introduces are **a) Small offers** and **b) Crowdfunding (Equity and Debt [Peer to Peer Lending] Crowdfunding)**. These new regimes are discussed in detail below based on the version of the Bill before the parliamentary standing committee:

### I. SMALL OFFERS DIRECTLY TO INVESTORS

- i) A small offer refers to a means to allow small businesses (offeror) who are private companies under the CA15 to raise a limited amount of debt from defined types of investors without the need for onerous and costly disclosures such as a prospectus as required by the CA15.
- ii) These investors include high income earners and those that have links with the offeror in some way. Such offers cannot be advertised to the public. Limiting the size and breadth of the offering provides appropriate investor protection.
- iii) The small offer must meet the personal offer criteria<sup>7</sup> and keeps within the limit of 48 investors to a total of \$2 million. Additionally, the limit of the amount raised from the issue to a retail investor<sup>8</sup> must not exceed \$20,000.
- iv) The Bill also does not permit an offeror to make more than one offer in any 12-month period. It also requires that the offer document contains a basic information package and is filed with the regulator (which the Bill designates as the RBF) and the Registrar of Companies (ROC) within 15 working days after the conclusion of the small offer
- v) If successful, the private company must file a full list at the completion of the offer of all holders of that class of security with the ROC and RBF.

### II. CROWDFUNDING THROUGH LICENSED INTERMEDIARIES

- i) Crowdfunding provides a way for MSMEs to raise money on an online platform operated by a licensed intermediary. There are four basic types of crowdfunding platforms which include *donation-based, reward-based, debt based (also known as peer-to-peer*

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<sup>7</sup> That it is an offer made to and may only accepted by an offeree who is likely interested, having regard to any previous contact between the two parties, an existing professional or other connection, or statements indicating that the offeree is interested. The offeror has an annual gross income of at least \$100,000 for each of the person's two most recently completed income tax years before the making of the offer.

<sup>8</sup> In the Bill, a retail investor is a person who is not a wholesale investor in relation to an offer.

*lending) and equity crowdfunding.* However, the Bill focuses on two types: a) Equity crowdfunding (ECF) and debt crowdfunding or peer-to-peer lending (P2PL).

- ii) In ECF, a small business can offer equity (or shares) in return for an investor's contribution over a platform provided by an approved intermediary. On the other hand, P2PL enables investors to lend small amounts to businesses over similar platforms that facilitate the matching of lenders and borrowers.
  - iii) The ECF regime is only limited to private companies. However, P2PL is available to private companies, cooperative societies, sole traders and partnerships. Like small offers, offer limits for both ECF and P2PL cannot exceed \$5 million in any 12-month period. Additionally, these offers must not breach the retail investor limit of \$20,000.
  - iv) Platforms by approved intermediaries who provide ECF and P2PL to retail investors must ensure that a service disclosure statement is provided prior to any transaction.
18. To maintain the integrity of these fundraising activities, the Bill also includes criminal offences<sup>9</sup> in relation to false or misleading statements or disclosures, including the failure to perform timely disclosures.

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## **PUBLIC CONSULTATIONS AND KEY CHANGES TO THE BILL**

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19. Following Cabinet's approval on 12 December 2023, Ministry of Trade, Cooperatives, MSMEs and Communications (MTCMSMEC), in conjunction with the RBF and the support of the Asian Development Bank Private Sector Development Initiative (ADB-PSDI), led nation-wide consultations on the Bill.
20. Between 5 to 8 February 2024, 8 focus groups were convened, targeting financial service providers, Government agencies, law firms, credit unions and private sector collectives including the Fiji Commerce and Employers Federation (FCEF) and members representing youth and women entrepreneurs.
21. From 9 to 16 February 2024, public consultations were held major municipalities across Fiji, including Suva, Nausori, Korovou, Sigatoka, Nadi, Ba, Rakiraki, Labasa and Savusavu, totalling 12 sessions. The public was also invited to make written submissions where the draft Bill, an explanatory memo and ADB-PSDI's policy brief<sup>10</sup> was shared through the MTCMSMEC's website.
22. In general, there was consensus among the parties consulted that the proposed legislation could help address the constraints to access to finance for MSMEs. A number of queries were raised and addressed with regard to the potential role of cooperatives and similar collectives to perform this function, fees charged by intermediaries and the cost of financing, the skills necessary for MSMEs to raise funding online and protections for investors.

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<sup>9</sup> The person is liable for conviction to imprisonment for a term not exceeding 2 years or a fine not exceeding \$50,000.

<sup>10</sup> ADB PSDI, 2024. Innovative Financing Mechanisms in the Pacific. Available at: <https://www.pacificpsdi.org/assets/Uploads/PFS-Innovative-Financing-Mechanism-in-the-Pacific.pdf>

23. Additionally, the parties consulted also identified remittances and the participation of the *diaspora* as opportunities for channelling funding through the new fundraising regimes. Incentives, including tax concessions, were suggested to encourage MSMEs to use crowdfunding. There was also a unanimous call for clear guidelines and support mechanisms for MSMEs, including information that can be accessible and easily understood.
24. A notable concern raised during the consultation was that the Bill – known then as the Fiji Access to Capital Bill prior to public consultations – only permitted private companies to participate in all the fundraising regimes being proposed. As such, sole traders, partnerships and cooperatives societies would have had to consider conversion to a private company.
25. Following consultations, the version of the Bill before the Standing Committee enables these previously excluded entities access to P2PL over platforms of approved intermediaries. However, only private companies may participate in small offers and ECF.
26. Since the end of public consultations, the RBF, MTCMSMEC, ADB-PSDI and the Office of the Solicitor General (OSG) continued to review the Bill in light of the feedback received, including cosmetic changes to improve the Bill’s clarity and overall readability.

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## WAY FORWARD

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27. As a way forward, the RBF will continue to support the MTCMSMEC with the assistance of the ADB-PSDI to convene discussions relating to the Bill, including regulations and policy guidelines that will follow.
28. Additionally, the parties will also explore reputable providers that could provide the platforms that could facilitate crowdfunding. This will occur with on-going capacity building and awareness among all stakeholders, including MSMEs.
29. It is envisaged that this bill will address the limitations of capital raising provisions for MSMEs in the current CA15 and also create alternative investment options for investors in Fiji.

**Reserve Bank of Fiji**  
**October 2024**

**Annex I: Chronology**

**Annex II: Stakeholder Consultation List**

## ANNEX I – CHRONOLOGY

Year	Key Developments
2015	<ul style="list-style-type: none"> <li>Fiji Government requests ‘Capital Markets Technical Assistance’ from ADB-PSDI.</li> </ul>
2016	<ul style="list-style-type: none"> <li>ADB-PSDI develops Fiji Capital Raising Report Identified limitations in Companies Act 2015 in meeting SME capital-raising needs; recommends review.</li> </ul>
2019	<ul style="list-style-type: none"> <li>A presentation on equity and peer-to-peer lending to the Capital Markets Advisory &amp; Development Taskforce chaired by the RBF.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Draft Access to Capital (Private Companies) Bill and Access to Capital Bill (Basic Information Package) Regulations are drafted by ADB-PSDI with explanatory memo.</li> </ul>
2023	<ul style="list-style-type: none"> <li>This work was revived after the COVID-19 pandemic. OSG endorsement of information paper subsequently submitted to Cabinet Office. Cabinet Office re-directed to work with line Ministry – MTCMSMEC.</li> </ul>
	<ul style="list-style-type: none"> <li>November 2023 – Presentation on the background work and draft Bill to the Deputy Prime Minister and Minister of MTCMSMEC and Permanent Secretary MTCMSMEC.</li> </ul>
	<ul style="list-style-type: none"> <li>December 2023 – Cabinet approval to conduct stakeholder consultations on draft Bill.</li> </ul>
2024	<ul style="list-style-type: none"> <li>January 2024 – RBF, MTCMSMEC and ADB-PSDI discussed and revised the Access to Capital Bill 2024 in preparation for stakeholder consultation.</li> </ul>
	<ul style="list-style-type: none"> <li>February 2024 – A total of 20 stakeholder consultations held, beginning with focus group sessions with financial sector, government, civil societies, and private sector, followed by public consultations across Fiji as well as invitations for written feedback.</li> </ul>
	<ul style="list-style-type: none"> <li>March 2024 – ADB-PSDI, RBF and MTCMSME discussed the feedback received from stakeholder consultation.</li> </ul>
	<ul style="list-style-type: none"> <li>April 2024 – MTCMSMEC tabled the bill for Access to Business Funding Bill for cabinet approval with amendments following consultations.</li> </ul>
	<ul style="list-style-type: none"> <li>September 2024 – ADB-PSDI, MTCMSMEC, OSG and RBF meeting to discuss OSG comments prior to October 2024 Parliament Sitting.</li> </ul>
	<ul style="list-style-type: none"> <li>October 2024 – Fiji Government shares Bill on Parliament website.</li> </ul>



## ANNEX II – STAKEHOLDER CONSULTATION LIST

Session	Date	Time	Location	Target Audience
Stakeholder Consultation (Focus Groups)	5 February 2024	9:00am – 11:00am	RBF Conference Room, Suva	Capital Markets Industry & Superannuation Industry
		2:00pm – 4:00pm		Banking, Credit Institutions, Housing Authority & Insurance Sector
	6 February 2024	9:00am – 11:00am		Payment Service Providers & FinTechs
		2:00pm – 4:00pm		NGOs, Development Partners & Private firms
	7 February 2024	9:00am – 11:00am		Associations and Statutory Bodies
		2:00pm – 4:00pm	Level 9 Suvavou House, Suva	Government Agencies
	8 February 2024	9:00am – 11:00am	FCEF Board Room, Suva	FCEF Members: Youth and Women Entrepreneurs
		2:00pm – 4:00pm	RBF Conference Room, Suva	Credit Union, Fiji Law Society Members
Public Consultation	9 February 2024	9:00am – 11:00am	Suva Flea Market	General Public particularly the MSMEs
		11.30am – 1:00pm	VIP Lounge, Ratu Cakobau Park	General Public particularly the MSMEs
		2.30pm – 4.30pm	Korovou Hall	General Public particularly the MSMEs
	12 February 2024	10:00am – 12:00pm	Sigatoka Town Council Hall	General Public particularly the MSMEs
		2:00pm – 4:00pm	Nadi Town Council Hall	General Public particularly the MSMEs
		5.30pm – 6.30pm	FNU Namaka Campus, Nadi	FCEF Fiji Enterprise Engine (FEE) the Cohort
	13 February 2024	10:00am – 12:00pm	Rogorogoivuda House, Lautoka	General Public particularly the MSMEs
		2:00pm – 4:00pm	Ba Town Council, Hall	General Public particularly the MSMEs
	14 February 2024	10:00am – 12:00pm	Garvey Park, Tavua	General Public particularly the MSMEs
		2:00pm – 4:00pm	Rakiraki market, Rakiraki	General Public particularly the MSMEs
	15 February 2024	2:00pm – 4:00pm	MTCMSMEC Labasa Office	General Public particularly the MSMEs
	16 February 2024	10:00am – 12:00pm	MTCMSMEC Savusavu Office	General Public particularly the MSMEs



# **ACCESS TO BUSINESS FUNDING BILL 2024**

**(SPBD FIJI PRESENTATION)**  
**27 NOVEMBER 2024**



## **AGENDA**

- Introduction to SPBD
- SPBD Business Funding Framework
- SPBD Fiji Accomplishments
- Key Provisions of Bill that may need Further Discussions (focus of Part 3 of the Bill)
- SPBD Key Recommendation

## SPBD

- A network of microfinance institutions operating in five countries of the South Pacific Region (Samoa, Tonga, Fiji, Solomon Islands and Vanuatu)
- Focus on women who want to start or expand their micro-businesses
- Provide other related services: financial education, savings, death benefits, and continuous training and guidance
- Clients are organized into village-based groups which meet every week to discuss their businesses, undertake financial transactions and funding requirements
- In Fiji, extensive use of mobile wallets (MPAiSA) for savings/loans transactions

## SPBD BUSINESS FUNDING ACCESS MODEL



## SPBD FIJI ACCOMPLISHMENTS

Since its opening in December 2010 until 31 October 2024, SPBD has:

- Opened ten (10) branches across the country
- Organized more than 900 village-based groups, of which 450 are active
- Funded a total of non-collateralized 78,038 loans amounting to FJD114.82M
- Through the Peer-to-Peer Lending/Crowdsourcing Platform of Kiva Microfunds, has mobilized USD\$7.63M to fund a total of 9,857 loans

## KEY PROVISIONS OF THE BILL<sup>6</sup> THAT MAY NEED FURTHER DISCUSSIONS

- **The Bill, while mentioning that it seeks to address and reduce funding gaps for MSMEs, does not offer an operational definition of the different levels of MSMEs.** The current way of distinguishing Micro-enterprises from SMEs is the gross annual turnover of \$50,000 or less. This might need validating research to ascertain whether this is realistic and if there are other ways of defining the micro-enterprise sector.
- Furthermore, the funding and support needs of micro-enterprises are quite distinct from the needs of SMEs. By lumping the micro-enterprises with SMES and calling them collectively MSMEs, we might lose sight of the distinct needs of micro-enterprises



## KEY PROVISIONS OF THE BILL<sup>7</sup> THAT MAY NEED FURTHER REVIEW

- **The distinction between crowd-funding (investing) and peer-to-peer lending (lending) can blend.** One good example is Kiva Microfunds, of which SPBD is an implementing partner. While at its core, it is peer-to-peer lending; it also incorporates the elements of crowdfunding as the loans are funded by a combination of small loans from different people.
- **There might be two levels of intermediaries.** On the higher level is the intermediary which manages the crowd-funding/peer-to-peer lending platform and deals primarily with the suppliers of funds. On the lower level is the one-the-ground partner which evaluates/validates the MSME clients and can even perform the loan disbursement and loan collection on behalf of the crowdsourcing/peer-to-peer lending platform,

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## KEY RECOMMENDATION

- **The bill could be a precursor to developing a regulatory framework for Microfinance Banks.** If this regulatory framework is in place, it might encourage investors (including SPBD, for that matter) to establish microfinance banks that cater to the needs of MSMEs (with emphasis on the Micro-enterprises) and offer them different ways of funding this sector as outlined by this Bill.

# **THANK YOU**

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# **Sole Ltd Public Submission with the Parliamentary Standing Committee on Economic Affairs**

**5<sup>th</sup> February 2025**

**Suva, Fiji**

# Overall View of the Act

- ❑ A noble effort to support MSMEs including start-ups to funding opportunities.
- ❑ Provides funding opportunities that are not provided by mainstream financial institutions in Fiji, like crowd funding and peer to peer lending
- ❑ However, the Act on the funding opportunities is overly regulated for MSMEs and start-ups
- ❑ It can be a costly exercise of MSMEs and may deter them from engaging in this funding opportunities.
- ❑ Act to be made more simpler for the MSMEs to understand the operations and requirement of the Act.



## Over Regulated and Restrictive Funding Limit

- ☐ Basic Document is to be prepared but have not been prescribed. Have to be filed with the Regulator and Registrar. What will they do with it? Do they assess it or approve?
- ☐ Section 30 alone – 14 regulations to be prescribed
- ☐ Deal with the regulator and registrar – Time consuming and can face massive delays
- ☐ Restricted funding limit of \$2m – Need to increase to \$4m (different industry have different funding trajectory)
- ☐ Section 7b – Potential investors who do not know the company, are restricted to those earning at least \$100,000 and paying income tax for the last two years. What about those earning below \$100k and

## Costly Funding Opportunities

- ❑ To access crowd funding and peer to peer lending, you need to go through a licensed intermediary
- ❑ To operate an efficient crowd funding and peer to peer lending, one would require a platform
- ❑ Digital platforms to operate these funding opportunities is not cheap to build and operate. The cost obviously will be passed down to the MSMEs. Unless there is some grants provide to build these platforms and support for MSMEs for the fees they must pay the intermediaries
- ❑ For MSMEs to access these services, they have to pay fees to the intermediary and may even engaged their services, in the preparation of the basic document.
- ❑ For an intermediary, it has to assess whether it is cost beneficial to them to build digital platforms for crowd funding and peer to peer lending, when they might only be few users

**VINAKA**



30.10.2024

Hon. Sakiusa Tubuna  
Chairperson  
Standing Committee on Economic Affairs  
Parliament of the Republic of Fiji  
Suva, Fiji.

Dear Chairperson

**Re: Access to Business Funding Bill 2024**

Business Assistance Fiji (BAF) would like to express its strong support for the Access to Business Funding Bill 2024. We believe that this legislation will significantly contribute to the growth and development of Small and Medium Enterprises (SMEs) in Fiji.

Access to finance has long been a major challenge for SMEs. While traditional financing options have been available, the stringent requirements, particularly collateral, have often hindered the growth aspirations of these businesses. The proposed Bill offers a much-needed solution by introducing innovative financing mechanisms like small offerings, equity crowdfunding, and peer-to-peer lending.

We are particularly impressed with the potential of these new financing avenues to unlock capital for SMEs that may not qualify for traditional loans. By providing a regulated framework for these activities, the Bill will help to mitigate risks for both investors and businesses.

BAF has actively participated in the consultation process for this Bill, and we are pleased to note that our suggestions have been carefully considered by the Bill drafting consulting team. We believe that the final draft of the Bill strikes a balance between promoting innovation and ensuring adequate safeguards for all stakeholders.

Thank you for providing the opportunity for Business Assistance Fiji to contribute.

Yours sincerely

Ramesh Chand  
**General Manager**



# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

### **ACCESS TO BUSINESS FUNDING BILL (BILL NO. 18 OF 2024)**

**SUBMITTEE:** MSME Council

**VENUE:** Small Committee Room, Parliament

**DATE:** Thursday, 7<sup>th</sup> November, 2024

**VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD IN THE SMALL COMMITTEE ROOM, (WEST WING), PARLIAMENTARY PRECINCTS, GOVERNMENT BUILDINGS, ON THURSDAY, 7<sup>TH</sup> NOVEMBER, 2024 AT 3.00 P.M.**

**Interviewee/Submittee: Micro, Small and Medium Enterprise (MSME) Council**

In Attendance:

- 1) Mr. Watesoni Nata Junior - Managing Director
  - 2) Mr. Navneet Narayan
  - 3) Mr. Darran Fisher
- 

MR. CHAIRMAN.- Honourable Members, ladies and gentlemen, members of the media and the public, secretariat and of course members of the MSME Council, a very good afternoon to you all. It is a pleasure to welcome everyone to this public hearing session.

At the outset, for information purposes, pursuant to Standing Order 111 of the Standing Orders of Parliament, all Committee meetings are to be open to the public. Therefore, this submission is open to the public and media.

For any sensitive information concerning the submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing. Do note that this will only be allowed in a few specific circumstances which include:

- 1) National security;
- 2) Third party confidential information;
- 3) Personnel or human resources; and
- 4) Committee deliberations and development of Committee recommendations and reports.

I wish to remind honourable Members and our invited submittees that all comments and questions to be asked are to be addressed through the Chairperson. Also be mindful that only the invited submittees will be allowed to ask any questions or give comments to the Committee.

This is a Parliamentary meeting and all information gathered here is covered under the Parliamentary Powers and Privileges Act and the Standing Orders of Parliament. Please note that the Committee does not condone libel or slander or any allegation against individuals who are not present today to defend themselves. In terms of other protocols of this Committee hearing, please be advised that whilst the meeting is in progress, the movement within the meeting room will be restricted and there should be minimal usage of mobile phones, thereby answering of phones should be done outside this room and all mobile phones to be on silent mode.

*(Introduction of Members of the Standing Committee)*

This afternoon we have the representatives of the Medium, Small and Micro Enterprises Council. We have been requested to provide a submission on the Access to Business Funding Bill (Bill No. 18 of 2024). I assume that most of you have read the Bill and perhaps have some understanding of what the Bill entails.

I now take this time to invite our submission guests to introduce themselves before we proceed with the submission. Please note that if there are any questions by the honourable Members of the Committee, they may interject or we will wait until the end of the presentation.

*(Introduction of representatives from the Micro, Small and Medium Enterprise Council)*

MR. W. NATA.- Thank you very much, Mr. Chairman and Members of the Committee. I would like to thank the Standing Committee for extending an invitation to the MSME Council and also to all our other MSME representatives that we have here today to make representation or provide our feedback with regard to the Bill.

The MSME Council, just as a short way of introduction, my name is Watesoni Nata Junior. I Chair the MSME Council. The MSME Council is one of the nine Councils that come under the Fiji Commerce Employers Federation. We stand to advocate for the needs of MSMEs which is one of our main functions as a Council. From time to time with our advocacy role, we tend to partner with other MSME networks. So, some of the members in the room also are MSME Council members. They are also members of the Fiji Enterprise Engine which is a Business Accelerator Programme. We have got members from the Duavata Collective. These are all other MSME networks that we form part of and that we regularly do collaborations with.

We also have members, I think, almost everyone here is a member of the Fiji MSME *Viber* Community. There are about 250 members on that *Viber* group and it is effective because of peer -to-peer sharing of information and assisting each other. They are all business owners and some MSME stakeholders on that group as well. Long story short, we thank you again for the invitation. For MSMEs and having been in this role for a couple of years now as the Chairman for the MSME Council, listening to the needs of our members and issues that are raised by MSME owners right across the board.

We have got membership from both ends of the spectrum. So micro-businesses, we have got small businesses, and we have got some of the larger businesses also just falling within the policy definition of MSME while following the criteria by MSME Fiji under the Ministry of Trade. I understand that you will be aware of what the definition is because it is based on annual turnover and our membership criteria is based on that as well.

So, going back in terms of listening to the needs of our members and to business owners alike within the MSME category, access to finance is one of the huge issues that businesses face in this country. If we look at the history of access to finance and how MSMEs are, if you look at the world over, it is not an issue that is limited to Fiji. It is a global thing. If you look at global statistics, it is all available MSMEs are the backbone of most of the economies in this world. You look at UN statistics as well and it is much reflective to local statistics as well in terms of the representation of employment that we provide in any country. So, for Fiji pre-COVID statistics set us at about 60 percent of employment. I think it is roughly between 16 percent to 17 percent in terms of contribution to GDP.



UN statistics are fairer and far very much the same if you look at it. MSMEs provide about 90 percent of the businesses in the world. So, some people always question the statistics that we reflect locally but if you look at the global statistics, MSME representation is far up, that is, in terms of our contribution to any economy.

Mr. Chairman, going back to the issue of access to finance, we all understand and I think this is the premise of why this Bill is being introduced. We were also present in consultations. We hosted ADB and the Reserve Bank and also the Ministry of Trade when the first version of the draft had come out. They had come out for consultations and we hosted them at the MSME Council.

I would like to firstly comment on some of the changes that have been brought about since that first consultation. You could correct me if I am wrong, there are two changes I could see in terms of the differences of the initial Bill and this one. The first one is the introduction of penalties. I think it is primarily a good thing because we got to keep people accountable to the disclosures or proper information to that.

The second thing in terms of peer-to-peer lending and crowdfunding is the inclusion now of co-operatives that are applicable to apply for that also, sole traders and partnerships as well. We had made the representation in terms of accessibility that it was not only limited to bigger companies or say for instance, in terms of limited liability company. When they pitched it earlier, small offers was more for limited liability companies which is fair enough because you are trading equity. You are going to have shares, it is a reflective of the types of structure or the business registration of the company.

This new inclusion for sole traders, partnerships and also co-operatives to be able to access it is a very welcomed inclusion. At the MSME Council, we do not like to leave anyone hanging. Access to funding is an issue that is prevalent amongst all business types regardless of size or type of registration, so that is very welcomed.

My second clause that I would like to discuss today is clause 7 of the Bill and this is the meaning of a “personal offer”. If we look at clause 7 of the Bill, it states and I quote:

“For the purposes of section 6, an offer is a personal offer if it is an offer that is made to, and may only be accepted by, an offeree who -

- (b) has an annual gross income of at least \$100,000 for each of the person’s 2 most recently completed income tax years before the making of the offer.”

Again from an accessibility angle, we would like that to be reduced either to \$50,000 or just an open amount because it would then depend on the investor. For investors that want to get registered through or with the intermediary, they are going to have their own criteria to be able to, if they are giving say for instance around \$100,000, \$500,000 or \$2 million (whatever the amount is) in terms of what is been kept for small offers, they will then decide, they would want obviously return on investment for their money. So, obviously they will come in and set their own criteria also.

The reason why we want to open that up because then it does not limit those that have a smaller annual turnover to be able to apply for it as well. It should not be limited to the annual turnover but it should be more business registration type. This is more I think the ethos or the whole premise of the Bill is more focussed on the business structure or the type of registration. So, sole traders, we want to just limit it at that in terms of the type of business registration and of course, there are other criteria that are set in the Bill in terms of, if whether they need to satisfy. Part of that is a good business plan. A part of that is you need to put your financials there, you need to have your paperwork sorted so we are all made subject to that criteria. I love the fact that there is accountability in terms of borrowers in that sense. Businesses that want to borrow money on that platform, they have to meet the criteria.

It is more one business structure and the second thing is more accountability in terms of paperwork; getting your paperwork in order and all of that, and of course, you need to have some years of experience in your business because you need to be convincing enough to the lender that wants to give money to be able to satisfy what they want and what they need and to be appealing enough to be able to convince them to lend that money. Just in short as a review for this one, we would like to open that up and not limit it to a monetary value of \$100,000 for the reasons that we have stated in terms of accessibility.

The next section that we would like to discuss is, clause 13. I think I have briefly described that. We like the fact that it is now inclusive of, it has got the definitions there which is fine, “co-operative society”, “partnership” and “sole trader”. That is very awesome in terms of accessibility to the services that are provided by intermediaries, if whether it is crowdfunding or peer-to-peer lending. I think that is very friendly in that sense, which opened really the smaller ones, lenders and borrowers that want to contribute to giving money. I think that is a very good inclusion.

The next section, maybe I should explain this first. Primarily what our concern is when the rubber hits the road, like when we get this enacted, god-willing that it does get enacted, depending on what Parliament decides. One of the issues that we face as businesses owners is the processes and procedures. The last thing that we want is something that is just filled with red tape. I, particularly would like to draw attention to the regulations bit. I think the answer to my question would really be in clause 30, would be how the regulations are drafted because then it empowers the Minister for Trade to make regulations, the more detailed stuff in terms of licencing – what are the requirements for the borrowers, what are the requirements for the lenders and what are the requirements for intermediaries that want to be licenced by the Reserve Bank of Fiji.

So, again we want the requirements to be, probably when they have consultations on the regulations, we probably like to be invited to see that the requirements are not too fussy, reasonable and also outlining the processes if there are forms to be filled in, that it is as easy as explaining something to maybe like, we are going to apply the reasonable means test. Maybe a market vendor or the layman person to understand specific so it is easy for them to lodge. I think the whole ethos also behind that and the thought process is because we want to encourage more entrepreneurship and we want to introduce more policies and legislations that make it easier for MSMEs or small businesses to birth and grow and thrive in this economy because at the end of the day, the Government benefits from it as well which the whole ecosystem or we feed of each other. We just to make sure that we ensure relationships that are not too hostile in terms of putting people off and applying and making use of what this Bill offers for business owners.

And also there are comments coming from because our members are, I have a legal background so it is easy for me to read the Bill. But for most of my members they do not have a legal background, the technical wording of this legislation, I mean, say from 1 to 10, I think it is 9.5 because it is like cross-referencing the Companies Act then you need to go back to the Reserve Bank of Fiji, then you need to the Schedules of the Companies Act and you will need to make sense out of that.

I can do that because I am trained in that sense but for anyone else who will pick up this legislation would have that kind of difficulty. I guess where I am trying to get at is when the rubber hits the road, this is another thing we can partner with, maybe the relevant authority will probably make this submission also to the Minister for Trade that if they would like to give us money, we can then translate this and break it down to a bit more of a digestible simpler information; break it down into three different languages and then also carry out awareness and consultations to small businesses around the country that would be interested. That is the other thing because I think it is in our interest again because of how big the issue in terms of accessibility to finance is for everyone. It is in our interest again to take it around and create the necessary awareness, not in its current form but in a more digestible, broken down, relatable language and much more simplified to understand.

Also again in the relevant language so that it is much more easier for people to understand. I take this book from honourable Premila. She was my former boss at the Consumer Council in our Consumer Council days. So, this whole awareness thing is really borne from when I was under her leadership in terms of breaking it down, digestible information. I know honourable Premila is grinning through her teeth because that is what she does that we always do.

But again in the technical sense, we would like to offer our assistance in partnering to then carry out consultations. I did have a word with the Governor of the Reserve Bank. I also chair the MSME Finance Working Group with the Reserve Bank of Fiji, they are also keen in again giving out funding to carry out workshops so they can create the relevant awareness for small businesses. At the end of the day, we want to make the ecosystem for MSMEs a lot easier, we already have our current bearings in terms of the education system and the lack that it does not require or it does not encourage rather, say for instance, entrepreneurship that sense of education. The whole formal education system again is not for everyone. They should be focussing on alternatives and encouraging entrepreneurship right from kindergarten, not from high school, the formative years, from kindergarten, through primary school and also through high school as well for that sense. If we are going to encourage them, if they eventually come out and plan to decide and become an entrepreneur, that the system is much more catered to encourage them to get entrepreneurship and be employers, be job providers and not go through the school system that is much more designed for us to become employees.

That is why we got like a lovely number of people here that have decided to risk it all; crazy bunch of people here entrepreneurs and start their own businesses. We have quite a ray of business owners who are sitting here and right across all industries and consultants as well. Everyone knows when I say that the struggle is real, everyone can relate to me. This is what is good about our collective groups is that we come together and share our issues with each other and then we have an opportunity to impact the system, to change it to make it a bit more easier for the users because again this Bill is intended for the users, for the businesses so we make sure we want to have our input in it before it comes out. Thank you very much for this opportunity. I am just going to pass out the mic to everyone in case anyone has any specific comments of any of the clauses in the Bill.

MR. D. FISHER.- Mr. Chairman, one thing we would like to do is the definition of MSME for us and Government compared to what the banks define it as are two separate things. Going back to your Bill, that will relate back to the Bill because banks consider “M” which is Micro, anyone that turns over \$10,000 a year, “S” for Small, anyone that does \$500,000 a year, “M” for Medium I think is about \$1.2 million a year. That is no use when you are wanting to go to a company and you are turning over a million dollars a year and you want a loan but because your equity cannot stand up to it, they are like, “no, no.” But at one point \$2 million a year, your tax changes and if you want to grow, say you are an entity like a restaurant or a business, historically your tax rate would come in at a higher bracket once you have reached that \$1.2 million and become not viable. So, people would not want to expand their businesses purely because the tax rate goes up, your rates of interest go up.

The standardised definition would be immensely helpful to everyone that Government would implement and obviously businesses would have to follow suit, which mean the lenders would have to follow suit and whether that is through RBF; added through Government, the RBF implements it and then it is carried forward that way but essentially it will not be coming on the same playing field.

HON. P.D. KUMAR.- Going back to the MSME definition. We had our meeting with the Ministry of Trade as well as RBF and ADB and we were told that there is a definition. Just clarifying whether it is a legal definition or is it sort of a working definition; that is the difference. If it is just a working definition, that means it is subjective, it can change all the time. But if it is a legal definition then every agency as you have mentioned, banks, et cetera, they all need to be on the same page. I am not sure about that, if that can be clarified.

MR. D. FISHER.- It is a working definition because the banks have their own limitations of what their members use. Anything above \$5 million becomes a large corporation, and anything below that is Medium, Small and Micro.

HON. P.D. KUMAR.- The definition we were given, Micro is up to \$50,000, Small is \$50,000 to \$300,000 and then \$300,000 to \$1.25 million.

MR. W. NATA.- If I may, that has been one of our issues as well with the MSME Council and also with our groups is trying to advocate for a consistent definition. Right now the definition that the Ministry gave you is a policy definition and it is the policy that establishes MSME Fiji. I am not too sure whether you are aware or did they inform you that there was an MSME Bill also that was brought out for consultation.

In that Bill, and I hope it gets tabled with Parliament, we have been advocating then a consistent definition to be put in that Bill and for that very reason, so that everyone else aligns. If you look at FRCS, FDB and the commercial banks, everyone has a different definition of what an MSME is.

Sir, FRCS, say for instance, defines “small businesses” they have got a tax threshold, say for instance, agriculture, you get a tax break if your income goes up to \$500,000. That is defined as a small business but in the agricultural sector.

Sir, FDB again is different and then Darran's definition of what he has said, that is the commercial banks. ANZ has a different definition; Merchant Finance is also different.

In terms of identity, we (MSMEs) sort of have no identity, to put it in a nutshell. We have been also trying to advocate for that because as an advocacy institution, as the MSME Council, is kind of hard for us to then try and advocate for benefits specifically for MSMEs through other legislations and yet we do not have a do not have a consistent definition, a legal definition that is established by an actual law.

Again it is a policy definition at the moment, not a legal definition just as yet, but would love to see for it to become legal so that everyone else aligns to the legal definition of what an MSME is. It just makes it easier for everything else in terms of the trickle-down benefit.

HON. P.D. KUMAR.- Just for our Committees sake because it is an issue and that needs to be tidied up, I think the talks have been there for several years. Unfortunately, it has not become a legal terminology. So, say, for example, if we do want to introduce that, it may not be here but somewhere else or if the opportunity is here, we can, just to make it much better to understand small businesses. When you talk about small businesses then MSME should factor in and when that factors in, that means the definition should come in. I would suggest to you all to come up with your definition at a later time and through Mr. Chairman, if that can be given to us so that when we are having our meeting with the Ministry of Trade, Reserve Bank of Fiji at a later time, once all the consultation is over, then we can discuss that further.

MR. W. NATA.- We will definitely do that and I see this Bill also presents that opportunity because there is references to MSMEs all over this thing but there is no definition to it. What we will do also, is when we return after this, I will clock up a written submission then I will email it across and also include what our definition or what we feel the definition of MSME should be because that is the same position that we have advocated for the MSME Bill. I do not see any harm for us to push it through and advocate it through this one as well. And, of course, then we will submit it through our written submission that I will email over by tomorrow, if that is alright?

MR. CHAIRMAN.- Thank you. I just noted when we were going through the Bill, we saw some of the conditions and were wondering if these targets were for small businesses or bigger businesses. What we would like to see is for small businesses to also gain from this sort of legislation. I think you are the ones who drive the economy that catalyse things in businesses particularly small businesses. If you see the big countries in Asia, most of these are Small and Micro Enterprises (SMEs). We still have not heard about the MSME Bill, maybe coming in the pipeline and we will also be looking at that. We look forward to receiving your submission.

Are there any other issues? I think this is an opportunity for you to say whatever you like, not often you come in front of legislators. Is there anything you need to raise so that we can take into account?

MR. D. FISHER.- If you go through clause 8 and then again in clause 14(e), it is a bit conflicting and confusing. You are saying that when offers breach limits, you are setting a \$2 million limit, a \$20,000 limit and then a \$5 million limit. What might be achievable for MSMEs is that, for

each sector, once everyone figures out what an MSME is, that you set those limits for those particular sectors because going through this, I could potentially raise \$5 million but then I am in breach of clause 8(2) and 8(3) where there is a limit of \$2 million and \$20,000. From our perspective, that may need some clarity or you either accord it to a different portion of the MSMEs.

MR. CHAIRMAN.- From my understanding, that is the limit that has been put by the Reserve Bank of Fiji, the \$2 million. What I gather from your interpretation, if you are going to raise more than you are in breach.

MR. D. FISHER.- Inaudible

MR. CHAIRMAN.- Yes, that is correct.

HON. P.D. KUMAR.- I must say that the point you have just raised is very relevant and something that we need to consider because then the whole idea of small business is off the mark when you start raising \$5 million. Is it a disguised way of helping the bigger ones or really an effort to help the smaller ones? Something that we need to raise as a Committee to RBF and others just to have a better understanding of really what their rationale is. Are they including the bigger ones because you are right \$5 million; that is big.

We wanted to understand little bit more about small businesses. These are really small businesses who normally go to SPBD, et cetera, for that kind of loan. Our understanding is perhaps that bit will not be seriously covered by this legislation. We may be wrong, but can you throw some light on that?

MR. W. NATA.- Maybe a bit of unconfirmed information but you know *kach kach* kind. If I may, my understanding is SPBD, no one quote me on this, has been advocating to leave out micro businesses from this because micro financing is their business. I cannot blame them because as any business owner everyone will be advocating for their own needs. So, it is not in their interest for it to be regulated under here. Right now Micro Finance has been, I think with the Reserve Bank of Fiji, we may want to direct this question to the people at the Reserve Bank also. There was a Micro Finance Bill that was supposed to come out. I do not know whether the status of that has come over to Parliament or still with the Solicitor-General's Office or something in terms of that regulation.

We love the fact that all you three honourable Members are very pro-Micro Small Businesses and we are for that as well in terms of accessibility, but my understanding when this first draft came out, it was premised on funding for the bigger businesses. If you look at ADB's original drafting, it was meant for the bigger businesses, maybe turnovers of more than \$150,000 to \$200,000 up that way. It was more access the funding for the bigger businesses. When we advocated for them to then now include the sole traders, then they put it in, which was a good thing for us, but then we kind of have this challenge because Micro Businesses also, if you look at the smaller businesses like, say for instance, market vendors, bean cart sellers, if they want to access this, there is always a bit of an issue in terms of documentation. So, again this is why the Microfinancing their business model with SPBD is very successful. One, is because they have got the Group Guarantor Scheme. So, the groups of the ladies in the villages all have to backup each other's loan. If someone does not pay, someone must back up and front up for it.



The second thing is, they do their trainings and awarenesses in their groups. They train that person and the person has to, just like a leader of the pack and then they are supposed to train all of those members in terms of meeting the requirements of the loan.

I had attended the SPBD Awards Night, the FMF Gymnasium was filled with all their members and families from all over Fiji. So, they are very effective in terms of their business model. I have heard from the grapevine that that they have been advocating to exclude because then it does not fair well with their businesses as well.

We have a big issue in terms of trying to formalise informal businesses because much of the Micro and Small Businesses in this country do not want to get registered. That has always been a thing that MSME Council has been advocating for, is that, we partner with Government to try and give a handhold approach for the micro-businesses or the smaller businesses that are not registered then they cannot come into the fold, but again, it is a whole lot of things that we need to take into consideration. We got to incentivise, we got to be able to educate and create awareness to them for them to come into the fold, so to speak.

For the MSME Council, we changed our membership requirements to now include, before we were like, “okay , registered businesses then you become a member.” Now, we have opened it up. If you are still in the ideation phase or you do not have a business registration but you are carrying out a business, you can still become a member. But that is more in the sense that we can encourage them to then get a business registration, get their taxes in order and we provide those kinds of trainings also for our members and we refer them to other places that provide trainings as well.

The other thing is, we have got programmes like the Fiji Enterprise Engine. It is a business accelerator programme. Currently we have a cohort of around of 15 students. They have got 15 business owners and they are supposed to graduate, I think, in December. It encourages again getting your back end in order. What I am trying to say is, the challenge would be that bit because the Bill requires a whole amount of paperwork to be in order for them to satisfy it. That might be the barrier, the gap in terms of getting the micro-ones, if they can satisfy the paperwork, set, but if they cannot satisfy the paperwork which is, I think a vast majority in my experience (do not keep records), that is why it is going to be a bit of a barrier in terms of accessibility. The requirements are all paperwork; you are going to submit your financials, business plan, projections and all of those things to be able to satisfy the requirements of wanting to be listed with any of the intermediaries. I think that is where we will find a bit of a gap there, but again we can address that gap through other means and other alternative solutions by membership with MSME Council, accelerator programmes and incubator programmes as well, business schools so to speak so they can get the relevant training to be able to get their paperwork in order.

MR. N. NARAYAN.- Just adding onto Mr. Nata’s comment, the approach here also should be having an inclusive approach and also giving them a choice. There are options. If we include the micro, they have that option because the whole idea of this Bill would be to provide the funding, and we cannot pick and choose. Like you mentioned earlier that it seems like it is for the bigger organisations or businesses. They have access to banks. Their collateral covers for that and then on top of that they can have angel investors and funding through this. That is a given but where the micro is,

right now with the organisation mentioned, the interest is quite high. So, the choice is not there so they incur that interest cost. Yes, the mechanism and the business model is great, but what are we doing separately for those who cannot access that. By excluding micro, we are not creating that environment, including that (the prerequisites are already given in the Bill) whether it has been formalised. The mechanisms are like, the MSME Council is already there to facilitate those things. The idea of such a Bill should not just keep them in a space of being a micro. They can become small later on through this process. Having that in there is very vital because we do not want them to be micro all the time. It will also give them the initiative to register with the company office, register with FRCS and that can be a process. This Bill gives them that opportunity and that framework that is required. I think micro should be included, but that is for the Committee to elaborate more on.

HON. P.D. KUMAR.- So, currently micro is included but I believe the bottom line is paperwork. That will screen out those businesses who will not be able to use this facility. If they want to use this facility, it will become an incentive for them to make sure they know the paperwork and for them to get into the system. So, that is how I look at it.

MR. CHAIRMAN.- I totally agree with you that the Bill can be a platform where they graduate to another level, so that will be quite an opportunity for small operators. Also at the same time, if they can improve the governance and accountability. There are a lot of complaints from people overseas when they send money to a carpenter and things are not done. I just received a call, I was in Nadi last night, “I am calling someone in the village, I sent money last week, the photo that came was not what I had expected.” Those are sort of things, the accountability for these players.

One of the things also that we expect to tap on is the remittance, the funds that are coming from overseas. Approximately \$1 billion sent from relatives overseas and we want some of these funds to go into MSMEs instead of going into supermarkets and other existing businesses which I think is good. Maybe agricultural enterprises, co-operatives, they can be also funded through this. We just met a team who are designing a project to be implemented in Vanua Levu from 2025. When we met last week, I told the consultant that they needed to incorporate this sort of thinking into the new project – how you can tap into the remittance to establish agricultural enterprises in *tikina* and villages. Maybe just try to pilot it out and see how it works.

HON. P.K. RAVUNAWA.- Through you, Mr. Chairman, I thank the MSMEs that are here. It is good to know that you have been around for a while and you have been doing business and there are over 250 members that are in your chat group.

One of our consultations with the stakeholders, it was mentioned that your success stories of how you started, crawling, to walking, it is important that these things are documented well in the process of your doing business. Compliance is, of course, should not be scaring us. Compliance is a must and small financial statements would help you in a long way in how we can access this funding that we are hoping to get through. I want to encourage you to continue talking among your members, you are able to form some leadership in your small unit. What I want to stress is your success stories with evidence meaning your statement, some audit and compliance because that will help all the operators to be able to leave the crawling stage, to walking stage and maybe at one time a running stage.



I thank you for the work that you are doing, thank you for your relationship, connection and networking. Your team and our team are together in this and we want to see that this Bill will become an Act and it is also user-friendly to stakeholders.

HON. P.D. KUMAR.- What I would like to say is, the Committee is looking forward to this particular Bill turning into an Act. There is a huge support from us but we want to make sure, like what Mr. Nata highlighted, it has to be reader friendly, user friendly and red tape removed. Initially when I went through this Bill, I came back and said to the Committee Members that it is not reader friendly because you have to refer to Companies Act, you have to refer to this and that. It is not like one simple legislation where you read and understand, you do not.

I do understand that some business people will have difficulty in understanding that. I support the idea that once it turns into an Act then it needs to be advocated. There needs to be a lot more awareness to be done, a lot of handholding so that they understand what their rights and responsibilities are in accessing those funding. Nothing could be better than the Council itself to do this work because you are experienced entrepreneurs, still struggling but you are hopping along. And, of course, having Mr. Nata there with a legal background, that also helps. That is something that we will be pushing for and we had sounded both RBF and ADB including the Ministry of Trade. That was our first comment. So, we are on the same page because when we talk about MSME, they need to pick this up and understand and converting it into two other languages would be even better, with a clear understanding.

Coming back to some of the issues that you had raised, particularly in relation to regulations. As you know, that is something we cannot deal with at this stage but if you have any concerns in terms of the regulation they intend to draft, and if you feel that they have missed out a particular regulation, you can bring it to our attention that we can include; if you feel that they have missed out something. You are right, a regulation is the meat, the main substance and if that is not done well, then obviously there will be a lot of confusion and red tape because the interpretation will not be there. So, a lot of back and forth, you know how the system is. If it is not clear then all subjective decision making or no decision and then, of course, it will lead to frustration. We are very mindful of that.

Your suggestion to reduce it to \$50,000 so that we can include smaller businesses (micro businesses). That is something needs to be done because we are talking about MSME, otherwise “M” should be dropped. But if they including “M” then the figure should be included, that would be our argument. We would like to hear from RBF and Ministry of Trade in terms of whether it is cumbersome to implement or whatever their reasons are for not including because that something will give a better insight into the process and why they did not consider at this stage, although it talks about small businesses.

I just want to thank each one of you for being here. I know running a business is not easy. You do not get a salary cheque. I do understand but I also want to thank you for being a job creator. You are creating a job for yourself and, of course, in the process you are creating jobs for others which we all appreciate. That is why we are for this Bill and any other Bill that is going to come to us for MSME because MSME is the engine for economic growth and we need that and any Bill that comes our way, I am sure we will be meeting with you again for such a discussion.

The last bit that I want to mention, we will be going around the country. We will be visiting Savusavu, Taveuni, Labasa, Seaqaqa, Bua and, of course, Western Division and if you have your network, I would suggest if you can contact our secretariat so that we can provide you with the details and you can issue those invitations to them. It is always nice to hear the ground realities when we are developing a legislation because then we can consider all that when we are taking the whole Bill into different sections to understand how it is going to impact other types of businesses.

MR. CHAIRMAN.- Are there any other questions or comments? If there are no comments, I wish to sincerely thank the Council and all of you for attending this submission today. We thank you for your time. We hope that you will avail yourself in the future if the Committee has any further queries on this matter.

The Committee adjourned at 3.59 p.m.



28<sup>th</sup> January 2025

Nagan Engineering (Fiji) Pte Ltd  
Yalalevu  
Ba

The Chairperson  
Standing Committee on Economic Affairs  
Parliament of the Republic of Fiji  
Suva

Dear Sir/ Madam

**SUBJECT: SUBMISSION ON THE PROPOSED SME SUPPORT BILL**

I write to you as the Director of Nagan Engineering (Fiji) Pte Ltd, a private manufacturing company specializing in the production of high-quality cast and alloy products, including steel, cast iron, bronze, aluminium, stainless steel, and high-tensile materials. Our products, proudly labelled as "Fijian Made," are created with the expertise of modern testing equipment and a highly skilled workforce.

As a locally owned company, Nagan Engineering (Fiji) Pte Ltd has long struggled with a lack of sales despite producing high-quality, assured products. Our efforts to promote locally manufactured goods have been hindered by the preference for imported products, which has significantly depreciated the value and market perception of Fijian-made products within the domestic market.

We believe the Bill offers an excellent opportunity to revitalize local industries like ours by addressing financial barriers and fostering innovation and competitiveness. The proposed funding mechanisms could enable businesses like ours to enhance our operations, invest in marketing strategies, and compete effectively against imported products. Furthermore, the support provided through this Bill would encourage greater consumer confidence in Fijian-made products, ultimately benefiting the broader economy.

We respectfully request the Standing Committee on Economic Affairs to consider the challenges faced by local manufacturers like Nagan Engineering during the review of this Bill. Tailored support for manufacturing SMEs could significantly contribute to achieving the Bill's objectives while preserving and promoting Fijian craftsmanship and innovation.

Thank you for your time and consideration. Please feel free to contact me directly at 9929425 if further information or clarification is required.

Yours sincerely,  
Anand Nagan  
Managing Director  
Nagan Engineering (Fiji) Pte Ltd



# DOMALCO LIMITED

**MANUFACTURERS, EXPORTERS AND IMPORTERS**  
NAVOLI ROAD, NAVATU BA, FIJI ISLANDS

BANKERS: COLONIAL NATIONAL BANK, BA.  
P.O. BOX 87, BA.  
E-mail - domalco@connect.com.fj

PHONE: 6670 144, 6670 082  
FAX: 6670 089  
RES.: 6670 527

24<sup>th</sup> January 2025

The Chairperson

Standing Committee on Economic Affairs

Parliament of the Republic of Fiji

Dear Sir

Re: Business Funding Bill

Small and Medium Enterprises (SMEs) such as Domalco Limited plays a crucial role in the economic development of Fiji. They are key drivers of innovation, employment, and poverty alleviation. However, despite our significance, we struggle to access the capital needed to start, sustain, or expand our business. Government funding programs have been recognized as a vital support mechanism for addressing the financial challenges that SMEs face.

Thus, we request the government to consider the following in their bill

**-Impact of Reduction of Duty on our local Manufacturers**

**76151020 -----Articles of Kitchenware including Bombay Pots from 15% to 5%**

**76151090-----Other Table kitchenware and parts thereof from 32% to 5%**

The above reduction of duty by the previous government has left a bad impact on Domalco Limited and its future. This decision of the previous government has left Domalco nowhere and will probably impact on its existence in near future if nothing is done.

This reduction in duty has affected Fiji as follows:

- Cheaper and low-quality products being dumped in our country making it a dumping place
- "Fijian Made" – no significance has been given to this slogan
- Fiji has lost export earning-----These cheap products are reaching other Pacific Islands and our own Fijian made items are sitting in our bulks.
- Fiji is losing employment
- And the most important one is Fiji losing its icon, a unique industry which is 100% Fiji owned.

*Specialist in: All types of Metal Spinning, Tool Making, Pressing & Sheet Metal*

Over the years Domalco has streamlined its operations and invested in upgrading its machinery to be efficient. Due to the current duty rate which has led to a high import in cheaper products Domalco is finding it difficult to even retain its current staff. Its now on a verge to collapse as sales of our core products (Aluminum Pots and Pans) have fallen drastically.

We humbly request that the duty be increased inline with the rate of plasticware (392410)

**76151020 and 76151090 be increased to Fiscal Duty 32% and Import Exercise Duty to 15%**


This will allow us to resume our exports and increase in working hours for our staff thus creating more employment opportunities.

**-Subsidies** - In addition we request the government for subsidies to SMEs , such as hiring employees. It is very costly on investing on training of new employees (unskilled workers) where the employees are to be paid for full hours even though certain hours are used in training making it a non-productive hour. We humbly request for the hourly rate of on work trainees (unskilled workers) be reduced.

Such incentives play a vital role in helping SMEs overcome financial barriers and achieve long-term success. It stimulates economic growth, promote innovation, and create jobs.

Thank you.

Yours faithfully

for   
Pravin Chauhan





## **PARLIAMENT OF THE REPUBLIC OF FIJI**

### **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

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#### **CALL FOR WRITTEN SUBMISSIONS**

The Standing Committee on Economic Affairs has commenced its review on the **Access to Business Funding Bill 2024 (Bill No. 18 of 2024) ('Bill')**.

The Bill seeks to reduce the financing gap by proposing new ways to raise funds. These will allow people to buy shares in a business or lend money to a business to pay the debt and in return earn interest along with the amount loaned in a safe, regulated manner. The Bill looks at options like crowdfunding (where many people can invest small amounts), and peer-to-peer lending (where people lend directly to businesses).

You can access the Bill electronically by clicking. [parliament.gov.fj/wp-content/uploads/2024/10/Bill-No.-18-Access-to-Business-Fund-Bill-2024.pdf](http://parliament.gov.fj/wp-content/uploads/2024/10/Bill-No.-18-Access-to-Business-Fund-Bill-2024.pdf)

The Committee invites submissions from all interested individuals and organisations including NGOs, CSOs, businesses, financial entities, statutory bodies, Government Ministries and departments to share their views and comments on the Bill.

Written submission can be sent via e-mail, hand-delivered or by post. All submissions should be addressed to:

**The Chairperson  
Standing Committee on Economic Affairs  
Parliament of the Republic of Fiji**

Electronic copy of the written submission can be sent to:  
[marica.tuisoso@parliament.gov.fj](mailto:marica.tuisoso@parliament.gov.fj) [awantika.raj@legislature.gov.fj](mailto:awantika.raj@legislature.gov.fj)

**Deadline for submissions: 4.30pm, Monday 4 November 2024.**

For further details, including access to the Bill, please visit the Parliament of Fiji website: [www.parliament.gov.fj](http://www.parliament.gov.fj)

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HON. SAKIUSA TUBUNA

**CHAIRPERSON**

**Standing Committee on Economic Affairs**



## STANDING COMMITTEE ON ECONOMIC AFFAIRS

### FEEDBACK FROM THE ACCESS TO BUSINESS FUNDING CONSULTATION

PAGE	CLAUSE/SECTION	COMMITTEE'S COMMENTS	CONSOLIDATED COMMENTS
Page 3	<b>Title:</b> For an Act to Facilitate Access to Business Funding by Private Companies and Other Businesses	Why Individual and Non-Business owners cannot provide funding?	The purpose of the Act is to facilitate investor and lender funding for businesses to carrying on business in Fiji.
		We suggest including private investors	In this regard, individuals and non-business owners may provide funding to businesses seeking financing.
Page 3	<b>Clause 2:</b> This Act comes into force on a date or dates appointed by the Minister by notice in the Gazette	Cannot be two dates	Recommend no change.  It is understood that there was perhaps consideration being given to commencing Part 3 of the Bill at a later date given the need to establish a suitable intermediary.  Other legislation has this Clause as well.
Page 3	<b>Clause 2:</b> Basic Information Package means information package prescribed, the basic information package approved by the regulator under Section 32	It is already prescribed under 32 and section is nothing to do with 'Basic Information Package'  Why do we include Section 30 when Section 32 is specifically on the Information Package.	Section 32 focuses on the Basic Information Package which is vital for small offers as per Section 9(b).
Page 4	"Crowd Funding Services"	Explain crowdfunding services without making reference to Section 17 (Section 17 needs further clarity).	We suggest no changes given that referencing Section 17 includes the description and criteria of intermediary.
	Debt Security	(b) (i) Why are we referring to debenture, bond or not and also (b) (ii) on convertible note need further clarification whether debt or equity can be raised through these means?	There are two forms of raising funds.  One is in the form of equity by selling shares in your business.  Alternatively, businesses can raise funds through loans and as such debt financing instruments such as debentures, bond and convertible

PAGE	CLAUSE/SECTION	COMMITTEE'S COMMENTS	CONSOLIDATED COMMENTS
			<p>notes can come into effect. These instruments also offer the lenders some form of protection as well.</p> <p>Suggest that the Bill also defines the different instruments that can be used.</p>
	Intermediary	Simplify the definition "intermediary" means a person through whom an eligible issuer offers financial products;	We suggest no amendments to this definition.
Page 5	<p><b>Retail Investor</b> - Are sometimes also called individual investor or retail traders. These are non – professional investors who purchase assets such as stocks, bonds, securities, mutual funds and exchange traded funded</p>	Clarify retail investor and wholesale investor in a layman's terms	<p>The drafting is based on the New Zealand (NZ) cognate legislation and is in the NZ style. It is important to maintain some level of legal style in the legislation.</p> <p>Layman's clarity can be provided through explanatory packages and awareness pamphlets once the Bill is passed.</p>
	<p><b>Wholesale Investor</b> – is a person (or persons, trust or business) who can demonstrate a good understanding of financial products and how they operate including an assessment of benefits and risks or meet certain asset or turnover thresholds.</p>		
Page 6	Part 2 – Small Offers	6(1) – Why is it restricted to private company?	<p>The Companies Act 2015 in Section 282 states that a private company must not offer securities issues to the Public. As such, it is restricted to only private companies.</p> <p>The Bill articulates the objective/purpose more clearly at the <b>beginning of the Bill</b> as it is not immediately apparent to readers –</p>

PAGE	CLAUSE/SECTION	COMMITTEE'S COMMENTS	CONSOLIDATED COMMENTS
			<p>especially those familiar with the Companies Act 2015 – that this new legislation is intended to bring these new, specific forms of capital raising, noting that the Companies Act 2015 already allows some forms of this. It is only until section 6 that readers begin to understand this. The Bill begins with “for an Act to facilitate access to business funding by private companies and other businesses” while section 3 briefly states “The purpose of this Act is to facilitate investor and lender funding for businesses carrying on business in Fiji.”</p> <p>The small offers regime primarily focuses on specific carve-outs while maintaining the integrity of the Companies Act. There are existing and considered minimal provisions of small offers in the Companies Act that lack adequate investor protection. In this regard, the Bill increases the small amount of capital that a private company can raise, while also layering a series of investor protections.</p> <p>In a broader context, the small offers regime aims to streamline the process of raising capital for small companies by introducing limited exceptions to the Companies Act. This initiative is designed to reduce both the time and costs associated with capital raising. However, it is equally important to prioritise investor protection by capping the size of capital raises. These restrictions are fundamental to minimising risks for investors while facilitating access to funding for small enterprises.</p>
		6(2) (b) (d) – What is the difference between 48 investor limit and retail investor limit?	<p>A private company is limited to only 50 shareholders as per the Companies Act 2015 Section 16.</p> <p>We have assumed that any company beginning the process of a small offer may have at least two existing shareholders and therefore it may offer shares to 48 more shareholders.</p> <p>The retail investor limit seeks to limit the exposure of small, non-sophisticated (or retail) shareholders, so as to reduce the risk to these shareholders.</p>

PAGE	CLAUSE/SECTION	COMMITTEE'S COMMENTS	CONSOLIDATED COMMENTS
			<p>The level of \$2m for a small offer was consulted during broad based consultations in February 2024 in Fiji and agreed as the right level.</p> <p>The Bill also includes a provision to gives the Minister responsible the right to adjust the investor limit.</p>
		6(2) (c) – Provide further clarification on the \$2 million limit)	<p>6(2)(c) – In the same way that limiting the individual exposure of retail investors protects them, limiting the overall amount that can be raised as a small offer limits the risk of the mechanism to investors overall.</p> <p>A company can become a public company and raise more but would then be subject to the more rigorous requirements of the Companies Act, usually including the need to put together a prospectus etc.</p> <p>The \$2m threshold was determined during the public consultation as an acceptable threshold.</p>
	Companies Act Section 16e	16(1) (c) on the Companies Act – The Committee found that there is no clause 16(1).	16(1) would be in place once Consequential amendments are made.
		The Committee suggest removing subsection and use section 6(2)(b)(c)(d)	<p>Disagree to the comments.</p> <p>Section 8 elaborates more on section 6.</p>
Page 7	<p>8(1) An offer breaches the 48 – investor limit if the number of the persons to whom the securities are issued under the offer exceeds 48.</p> <p>8(2) An offer breaches the \$2 million limit if the amount raised from the issue of the securities under the offer exceeds \$2 million</p>	Clause 8 (1) 48 investor limit – Why is it not consistent with the Companies Act (16b)) that limits number of investors to 50	<p>This has been explained in the meeting on 29 November 2024.</p> <p>Companies Act limits the number of its members to 50 as 48 investor limit to avoid any breaches of the Companies Act.</p> <p>As noted above, we have assumed that a private company might have two existing shareholders prior to beginning the process of making a small offer.</p>

PAGE	CLAUSE/SECTION	COMMITTEE'S COMMENTS	CONSOLIDATED COMMENTS
	8(3) An offer breaches the retail investor limit if the amount raised from the issue to a retail investor of securities under the offer exceeds \$20,000	Is the \$2 million limit specific in clause 8(2) consistent with the Companies Act?	<p>8(2) – the \$2m limit is not consistent with the Companies Act because the small offers regime is seeking to allow private companies to raise limited amounts of capital, under some strict rules to ensure investor protection.</p> <p>There is an existing exemption in the Companies Act (s283(3)(a)) for a personal offer of up to \$1m to up to 20 investors within a 12 month period. However there are no requirements for any disclosure (i.e. basic information package) under this exemption and there are no requirements for the investor to have any link with the business. There is also no requirement for the offeror to file a list of investors with the RBF or the Registrar of Companies.</p>
		8(2) \$2 million limit – Is it consistent with the Companies Act?	
	10(2) The regulator may require a fee to be paid for filing a basic information package	<b>General Comment:</b> 10(2) whether an intermediary is involved in small offers?	<p>No – Intermediary are only for crowdfunding service and peer to peer lending service.</p> <p>Given that there is adequate protection to the investors through the basic information package.</p>
Page 8	14(2) An offer under this Section is not an offer to the public for the purposes of Section 16(1)(c) or Section 282 of the Companies Act.	13 – All the definitions to be in the definition page in the Interpretation on Page 3.	<p>The definition in section 13 is specifically for offer through intermediary and is considered the most appropriate way of having the definitions.</p> <p>Having it in the Interpretation on Page 3 may confuse businesses that other business entities such as partnership, sole trader and co-operatives may raise funds through small offers.</p>
		14(2) – This provision does not constitute public offer (case study of a community – owned chocolate company (Ocho) in Dunedin, New Zealand)	<p>14(2) – The reference to section 16(1)(c) of the Companies Act should instead be to section 16(c).</p> <p>We are unclear on the reference to the Ocho case study. The Bill focuses on investment based crowdfunding.</p>
	15(1) An offer under this Part breaches the \$5million limit if it results in the amount being raised from the issue of securities by the offeror through	15(1) – Seek clarity on the \$5 million limit, is it only for an individual or collective business?	The \$5 million is the amount that any business can raise via an intermediary under the proposed legislation. This is put in place to reduce the overall risk to investors from capital raising that does not require a prospectus. This level was proposed during broad based consultations in February 2024 in Fiji and agreed as the correct level.

PAGE	CLAUSE/SECTION	COMMITTEE'S COMMENTS	CONSOLIDATED COMMENTS
	a licensed intermediary exceeding \$5 million in any 12-month period		
Page 11	24(2)(b) the reference in subsection (1)(c) to ceasing to qualify for a securities industry license includes cease to qualify under the additional criteria prescribed under section 30(2).		<p>Standing Committee to note that this is a suggestion from the Ministry, RBF and Technical Partner.</p> <p>We recommend to include '<b>of this Act</b>' after section 30(2).</p>
Page 13	Regulations	<p>List of Regulations – By listing the Regulations it restricts any other Regulation not foreseen to be developed without Parliament's approval.</p> <p><b>Committee Suggestion:</b> Not to list the Regulation but to say that Regulations will be developed to give effect to this Act or the use of words such as 'not limited to'.</p>	<p>It should be noted that the Regulation 'may be' made.</p> <p>Listing the regulations does not affect the general power to make regulations.</p> <p>It is recommended to outline the regulations clearly to help businesses understand that these can be established through regulatory frameworks.</p>
		There is no 6(1) (b), (c) or (d) in the Bill therefore, we suggested this to be amended to read as 6(2) (b), (c) or (d).	Agree
Page 14	Approved Forms – 31 (4) and 32 (2)	<b>Committee Suggestion:</b> Approved form to be published on the official site rather than being restricted to the approved website.	It is recommended to be on an approved website to avoid any scams or fraud.
	33 – Consequential Amendments	<b>Committee Suggestion:</b> The inclusion of Consequential Amendments in the Bill is unnecessary. This should be	As mentioned in the meeting on 29 November 2024, other Bills also included consequential amendments.

PAGE	CLAUSE/SECTION	COMMITTEE’S COMMENTS	CONSOLIDATED COMMENTS
		reflected in the Companies Act. Provide an example of the legislature that also includes consequential amendments of the Act.	For e.g. Section 126 of the Bill No. 6 National Disaster Risk Management Bill 2024

STAKEHOLDER FEEDBACKS			
	ORGANISATIONS	FEEDBACKS	PROPOSED RESPONSES
1	MSME Council	<p>Clarification on the legal definition of MSMEs (there is working definition in place with no formal legal definition)</p> <p><b><u>Introduction of Penalties</u></b> I think it is primarily a good thing because we got to keep people accountable to the disclosures or proper information to that.</p> <p><b><u>Note:</u></b> The inclusion of co-operatives, sole traders, and partnerships in peer-to- peer lending and crowdfunding expands the accessibility beyond larger companies and limited liability companies. Initially, small offers were primarily aimed at limited liability companies due to the nature of trading equity.</p> <p>From an accessibility perspective, the MSMEs Council proposes that the amount be reduced to either \$50,000 or be made an open amount, as it should ultimately depend on the investors.</p> <p>MSMEs Council proposes opening up the criteria to avoid limiting eligibility to businesses with smaller annual turnovers. The focus should be on business registration type rather than annual turnover (the whole premise of the Bill is more focussed on the business structure or the type of registration).</p> <p><b>CONCERNS RAISED BY THE MSMES COUNCIL</b></p> <ul style="list-style-type: none"> <li>• Remove red tape in terms of regulation</li> <li>• Technical wording of this Bill</li> <li>• Cross-referencing the Companies Act 2015</li> </ul>	<p>1. <b>MSME definition</b> – the Bill does not refer to MSMEs, although the various limits have been set to be relevant to small businesses.</p> <p>2. <b>Introduction of Penalties:</b> Part 4 – Miscellaneous outlines the penalties such as ‘commit an offence and is liable on conviction to imprisonment for a term not proceeding 2 years or a fine not exceeding \$50,000’.</p> <p>3. <b>Accessibility Perspective:</b> The Ministry notes that it is in reference to Section 7(b). <i>\$100,000 of annual gross income for each of the person’s 2 most recently completed income tax years before the making of the offer</i> to provide some level of protection of the offeror.</p> <p>The various limits have been set to be relevant to small businesses.</p> <p>4. <b>Business Type:</b> Whilst the Bill provides opportunities for businesses to raise capital, we must also ensure strong oversight and investor protection. Target investors for the proposed mechanisms are largely small and non-sophisticated investors, who must be protected.</p>



STAKEHOLDER FEEDBACKS		
ORGANISATIONS	FEEDBACKS	PROPOSED RESPONSES
	<p>(Legislation need to be simplified with limited cross referencing)</p> <p><b><u>Reduce Red Tape and Drafting Regulations</u></b></p> <p><b>Empowers the Minister for Trade to make Regulations</b></p> <ul style="list-style-type: none"> <li>How can the drafting of regulations be streamlined to reduce administrative burdens and unnecessary procedures?</li> <li>What best practices can be adopted to ensure the regulations are efficient and effective?</li> </ul> <p><b>Licencing</b></p> <ul style="list-style-type: none"> <li>What are the requirements for the borrowers?</li> <li>What are the requirements for the lenders?</li> <li>What are the requirements for the intermediaries that want to be licensed by the Reserve Bank of Fiji?</li> </ul> <p><b>Note:</b> MSMEs Council indicated their need to be involved in awareness raising.</p>	<p>5. <b>Drafting Regulations:</b> Two regulations have been drafted by PSDI which has not been vetted by the Solicitor – General’s Office given that the Bill has not been enacted. These are:</p> <ul style="list-style-type: none"> <li>a. Access to Business Funding Regulation</li> <li>b. Basic Information Package</li> </ul> <p>6. The purpose of the Act is to provide an alternative financing solution for MSMEs as such it would be more streamlined.</p> <p>7. The Ministry, RBF and technical partners will continue to work closely in terms of creating the necessary awareness and simplified information package for the public.</p> <p>8. For the requirement of investors, it would be once we have an effective intermediary in place. We intend to work with existing intermediaries in New Zealand and Australia to explore joint ventures with a possible local intermediary in Fiji that intend to venture as an intermediary. The Committee should note that there are a number of businesses in Fiji that have expressed their interest.</p>

STAKEHOLDER FEEDBACKS			
	ORGANISATIONS	FEEDBACKS	PROPOSED RESPONSES
			9. Agree that collaboration is essential to create awareness on the Bill.
		The existing clauses 8 and 14(e) of the regulations are conflicting and confusing due to multiple and differing financial limits (\$2 million, \$20,000, and \$5 million). To provide clarity and feasibility for MSMEs, it is suggested that specific limits be set for each sector. For instance, raising \$5 million could potentially breach the \$2 million and \$20,000 limits in clauses 8(2) and 8(3). This inconsistency should be addressed either by adjusting these limits or by applying different thresholds to various MSME categories.	<p>Clause 8 is on Small Offer</p> <p>Clause 14 is Offer equity or debt securities through intermediary</p>
	Business Assistance Fiji	<p><b><u>Start-ups</u></b></p> <p>The Bill does not explicitly mention start-ups, but it does cover private companies. Therefore, a start-up incorporated as a private company can potentially use both small offerings and offerings through intermediaries to raise capital</p>	For small offers and offer through intermediary, start – ups are eligible however, they must ensure the right and sufficient information are provided to pitch their proposal. However, given that it is a start – up, intermediary may take a caution approach given that they are extremely high risk investments.
		<p><b><u>Consumer Perspective</u></b></p> <p>How does this Bill ensure clear disclosure requirements and fair contractual terms, which are crucial from a consumer perspective?</p>	Key protections in the Bill are focused on investors particularly retail (non – sophisticated) investors (either individuals or otherwise) to help them grow.
		<p><b><u>The Bill Focused on Business-to- Business</u></b></p> <p>This Bill is primarily designed for business-to-business type rather than business-to-individual type?</p> <p>On Page 15, the Bill addresses MSMEs; however, the provisions of the Bill exclude micro enterprises. The Committee seeks clarification on this matter.</p>	<p>Section 3: The purpose of the Act is to facilitate investor and lender funding for businesses to carrying on business in Fiji.</p> <p>In this regard, it would only be business to business type solely for business operations.</p>

## Information Brief – Standing Committee

### For Standing Committee on Economic Affairs Access to Funding Bill 2024 (Bill No.18 of 2024)

This Brief is intended only to assist the Standing Committee on Economic Affairs in its reading of the *Access to Business Funding Bill 2024*. The aim of the Brief is to provide a quick summary of the Bill. The Committee should seek the necessary expertise information from the drafters of the Bill for specific legal drafting advice.

#### 1.0 What is the purpose of the Bill?

To facilitate investor and lender funding for businesses carrying on business in Fiji. The Bill seeks to reduce the financing gap and propose new forms of raising capital, either through equity or debt, in a regulated manner. These include small offers, equity crowdfunding and peer-to-peer lending.

#### 2.0 CONTENT SUMMARY

##### 2.1 Part 1—Preliminary

- **Short Title and Commencement:** The Act is cited as the *Access to Business Funding Act 2024* and comes into force on dates appointed by the Minister.
- **Interpretation:** Defines key terms used in the Act.
- **Purpose:** Facilitates investor and lender funding for businesses in Fiji.
- **Application:** Specifies the Act's relationship with other laws and its binding nature on the State.
  - > In case of conflict, the provisions of this Act prevail over the *Companies Act 2015*<sup>1</sup>
  - > The Act does not exclude the application of the *Financial Transactions Reporting Act 2004*.
  - > The *Moneylenders Act 1938* does not apply to matters arising under this Act.
  - > The Act does not affect the private placement of securities by a private company.
  - > The Reserve Bank of Fiji is responsible for administering the Act as the regulator.

##### 2.1 Part 2—Small Offer

- **Small Offer:** Private companies can make small offers of equity securities under specific conditions, including personal offers, investor limits, and compliance with offer document requirements.
- **Personal Offer:** Defined by the offeree's interest or income criteria.
- **Offer Document:** Must be in an approved form, contain a basic information package, be complete, and filed with the regulator and Registrar.
- **Limits and Filing:** Specifies investor, monetary, and retail investor limits, and requires filing of security holder lists.

##### 2.3 Part 3—Offer Through Intermediary

- **General:** Eligible issuers (co-operative societies, partnerships, private companies, sole traders) can offer equity or debt securities through licensed intermediaries.
- **Crowd Funding and Peer-to-Peer Lending:** Defines these services and sets conditions for offers, including a \$5 million limit.
- **Disclosure:** Intermediaries must provide a service disclosure statement to retail investors before transactions.

<sup>1</sup> Note: In the Bill this legislation is written as "Companies Act". The usual practice is to write the whole title (consolidated act) i.e. "Companies Act 2015".

- **Licensing:** The Reserve Bank may license intermediaries to provide crowd funding and peer-to-peer lending services.

## 2.4 Part 4—Miscellaneous

- **Document Definition:** Clarifies what constitutes a document under the Act.
- **False or Misleading Statements:** Outlines offences and penalties for false or misleading information in documents.
- **Regulations and Forms:** The Minister can make regulations, and the regulator can approve forms and basic information packages.
- **Consequential Amendments:** Amends the *Companies Act 2015* to align with the new legislation.

## 2.5 Explanatory Note

- **Background:** Outlines that the Bill addresses the need for MSMEs in Fiji to access finance and introduces regulated methods for raising capital. It notes that there is *currently no formalised regulated process for connecting venture capital and other private investors to MSMEs*.
- **Ministerial Responsibility:** The Act falls under the responsibility of the Minister for micro, small, and medium enterprises.

## 3.0 Some key features of the Bill [Relevant clauses in the Bill are provide for reference]

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### 3.1 SMALL OFFERS (Part 2, Clauses 6 – 12)

These features ensure that small offers are regulated and limited to protect investors and maintain market integrity.

1. **Personal Offer:** The offer must be made to individuals likely to be interested based on previous contact, professional connections, or interest in such offers, or to individuals with an annual gross income of at least \$100,000 for the past two income tax years. (7(a – b))
2. **48-Investor Limit:** The number of persons to whom the securities are issued must not exceed 48. (8(1))
3. **\$2 Million Limit:** The amount raised from the issue of the securities must not exceed \$2 million. (8(2))
4. **Retail Investor Limit:** The amount raised from the issue to a retail investor (individual) must not exceed \$20,000. (8(4))
5. **Offer Document:** The offer must be made through an offer document that is in the approved form, contains a basic information package, is complete, and has been filed with the regulator and the Registrar. (9)(a-d)
6. **Basic Information Package:** The offeror must file a basic information package with the regulator and the Registrar. (6(2)(f))
7. **Frequency:** An offeror must not make more than one offer, including an offer through an intermediary, in any 12-month period. (6(3))

### 3.11 What must be included in an offer document?

An offer document for a small offer must include the following:

1. **Approved Form:** The document must be in the approved form, if any. (9(a))
2. **Basic Information Package:** It must contain a basic information package. (9(b))
3. **Completeness:** The document must be complete. (9(c))
4. **Filing:** It must be filed with the regulator and the Registrar. (9(d))

### 3.12 How is a personal offer defined?

A personal offer is defined as an offer that is made to, and may only be accepted by, an offeree who:

1. **Interest in the Offer:** Is likely to be interested in the offer, considering:
  - > Any previous contact between the offeror and the offeree. (7(a)(i))
  - > Professional or other connections between the offeror and the offeree. (7(a)(ii))
  - > Statements or actions by the offeree indicating interest in such offers. (7(a)(iii))
2. **Income Criteria:** Has an annual gross income of at least \$100,000 for each of the person's two most recently completed income tax years before the making of the offer. (7(b))

### 3.13 Other provisions

#### 1. Calculation of Current 12-Month Period (10)

12-month period for making a small offer- The 12-month period starts when the offeror files a basic information package with the regulator and the Registrar. The regulator may charge a fee for filing this package.

#### 2. Offeror Must File List of Security Holders (11)

If a small offer results in the issuance of a financial product, the offeror must file a complete list of all holders of that class of security. This list must be filed with the regulator and the Registrar within 15 working days after the offer concludes. The list must be in the approved form and may require a fee.

#### 3. Extension of Part 2 to Debt Securities by Regulations (12)

Regulations can be made to extend the rules in Part 2 to include offers of debt securities by private companies. If this happens, references to "equity securities" in section 6 will also include "debt securities."

## 3.2 OFFER THROUGH INTERMEDIARY (Part 3)

These provisions in the Bill ensure that offers made through intermediaries are regulated, transparent and protect the interest of retail investors.

**What's an 'intermediary'?** A person through whom an eligible issuer offers financial products. An intermediary is a middleman (or middlewoman!) or facilitator between the issuer (entity offering the financial products) and the investors or lenders.

**Who is an 'issuer'?** This is a legal entity such as a company, investment trust or even government that develops, registers and sells securities to raise capital for its operations. These securities can include shares or stock, bonds, notes and other financial instruments.

### 3.21 General

1. **Eligible Issuers:** Co-operative societies, partnerships, private companies, and sole traders can make offers through intermediaries. (13)
2. **Licensed Intermediary:** The intermediary must be licensed to provide the service. (16)



3. **Types of Services:** Offers can be made via crowd funding services, peer-to-peer lending services, or other prescribed services. (14(1)(i – iii))
4. **Conditions for Offers:**
  - a) Offers must not overlap with small offers under Part 2. (14(1)(c))
  - b) Must not breach the retail investor limit. (14(1)(d))
  - c) Must not exceed the \$5 million limit in any 12-month period. (15(1))
  - d) For equity securities via crowd funding, the issuer's articles of association must not restrict transferability or confer pre-emption rights. In simple terms, the issuer cannot: (1) give existing shareholders the first right to buy the new shares and (2) restrict the transfer of those new shares in any way (14(1)(f))

### 3.22 Disclosure by Intermediary

#### 1. Service Disclosure Statement (SDS):

- Intermediaries must provide a service disclosure statement to retail investors before any transaction. (20(1))
- The SDS must be given at least 15 working days before the transaction to allow investors to seek professional advice. (21(1))
- The SDS must be in writing, state the preparation date, include the provider's contact details, and comply with prescribed requirements. (22)(a-d))

#### 2. Consequences of Non-disclosure:

- Retail investors can cancel the transaction within 20 working days if the SDS is not provided. (20(3)(a))
- Intermediaries must repay any money paid by the investor within 10 working days of receiving the cancellation notice. (20(3)(b))

### 3.23 Licensing of Crowd Funding and Peer-to-Peer Lending Services

#### 1. Licensing Requirements:

- Providers must hold a securities industry licence issued under Part 24 of the *Companies Act 2015*, as modified by the Act (this legislation). (23(1)(a))
- The licence must specify the services the holder is licensed to provide. (23(1)(b))

#### 2. Regulatory Oversight:

- The Reserve Bank of Fiji is responsible for issuing and renewing licences. (Interpretation Section 2 – “regulator”)
- Additional criteria and conditions for licensing can be prescribed by regulations. (23(2))

### 3.24 Changes to the Companies Act (24)

Some key changes (consequential amendments) include:

1. References to "this Act" in the Companies Act (S275) now include the Access to Business Funding Act 2024. (24(2)(a))
2. Specific requirements for securities industry licences are adjusted, such as:
  - Membership in a securities exchange is not required. (24(3)(a))
  - Incorporation under the Companies Act is not mandatory. (24(3)(b))
  - The term "company" includes any body corporate, regardless of incorporation location. (24(3)(c))

- "Prescribed" conditions are those set by the Access to Business Funding Act 2024 regulations. (24(3)(d))

### 3.4 MISCELLANEOUS

This is a summary of provisions under Part 4 – Miscellaneous (Clauses 25 – 33). It includes matters relating to offences, penalties, approvals and regulations.

1. **Meaning of "Document"** Defines "document" to include any document required by the Act or filed with the regulator or Registrar, including electronic documents. (25)
2. **False or Misleading Statement** Making or authorising a false or misleading statement in a document is an offence, punishable by up to 2 years imprisonment or a fine up to \$50,000. This includes omitting or authorising the omission of important information. (26)
3. **False or Misleading Information** Providing false or misleading information in a document is an offence, with the same penalties as Clause 26. (27) *[Note: It appears Clause 27 applies when a person makes a statement based on information that the person knows is false and misleading, while Clause 26 is when a person directly makes a false and misleading statement.]*
4. **Failure to Ensure Document is Not False or Misleading** Failing to take reasonable steps to ensure a document is not false or misleading is an offence, with penalties similar to Clauses 26 and 27. (28)
5. **Effect of Approval of Document** If a person approves a document containing false or misleading information, they are considered to have authorised the false statement or omission. (29)
6. **Regulations** Empowers the Minister to make regulations necessary to implement the Act, including prescribing fees, criteria for licences, and requirements for documents. (30(1), 30(2(a-n)))
7. **Approved Forms** Allows the regulator to approve forms for use under the Act, which can be in hard copy or digital format, and, or accessible through an approved website. (31(2)) Approved website is one that is: maintained by the regulator or on its behalf; and to which the public has free access. (31(5))
8. **Regulator May Approve Basic Information Package** The regulator can approve the form and requirements of a basic information package if none is prescribed and must publish it on an approved website. (32)
9. **Consequential Amendments:** Amends the Companies Act to align with the Access to Business Funding Act 2024, including changes to definitions and membership limits for private companies (See Part 3.24 in this brief). (33)

15 October 2024

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## Information Brief – Standing Committee on Economic Affairs

## Legal Definitions of ‘intermediary’

## New Zealand and Australia

## NEW ZEALAND

An **intermediary** is a person involved in providing a relevant service or associated product to a consumer and is compensated, either directly or indirectly, by a financial institution or another intermediary. This includes arranging contracts or giving regulated financial advice. However, not all employees of financial institutions or intermediaries are considered intermediaries. Additionally, those only distributing advertisements or engaging in prescribed activities are excluded. [Summarised from Section 446Q of the Financial Markets (Conduct of Institutions) Amendment Act 2022]

New Zealand Legislation: *Financial Markets (Conduct of Institutions) Amendment Act 2022*<sup>^</sup>

See: <https://bit.ly/4guyhSk>

**446Q Meaning of intermediary**

(1) In this Act, a person is an **intermediary** if—

(a) the person is involved in the provision of a relevant service or an associated product to a consumer (see subsections (3) and (4)); and

(b) the person is paid or provided with a commission or other consideration in connection with that involvement; and

(c) the commission or consideration is paid or provided, directly or indirectly, by or on behalf of any of the following:

(i) the financial institution that provides the service or product:

(ii) if the person referred to in paragraphs (a) and (b) is itself a financial institution, any other financial institution or person that provides the service or product:

**Example**

A bank (A) is involved in the provision of interests in a KiwiSaver scheme issued by an entity. The entity pays A a commission for that involvement. A is acting as an intermediary in relation to the KiwiSaver scheme.

(iii) another person who is an intermediary in relation to the service or products.

**Examples***Example 1*

A bank enters into a master agreement with a company (A). The agreement provides for A to arrange home loans for the bank. It provides for a commission to be paid to A for arranging the home loans and for the processes to be followed by A.

A is an intermediary.

Independently of the bank, A arranges with mortgage brokers, including a person (B), for home loans to be arranged through A's master agreement. The mortgage brokers and A agree on the commission, and the support services, that A will give to the mortgage brokers for arranging the loans.



B arranges a loan for a consumer and submits the application through A's processes and the master agreement. The bank pays A a commission for the loan. A deducts a portion of the commission for A's involvement in arranging the loan and pays the balance of the commission to B.

B is also an intermediary.

#### *Example 2*

A broker arranges contracts of insurance for policyholders. The broker is paid only by the policyholders (and has no arrangement with insurers that directly or indirectly provides for the payments). The broker is not an intermediary.

(2) However, a person is not an **intermediary** if the person is involved only as—

- (a) an employee of a financial institution; or
- (b) an employee of an intermediary.

(3) In this subpart, a person is **involved** in the provision of a relevant service or an associated product to a consumer if the person does either or both of the following:

- (a) arranges a contract for the service or for the acquisition of the product;
- (b) gives regulated financial advice in relation to the product.

#### **Example**

A person (W) maintains an Internet site that gives consumers information about 1 or more insurance contracts. Consumers are able to take steps towards entering into those contracts using the Internet site. W receives a fee from the insurer when a consumer enters into a contract using the Internet site. W is involved because W procured the contract. W is an intermediary.

(4) However, a person is not **involved** in the provision of a relevant service or an associated product to a consumer merely because the person carries out 1 or more of the following activities:

- (a) distributing an advertisement or other promotional material;
- (b) carrying on a prescribed occupation and acting in relation to the service or product in the ordinary course of carrying on that occupation;
- (c) carrying out a prescribed activity.

## **AUSTRALIA**

The *Corporations Act 2001* of Australia defines a financial intermediary in several contexts, particularly under sections related to financial services and crowd funding services. (See: <https://bit.ly/4jQxTR4>)

An Australian financial services license is required to carry on a financial services business unless an exemption applies (Section 911A Need for an Australian financial services licence)

- Exemptions exist for representatives of licensed individuals, activities performed under intermediary authorizations, dealing in financial products in specific capacities, and providing general advice under certain conditions.
- Exemptions also apply to services incidentally related to licensed markets or facilities, activities regulated by APRA, and services provided to wholesale clients or related bodies corporate.
- Exemptions:
  - Providing services as a representative of a licensed entity
  - Issuing, varying, or disposing of financial products under certain conditions
  - Operating a licensed market or CS facility

- Providing general advice through widely accessible media that does not focus mainly on financial product advice
  - Engaging in financial services related to eligible employee share schemes
  - Managing the financial consequences for a notified foreign passport fund
  - Performing functions in capacities like an official receiver, trustee, or liquidator
  - Services provided by bodies regulated by APRA or overseas regulatory authorities, under specific conditions
- Note: These exemptions apply as long as specific conditions are met, and failing to comply with the licensing requirement may result in penalties.

### CSF (Crowd-sourced funding) Intermediary

An intermediary is involved in the provision of a service or product if they arrange a contract or give financial advice. Exceptions include merely distributing advertisements, acting within the scope of a prescribed occupation, or carrying out a prescribed activity. A CSF intermediary is a licensed provider authorised to offer crowd funding services and must adhere to specific financial regulations. (Section 783C)

#### 738C Meaning of *CSF intermediary*

A *CSF intermediary* is a financial services licensee whose licence expressly authorises the licensee to provide a crowd funding service.

Note 1: Section 766F defines when a person provides a *crowd-funding service*.

Note 2: Because a CSF intermediary is a financial services licensee, the intermediary must (in addition to complying with this Part) comply with the provisions of Chapter 7 that apply to financial services licensees.

### Overview

Intermediaries in both countries must be involved in the provision of a service or product, such as arranging contracts or giving financial advice. Both countries have specific exemptions for certain activities or roles that do not classify as intermediaries. Furthermore, they both require financial services licenses for intermediaries, while Australia offers some exemptions as provided for in their legislation.

11 February 2025

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# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON** **ECONOMIC AFFAIRS**

### **ACCESS TO BUSINESS FUNDING BILL** **(BILL NO. 18 OF 2024)**

**SUBMITTEE:**      **Business Assistance Fiji (BAF)**

**VENUE:**              **Small Committee Room, Parliament**

**DATE:**                **Friday, 8<sup>th</sup> November, 2024**

**VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD AT THE SMALL COMMITTEE ROOM (WEST WING), PARLIAMENTARY PRECINCTS, GOVERNMENT BUILDINGS ON FRIDAY, 8<sup>TH</sup> NOVEMBER, 2024 AT 1.03 P.M.**

**Interviewee/Submittee: Business Assistance Fiji**

In Attendance:

- |                             |   |                            |
|-----------------------------|---|----------------------------|
| 1) Mr. Ramesh Chand         | - | General Manager            |
| 2) Ms. Vasiti Baleilomaloma | - | Business Service Assistant |
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MR. CHAIRMAN.- Honourable Members, members of the media and the public, secretariat, ladies and gentlemen, a very good afternoon to you all. It is a pleasure to welcome everyone to this public hearing session. At the outset, for information purposes, pursuant to Standing Order 111 of the Standing Orders of Parliament, all Committee meetings are to be open to the public. Therefore, this submission meeting is open to the public and media. For any sensitive information concerning the submission that cannot be disclosed in public, this can be provided to the Committee either in private or in writing, but do note that this will only be allowed in a few specific circumstances which include:

- 1) National security;
- 2) Third party confidential information;
- 3) Personnel or human resources; and
- 4) Committee deliberations and development of the Committee's recommendations and reports.

I wish to remind honourable Members and our submittees that all comments and questions are to be addressed through the Chairperson. Also be mindful that only the invited submittees will be allowed to ask any questions or give comments to the Committee. This is a parliamentary meeting, and all information gathered is covered for under the Parliamentary Powers and Privileges Act under the Standing Order of Parliament. Please note that the Committee does not condone libel or slander of any allegations against any individual that is not present today to defend themselves.

In terms of other protocols of this Committee meeting, please be advised that while the meeting is in progress, movement within the meeting room will be restricted and minimise the usage of mobile phones are to be on silent mode.

*(Introduction of Members of the Standing Committee)*

This afternoon we have the representatives of the Business Assistance Fiji (BAF). The Committee has invited them to provide a submission to the Access to Business Funding Bill. I now I take this time to invite our guests to introduce themselves before we proceed with the submission. Please note that if there are any questions by the honourable Members of the Committee, they may

interject or we will wait until the end of the presentation to ask for any questions that they may have.

*(Introduction of representatives from Business Assistance Fiji)*

MR. R. CHAND.- Mr. Chair, first of all I take this opportunity to thank the Committee for inviting Business Assistance Fiji to contribute to the Access to Business Funding Bill. In fact, we have already pledged our support in writing and the copy was sent to the honourable Chairman and the secretariat. However, I wish to speak on the Bill a little bit, just to show how important the Bill is.

Business Assistance Fiji is thankful to discuss the matter of critical importance to the economic vitality of our nation, the Access to Business Funding Bill (Bill No. 18 of 2024). This legislation has a potential to change the way Micro Small Medium Enterprises (MSME) in Fiji access capital they need to thrive.

As we all know, MSMEs are the backbones of our economy, driving innovation, job creation and overall prosperity. However, these businesses often face significant challenges in securing adequate funding. Traditional financing channels such as banks can be restrictive with stringent eligibility criteria and lengthy approval processes.

Many promising MSMEs, particularly those in the early stages of growth, struggle to secure necessary funding to realize their full potential. This lack of access to capital can suppress innovation, hinder business expansion and ultimately limit our nation's economic growth.

The Access to Business Funding Bill aims to address these challenges by providing a regulatory framework for alternative financing mechanisms such as crowdfunding and peer-to-peer lending.

By facilitating these innovative approaches, the Bill can unlock new sources of capital for MSMEs, empowering them to drive economic development and create sustainable jobs.

I wish to highlight some advantages of the Bill:

- The Bill facilitates access to funding - the Bill offers new avenues for MSMEs to secure funding particularly through crowdfunding and peer-to-peer lending and small offerings. This can specially be beneficial for businesses that may not qualify for traditional bank loans;
- It promotes innovation and growth;
- It reduces regulatory burdens, the Bills simplifies the process of raising capital for MSMEs, reducing bureaucratic hurdles and streamlining regulatory requirements;
- It enhances investor protection. The Bill includes provisions to protect investors such as disclosure requirements and limitations on investment amount. This can help to build trust and confidence in these new financing mechanisms; and
- Economic Development - by providing easy access to capital. The Bill can contribute to economic growth, job creation and overall development in Fiji.

However, there are some disadvantages:

- Increased risk for investors – while the Bill aims to protect investors, there is still inherent risk associated with investing in early stage businesses;
- Potential for fraud and misconduct. The Bill needs strong regulatory oversight to prevent fraudulent activities and ensure fair practices;
- Limited Access to Professional Advice. Some MSMEs may not have access to professional financial advice, which can make it difficult to navigate the complexities of raising capital. However, this is where probably Business Assistance Fiji can be of assistance to these MSMEs.

**Some areas of caution:**

Investor Protection

- Clear Disclosure Requirements - Strict disclosure requirements should be enforced to ensure that investors have accurate and complete information about the investment opportunity;
- Investor Education - the regulator (RBF) should provide educational materials to help investors understand the risk and benefits of investing in MSMEs;
- Regulatory Oversight - the RBF should monitor the activities of intermediaries and ensure that they are complying with the regulatory requirements.

Business Owner Protection

- Fair Contractual Terms - clear and fair contractual terms should be established to protect the interests of both investors and business owners;
- Access to Legal Financial Advice - MSMEs should be encouraged to seek professional advice when raising capital to ensure that they understand the implications of their decisions.

Regulatory Framework

- Effective regulation - the regulator should develop a robust regulatory framework to balance innovation and risk management;
- Adaptability.

By carefully considering these areas of caution, Fiji can implement the Access to Business Funding Bill effectively promoting economic growth while safeguarding the interests of both investors and business owners.

I humbly urge the Committee to carefully consider the potential benefits of this legislation and ensure its timely and effective implementation. By doing so, we can create a more vibrant and dynamic business environment in Fiji where innovation and entrepreneurship flourish.

Mr. Chairman, that is the contribution from Business Assistance Fiji and in doing so, we pledge our support to this Bill. This is just an alternative solution. It is not that everyone will use the facility or will go for crowdfunding or peer-to-peer lending, however, this provides an added opportunity for MSMEs to access funds that they require for business growth, expansion, diversification and innovation.

If I may just point out one more thing before there is a question, while going through the Bill, one thing that was not clear to me and maybe I could be advised on, while the Bill does not explicitly mention start-ups, it does cover private companies. If a start-up is incorporated as a private company, it can potentially use both small offerings and offerings through intermediaries to raise capital. So, I am not sure whether it is more very much for existing businesses to grow or expand or is it also applicable to start-ups who are right at the micro-level and are seeking some peer-to-peer lending or small offerings?

MR. CHAIRMAN.- Which section of the Bill are you referring to? We assume that it will also cater for SMEs, those that are starting up, they will also be able to access the platform. Can you identify which section of the Bill are you not clear with?

MR. R. CHAND.- Mr. Chairman, specifically it is not a section that I could refer to, but in totality, I was not sure whether it really addresses the start-ups; if I am not in a business and all of a sudden I want to start something....

MR. CHAIRMAN.- You have an idea.

MR. R. CHAND.- Yes.

MR. CHAIRMAN.- And you want to implement what you had thought of.

MR. R. CHAND.- It says registered as a private company but ....

MR. CHAIRMAN.- Private company or individual.

MR. R. CHAND.- Yes. That sole trader part, I am not sure about it. Maybe I could get a clarification whether it covers or not because most of the micro-businesses are individuals, sole traders who would want to, all of a sudden come up with the idea and start and whether they will be eligible to ....

MR. CHAIRMAN.- Maybe instead of private company, we will include others.

HON. P.D. KUMAR.- I think you are absolutely right what you are saying because if you go through this Bill, particularly clause 7(b), there is a requirement, the annual gross income of at least \$100,000 and therefore you have to present two years recently completed income tax. If it is a start-up, it simply means you do not have that. So, you are obviously ruled out. The point you have raised that whether a start-up is included or not is a very valid point and I believe that, that is something that we can discuss with Reserve Bank of Fiji and Ministry of Trade to understand why they have excluded, that is, just for more clarity, if they have really excluded start-up and what is

the rationale behind that? Maybe they are trying to reduce the risk for the investors and that could be one of the reasons.

MR. CHAIRMAN.- What is your experience in this field? The most successful businesses are the ones that are already going on for some time or people who have more innovative ideas just thought of something then they want to go into it. It is a new market, new technology then they would like to go and take advantage of that opportunity. What is your experience? Can you just tell us because we are not in this field.

MR. R. CHAND.- Thank you, Mr. Chairman. Before I answer that question, just going back to clause 7(b), I think that clause is for offering. That limit is for offering. It may only be accepted by an offeree who has a turnover of \$100,000. So, that limit is for the offeree not for the offeror.

MR. CHAIRMAN.- For the applicant?

MR. R. CHAND.- Yes, the applicant.

HON. P.D. KUMAR.- That still brings to the point that one has to be in business. You are talking about start-up. Even if it is to do with the offeree, the offeree must be in the business and having that turnaround. So, that clarity is still not there whether we can make an offer to a new business.

MR. R. CHAND.- Yes and again that also contributes to the fact that if I want to contribute as a person on a peer-to-peer lending or as a small offer, there is someone who has got a good idea and I do not have a registered business whether I would be able to help that person by assisting with the funds because according to this, I cannot because I do not have an existing business with a \$100,000 turnover.

HON. P.D. KUMAR.- And that brings me to the point if you go back to page 3 of the Bill, it states and I quote: “For an Act to facilitate access to business funding by private companies and other businesses”. So, you see what it is saying? That only businesspeople can contribute, not any individual investor. So that is a bit of a concern from our perspective. It simply says, it is between business and business. If I am an individual, I do not own a business, but I would like to have share in another company that is doing extremely well, and I would like to put in my money according to this, I cannot. What is your take on this?

MR. R. CHAND.- I agree with that, honourable Member. Like I said, yes, it is from an existing business or a businessperson. But if it is an individual person like me who sees an opportunity and wants to support that business, I do not think I will be able to contribute as according to this Bill.

HON. P.D. KUMAR.- Correct.

MR. R. CHAND. - And then going back to what Mr. Chairman had shared about what I or we feel about the business, it is both. There are existing businesses who need support and equally



there are some start-ups or school leavers who have got brilliant ideas but unfortunately there is no one to support them to start. Of course, through Business Assistance Fiji, Business Link, Pacific Programme again we have been assisting existing businesses who have been in operation for at least one year.

The Ministry of Trade existing business who are there. Fiji Development Bank, if you talk about loans, existing business. Other funding institutions support existing businesses. But actually, there is no programme that supports purely start-ups with bright ideas. I think there needs to be some organisation or some support for this. I mean there could be a level of proper assessment and training done then the support given. I am not saying that straight away applications are made and you support them, but proper assessments done. I think they also need support.

HON. P.D. KUMAR.- But that brings me to the point where various Government Assistance Programmes are available and one such programme that you are also aware of is the YES Programme, remember with the Ministry of Trade; this is really for start-ups. But there is again some restrictions in terms of innovation, the sector they want to go in, so there can be some level of restriction. One needs to have further discussion with the Ministry of Trade to see how they can, if say for example, as a government you need to protect the investors as much as you want the MSMEs to grow, but the investors need protection as well. If investors are not protected, then this particular Bill will take us nowhere. People will lose faith; they will not participate and therefore we will not be able to generate that kind of funding needed for MSMEs. That can be the other side of the coin.

Your point is taken that we need to support start-ups and at the same time protect the investors. There is a very thin line, and I think the ones who had drafted this Bill need to relook at that and provide an avenue for the start-ups, if it cannot be catered through this Bill. My question to you is, if you go through the Bill, it seems that this Bill is mainly for those companies or businesses where the turnover is \$100,000 so then what happens to those who are earning below \$100,000? What happens to micro businesses? Do you think micro businesses are catered for in this Bill?

MR. R. CHAND.- Mr. Chairman, through you, I think that is the clarification. That is what I raised when I ended by presentation. I am also a bit of not very much sure through this Bill whether those start-ups, micro people would be supported through the Bill. To me, reading through the Bill was not clear and obvious that an ordinary micro-business, YES Programme is there for innovative young people but how about if a rural women entrepreneur with the idea of weaving needs support and funding?

HON. P.D. KUMAR.- Correct.

MR. R. CHAND.- That is what I am trying to emphasis over here. But again, it is a good start to have this Bill approved because it will set the platform and then of course we can see how it operates, what areas need improvement, which other areas are not there that can be amended and included? Those are the things that can be included. With those concerns, of course, I think this Bill is good and needs to go forward.

Just want to share with you, honourable Members, Business Assistance Fiji with VentureWell, it is a US State Department organisation. We organised a regional investor training. These were businesses from Fiji, Samoa, Solomon Islands and Papua New Guinea were invited to go through the investor training to become ready to invest. After the training, The Regional Pacific Investor Network Group had been established and registered in Fiji as an entity. At the initial stage we were trying to build that. What we are trying to do is get on more investors into that network and then probably because this Bill will be in place, then those investors will be able to invest in local business over here, protected by this Bill. In that sense, this is very good. But having said this, those are some small things that need to be looked into; protection for the investors, protection for the business and of course the micro-businesses whether they would be part of this or not.

HON. P.D. KUMAR.- You mentioned some of the disadvantages of this Bill and you had a long list of disadvantages as well. Do you think the regulations which are listed in the Bill be able to overcome the disadvantages you had listed or do you think some more regulations need to be listed or added to the current list so that we have some sort of, not 100 percent but a full proof system so that the disadvantages you had mentioned will not create that fear?

MR. R. CHAND.- Mr. Chairman, through you, this is a Bill and there are lot of provisions where it says that regulations will be made. So, while regulations are made, I think those areas could be seen and included in the regulation to protect both the investor and the business. I think after this Bill becomes an Act, I am pretty sure the regulator will be coming up with a regulation to address those key areas where regulations are required. Regulations are required to further protect both the investor and the business.

Mr. Chairman, when I talked about risk for investor, I meant investing in an early stage, investing in a business, of course, if there are full disclosures then those disadvantages will be addressed. It all depends what sort of disclosure is provided to the regulator, which the regulator will be sharing with the investor. Of course, limited access to professional advice like I mentioned, there are organisations such as Business Assistance Fiji and lawyers these are the people who could provide the interpretation of the regulations and the agreements that are made between the investor and the business.

MR. CHAIRMAN.- Perhaps, Mr. Chand, we would recommend that you give us your submission. Any areas you need to be strengthened in the Bill, just provide that to us in writing, all those areas that you have mentioned. If you have any other ideas, we do welcome your suggestions. For us, you are quite an important player. We really appreciate what BAF has been doing. From my side, we think that you are playing a very important role in terms of facilitating SMEs to progress further in achieving their potential.

Many people I have met who want to do a business, I have said, “you go and see BAF”. I have sent some people to you so that you can provide them with a business plan. For most of them, the basic things they do not have. I tell them, “you go to BAF, if they see that it is a viable business then they can go with you to the bank”. I just came back from a meeting where we were discussing a big project (\$20 million) and one component there is on SME financing. I told them also, they might be contacting you to talk about establishing SMEs in the project area.

You are playing a very important role, and we do appreciate the work that BAF is doing in the country. If you have any other comments, please do contact the secretariat and give them any views or comments that you might have on the Bill because we only have a limited time to solicit views from the public. From next week, we will be going around and talking with the business owners and stakeholders to get their views and comments on the Bill.

HON. A. BIA.- Mr. Chand thank you for the information. Just on BAF's role of giving advice and assisting MSMEs, how can you ensure (if an MSME comes for advice regarding this Accessing to Funding Bill) in terms of giving them information as to how this promotes innovation and safeguards the stakeholders that are involved in this?

MR. R. CHAND.- Honourable Member, I think this is why I mention that awareness and education from the regulatory authority need to be in place. Once this becomes an Act, there has to be some training organised by the regulator (RBF), taking all the players in the market who will provide advice. We can always get all our service providers listed on our network and then invite RBF to come and speak and we will also share whatever knowledge we have. It is very important that before it gets implemented and takes off the ground, I think that kind of awareness and training needs to be provided. Sir, BAF will provide that support by getting in to our service providers because MSMEs obviously go to the service providers - accountants, tax agents to seek their advice, and they need to understand this Bill before they give advice to them. That is something that BAF will be able to organise with the assistance of RBF. And of course, once this becomes an Act, we will educate ourselves and our staff as well so that we will be able to provide accurate advice that is needed by the MSMEs.

MR. CHAIRMAN.- Mr. Chand and Ms. Vasiti we extend to you our appreciation and thanks for availing yourselves to come and meet with the team. We hope that you will avail yourselves if the Committee would like you to come back so that we get more information on any of the issues that you have already raised.

The Committee adjourned at 1.36 p.m.



# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC SERVICES**

### **ACCESS TO BUSINESS FINANCING BILL (BILL NO. 18 OF 2024)**

**SUBMITTEE:**           **Rakiraki MSMEs**

**VENUE:**               **Rakiraki Town Council**

**DATE:**               **Monday, 11<sup>th</sup> November, 2024**

**VERBATIM REPORT OF PUBLIC CONSULTATION OF THE STANDING COMMITTEE  
ON ECONOMIC AFFAIRS HELD AT RAKIRAKI TOWN COUNCIL BOARD ROOM ON  
MONDAY, 11<sup>TH</sup> NOVEMBER, 2024 AT 11.00 A.M.**

Interviewee/Submittee: Rakiraki MSMEs

In Attendance:

1) Mr. Sailosi Sawana - CEO, Rakiraki Town Council

Rakiraki MSMEs

- 2) Ms. Anjuka
- 3) Mr. Emosi T
- 4) Ms. Prabha Wati
- 5) Mr. Solomon Kuruyawa
- 6) Ms. Sera Molikula
- 7) Mr. George Shiu Raj
- 8) Mr. Penisoni Cabota
- 9) Ms. Mereoni Bainado
- 10) Ms. Alumita Namosimalua
- 11) Ms. Adi Kereiwasa
- 12) Ms. Wasa Vakasilimi
- 13) Ms. Joana Tukoli
- 14) Mr. Adilaite Waqa
- 15) Mr. Sekove Ravai

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MR. CHAIRMAN.- *Ni sa bula vinaka*, and good morning to you all. I warmly welcome each and everyone of us to this public consultation meeting relating to Bill No. 18 of 2024 that we have circulated, Access to Business Financing Bill. As you aware ladies and gentlemen, the team from the Standing Committee on Economic Affairs will be touring the country in the next few days to solicit your comments and get your views on this new Bill so that we can hopefully take to Parliament during the December sitting, formulated and of course passed in Parliament.

*(Introduction of Members of the Standing Committee)*

We would like to thank each and everyone of you who are here. We hope that there will be more people coming to join us. We welcome the former Minister and Member of Parliament, Mr. George Shiu Raj who is also here this morning.

Maybe I just wish to outline what the Bill entails. As you are aware, we recognise that businesses and of course individuals face quite a lot of challenges in accessing finance particularly from banks and financial institutions where they require quite a lot of collateral which hinders their progress to expand. That is why the Government has brought this Bill. We also wish to thank the previous government as this Bill started during their term where they involved international financing

institutions such as the Asian Development Bank (ADB) where their consultants started formulating this Bill and also through the normal process. It has gone through the Solicitor-General's Office and of course coming again to us for consultation before we can endorse the Bill in Parliament.

This Bill includes what we call is a small offer where investors or people who wish to access finance can get finance from businesses or relatives and we have tried to ensure that it is within the legal framework. Most of these are currently being undertaken, particularly amongst local businesses where we can get finance from another person, where they can finance what we require then we usually pay them back. Most of the businesses in our country are currently going through that channel.

Secondly, there is a new innovative approach that is called crowd funding where we can leverage funding when we call for people to invest in the businesses that we have. It is a more innovative approach being used in other countries such as Indonesia. The model that we have is from New Zealand and has been very successful. Crowd funding is used for fundraisings where people get sick then can fund their contribution through social media, et cetera. This is much more formalised and the legislation is being enacted to ensure that it protects the interest of the people who are providing funds but also at the same time covering the interest of those that wish to raise funds.

Generally that is what we have here with us, that is the Access to Business Funding Bill. Most of these things have already been done, the Government thinks that we need to have the legislative framework to ensure that we protect those people who are going to be involved in providing the finance and also the ones to finance the business.

HON. P.D. KUMAR.- Just for everyone's information, ADB has stated very clearly that there is a shortfall of about \$2.2 billion which is needed by the Micro, Small and Medium-sized businesses but unfortunately the businesses are not able to raise that money. The only reason they cannot raise that money is because the banks have put a very high standard; you have to have something to show before the bank will give you that kind of money as a collateral. For any collateral and if you are starting a small business, it becomes extremely difficult. If you go to FDB, they will be asking for some collateral. Even if they do decide to give you, it is going to be at a very high interest rate. There are a number of small businesses that are not able to proceed. That is the first obstacle – you cannot get the money, how will you start your business?

This is well-known in the world of research that this the problem that all small businesses are facing. To overcome that problem, the Government has now created a Bill or legislation which we intend to pass in Parliament and this Bill offers (as the Chairman has highlighted) two ways of raising money. One is, peer-to-peer. Like you and me; I can give money to you on credit and you will use my money to grow your business but you are going to pay me back at an interest rate. This is normally happening, as the Chairman has highlighted, but then the only problem is, there is no security for the investor. So, if I am going to put my money, if I do not pay then what? You will do nothing about it because there is no formal document that I have signed because we trust one another. Now, obviously there are businesses that use that method to raise money but at the end of the day, they were not able to pay the people from whom they had loaned. So, it has created sort of a bad feeling in certain communities.

To overcome all that, what this Bill is trying to do is, there will be intermediaries, in other words, there is a middleman or agencies that will be supervised by the RBF. If you want to raise money, you have to go to these intermediaries. You go to them, they will assess your business, they will try and understand your business, how much money you need and they will do all the vetting of the documents. That will give trust to the investors. People like me, I will look at your business and I can see, “oh, there is a big potential, this business can grow bigger.” So, I am going to give my money.

The other one as, the Chairman, has highlighted is about crowd funding. For crowd funding you have already see when people fall sick, they raise money from the internet. They go on social media. There is a platform. There is an app and over there people will commit, they will say, “okay, I will give \$5,000.” You use your credit card and the money is deducted. Same methodology will be used here to raise money. For crowd funding, people can even have shares in your business, not only paying off the loan, where you pay that person back through interest, but now I can have 5 percent to 10 percent shares based upon you making the decision. So, I can have shares in your business.

That way, your business will grow bigger and the person who has parted with their money will also benefit. It is a win-win situation. We are very mindful of the fact to protect the interest of the investors as well as protect the interest of the small businesses and it is a mutual agreement between the two parties. If you agree and the investor agrees, then this process will go ahead. Now this has been highly successful in countries like Australia and New Zealand. The ADB shared a number of examples of how the small businesses grew really big. They became a multi million-dollar business. Initially they did not have the money, when everyone had put that money together, the business took off so it was a win-win situation.

Based on these good models that we have seen abroad and the assurance we have been given by the Ministry of Trade, as well as RBF and other international agencies like ADB, we felt that we should try bringing in a law that will safeguard both the parties and help us to create more economic activities, businesses, job opportunities in the market place. That is really the intent, the main aspect of this Bill.

Today, we just want to learn from you, maybe some of the difficulties you are facing when you are accessing money for your business and how do you think this Bill will help you? Is there anything that you need to ask, like you are not sure or you are concerned about if this Bill will come into place and it might not help you; if there is any doubt that you may have, you can get that clearance from us.

MR. CHAIRMAN.- One of the potential opportunities that I had already discussed in some of the forums that I attended is ensuring that *iTaukei* businesses, the relatives abroad can also contribute to their village. If there is a business going on in their village, they can use crowd funding to raise capital. We talked to ADB, they said that overseas countries are not allowing funds to be sent directly but they can be sent through M-PAiSA and other electronic mediums.

We noted some examples like we have from New Zealand. Vegan Food, they only produce vegetarian food. There were a lot of investors who were also vegan. They were also consuming a lot of vegetables, et cetera, or vegan food and they are contributing to this, about 194 investors. The amount that was raised initially was \$385,000 because they had an interest. They wanted to eat vegan food. When they go to supermarkets, they want to buy vegan. Maybe the supplier of vegan food was



quite inadequate and that is why they thought, maybe we establish a separate company to produce vegan food.

This case study was from ADB; \$385,000 was raised through crowd funding. Everyone was sending funds and age of the company is 13, number of investors is 194. The total revenue is \$1.6 million. It significantly evolved and turning into a commercial enterprise. In overseas people have their own interest; vegan food, organic and they tend to contribute to this so that they can have more suppliers of those products. In Fiji, for *iTaukei*, we have that common bond where people want to contribute back to their community, so this can be used as a platform. Most of the people overseas contribute to the cultural ceremony but if we tell them, “no no, this is a business and you can be a shareholder.” Of course, they will contribute.

These are the sort of things that we think has that opportunity to be upskilled and exemplified so that we can have more businesses. As honourable Kumar has said, the intermediaries, one of the failures in *iTaukei* businesses - who is running the business, who is managing the business? Intermediaries also will that role of overseeing the funds and the business also in ensuring that those who give money, they have to have their money returned to them and the business also to be successful. That is what I think is one of the successful features of this new Bill; having intermediaries. I was talking to some people, they said that they would be quite keen to be established as intermediaries. But, of course, intermediaries has to go through the selection process also through RBF. There are some intermediaries that are already on the ground and we will also be talking with them to solicit their views on this Bill and how they can capture it.

HON. P.D. KUMAR.- Can I suggest, honourable Aliko Bia to translate the Bill into the *iTaukei* language, please?

HON. A. BIA.- *Ni sa bula vinaka. Au na tovolea ga meu na vakamacalataka se vakadewataka vei keda na i taukei toka qo da sega ni taura vakavinaka tiko na i vakamacala vaka-Peritania e gole tiko yani me baleta na neitou gole tiko mai na siga vinaka nikua.*

*Nikua keitou gole tiko mai na Komiti lesi mai na Bose Lawa na noda vanua vakatokai toka na Standing Committee for Economic Affairs. Keitou mai vakamacalataka na lawa tu e tiko vakarau me na veitalanoataki ka vakadonui ena noda Bose Lawa, ogo me yavutaki kina na uto ni noda vei qaravi e na vuku ni butu rara vakabisinisi. E vakatokai toka na lawa tu qo ya na Access to Business Funding Bill 2024. E vakaraitaka toka o honourable Premila Kumar e rua na gaunisala e gole mai kina na yavu tu ni lawa qo.*

*Dua, vakatokai toka na vosa vaka-Peritania na peer-to-peer lending. Na kena i vakamacala, kevaka e tiko e dua na moneylender levu, e dua qai via vakaduri bisinisi, keda da gole toka yani vua na moneylender da lai tauri ilavo mai kina. Ia, na i walewale qo, e wanonovi vakamatua sara na i walewale ni kena soli na i lavo. E vakatoka toka o koya e dua na vosa e tiko na intermediaries. O ira qo e ra wanonova tale tiko na nomu gadreva o iko na i lavo me toso kina se mo vakaduria e dua na nomu bisinisi, o iko e liu vei dua ka vakatokai na intermediaries, o koya na raica kece i liu na i tukutuku me baleta na nomu bisinisi. Au kila ni dua na luluqa levu e tiko e na noda dau vakaduri bisinisi na noda sa tu ga vakaduri bisinisi, laki yaco ena dua na vanua i loma, sa laki luluqa yani na noda qarava na noda bisinisi. Ia, na i walewale ogo, e na toka tale e dua me na vakaraica na i tukutuku me baleta*

*na nomu bisinisi, iko biuta mai na nomu i tuvatuva, na cava o iko via qaravi, me raica o koya na nomu i tuvatuva vaka i lavo me baleta na nomu bisinisi me vinaka, sa raica kece o koya me vinaka oya, sa qai raica o koya se o cei e tiko vei ira koya ra sa lako tiko mai me ra solia na i lavo, o cei vei ira e ganita vinaka na vakasama ni nomu bisinisi.*

*E biu talega e na vuku ni veika vakalawa, o na rawa talega ni virikotori kina kevaka o sega ni sauma lesu na i lavo koya solia mai o ira e ra sa tiko e na tobu ya me ra vukea na veibisinisi. Na kena i balebale, e maroroi kina na nona vei qaravi o koya e solia na i lavo, e maroroi talega kina na nomu vei qaravi o iko o via vakaduri bisinisi. E laurai talega me wanonovi matua sara na kena toso na nomu bisinisi.*

*Na kena i karua ni gaunisala sa i koya na crowd funding. E vakaraitaka o honourable Chairman, ni qo e tautauvata toka ga na noda vei qaravi vakavanua na cakacaka ni solesolevaki. E so e ra lako vata mai, ra kumuna na i lavo sa ra qai raica ivei na vanua e rawa ni soli kina vei ira na vakaduri bisinisi me vukea na kena cicivaki na nodra bisinisi.*

*Na rua na gaunisala ya, e umani taucoko kina na rua na gaunisala e lako mai ya, e vakatokai toka qo na Access to Business Funding Bill 2024 me na vukei keda sara vakavinaka na neitou lako mai na siga vinaka nikua, e na gadrevi kina na nomuni vakanananu kei na nomuni vakasama se cava o ni nanuma kevaka o ni sa na wilika oti tiko na lawa virikotori ogo, se bera ni pasitaki, ena qai veitalanoataki e na Bose Lawa, e na rawa ni vukei keitou talega na neitou lai biuta e na loma ni Bose Lawa se cave dina era gadreva na lewe ni vanua me baleta na lawa tu ogo ena vukei keda kina na dau vakaduri bisinisi.*

*Au kila ni na tiko eso na vakasama, ena vica na yabaki sa oti, lako toka yani na ya \$1,000. Eso era soli tiko kina me ra tekivu kina na nodra bisinisi. Ia, eso na i lavo e dau lai soli vaka koya, e sega sara tiko ni matata na lawa virikotori kei na kena wanonovi na nomu cicivaka na nomu bisinisi me rawa ni o kauwaitaka talega o koya e solia tiko mai na i lavo me vakalesui vua na veika a solia mai o koya na kena tauyavutaki na nomu bisinisi. Na kena matailalai e ratou na qai vakamacalataki kece kina na matailawalawa e toka cake ogo me baleta na lawa virikotori ogo, me baleta na vakaduri bisinisi kei na kena rawa ni soli talega na i lavo me vukea na nomu bisinisi. Au kila ni sa matata o ya. E vakadeitaki walega o ya me tekivuna walega na noda veitalanoa ka tauri na uto ni vakamacala e sagai tiko me keiotu gole tiko mai kina e na siga levu vinaka nikua.*

MR. G.S. RAJ.- Mr. Chairman, dua ga na noqu kerekere. If honourable Premila can explain that in Hindi as there might be some people who do not understand English.

HON. P.D. KUMAR.- Very interesting.

(Translation in Hindi) [14.15.00 – 14.20.23]

MR. CHAIRMAN.- Are there any questions? Dua na taro? Rawa ni vosa vaka Viti talega. You can speak in whatever language that you would prefer. The question I would like to ask, is access to finance one of the problems that you face in your business?

SUBMITTEES.- Yes.

MR. CHAIRMAN.- So, that is what we are also trying to address here.

MR. P. CABOTA.- Do documentary fees apply for crowd funding?

HON. P.D. KUMAR.- You asked a very good question, you were listening carefully. Absolutely, there will be a small fee. Intermediaries will charge a small fee which will be regulated by RBF. In other words RBF will set the fee because they have to provide that assistance to you, so they will charge a small fee.

MR. CHAIRMAN.- But in your view do you agree with this Bill?

MR. G.S. RAJ.- Yes, very good Bill, Mr. Chairman.

MR. CHAIRMAN.- Alright, thank you.

MR. P. CABOTA.- Which particular department will be responsible for this, which office do we go to?

MR. CHAIRMAN.- I think the Bill was formulated by the Ministry of Trade and of course with the Reserve Bank of Fiji. I think when it comes to be implemented, it will come through the Ministry of Trade. As you are aware that the Ministry of Trade has changed its name also to MSME development, they are looking after the MSMEs. We recognise that MSMEs play a very critical role in our country. They are the engine of growth ensuring that people are employed and ensuring the transfer of goods and services from buyers and sellers are being adequately undertaken. After the Bill has been formulated, those details will come into the regulation aspect. We expect that to come through the Ministry of Trade and Co-operatives, Micro, Small and Medium Enterprises and Communications.

HON. P.D. KUMAR.- At one time I was the Minister for Trade and during that period (2019) we established a Unit called MSME Fiji; a special unit within the Ministry of Trade because the Ministry of Trade looks after many things. We wanted to give prominence to small businesses like what you all do. So, MSME Fiji was established within the Ministry of Trade. So, answering your question, it will be Ministry of Trade and specifically MSME Fiji. I also want to advocate to you if you are not a member of the MSME Council, I think it is very important for you to become a member of it because MSME Council will become the voice for MSME, your businesses. We are talking about intermediaries, like you have asked me a question whether they will charge a fee, but if you become a member of MSME Council, all the problems you may be going through with intermediaries or there is some kind of red tape, things are not happening the way you expected, you can raise it to the MSME Council and they, on your behalf will take it to the Government which is the Ministry of Trade particularly the MSME Unit. That is why it is important.

MR. P. CABOTA.- Through the the Chairman, how can you be one of the members? Is there a special form or something?

HON. P.D. KUMAR.- For MSME Council, it is nothing to do with the Government. It is a body created by micro, small and medium businesses. They themselves have created and we met with

the MSME Council on Thursday. The Chair of the MSME Council is Mr. Watson Nata. What I can do, if you have any contact here, when I meet Mr. Watson Nata, I can tell him to contact someone here and then you all can fill in the form. You have to register your business as well. Sometimes we try and not register our business thinking that, “okay, if I register my business, maybe I have to pay VAT, maybe there will be some problems for me.”

In fact, when you register, your business is going to bring benefits for you because then the Government will understand your business and we will try and assist you. But if you do not register, we do not know what you are doing. You understand? So, that way if you register your business, you can become a member of MSME Council and they in turn provide a lot of training to MSMEs. You can access that training as well and it is free of cost. We have the Fiji Commerce & Employers Federation (FCEF). They are not only looking after big businesses like manufacturers, retailers but they also look after MSME. So, this MSME Council is part of that big federation. I just wanted to show you the link because if you are an MSME, then it is better to be part of the Council so that your voice is heard at a bigger level and on a bigger platform even regarding this Bill.

MR. CHAIRMAN.- Perhaps, maybe honourable Tunabuna would like to comment.

HON. T.N. TUNABUNA.- Just to add on to what honourable Bia had mentioned about the purpose of Crowd Funding in the iTaukei language. *Na gauna a sa mai laurai tiko kina na kena dau dredre na noda lai kere i lavo mai me baleta na vakatosoi cake ni noda bisinisi, a nanumi kina me vakarawarawataki na noda rawa ni lai kerea mai eso na i lavo me mai vakayagataki vei keda na MSME. E vakabibi qo ni tu na lawa e dau vauca tu na noda vakumuni lavo, me da rawa ni cicivaka kina na noda businisi. Na lawa vou oqo, e sa na vakarawarawataka kina vei keda, na kena gaunisala e rawa ni kumuni kina na i lavo me tosoi kina na noda bisinisi. E na vakalawataki talega kina e so na gaunisala ni soli lavo a dau ririkotaki tu kina ni na sega soti sara ni da na doka, na kena soli vei keda na i lavo me da maroroya, na veidinadinati me da na sauma lesu tale kina na i lavo, ka sa lai laurai sara mai kina vakamatalalai na gaunisala e rawa ni na maroroi kina na nodrau gagadre ruarua, o koya e solia mai na i lavo, vaka kina vei koya e vakayagataka na i lavo.*

*Na kena vakaduri se da register va na veisoqosoqo, e dua tiko na tiki ni ka e vinakati tiko me da vakadretaki tiko kina ni sa dodonu me da dau lewena tiko e so na i soqosoqo. Ese qai vakamacalataka oti qo o honourable Premila Kumar o ya na kena vinakati me kilai tu vakamatanitu na Council e rawa ni da curu kina. E so tale na i soqosoqo vaka na co-operative, e vinakati tale tikoga me da lewena tiko me rawa ni da cakacaka vata e na so na i naki e tu. Sega ni da cici tikoga vakataki keda, da cici tiko vaka solesolevaki, e na rawa tale tikoga ni rawa ni lainitaki tiko yani kina na veika e da via volitaka beka i taudakui Viti e na vei makete e ra tiko mai valagi. Ni ra na biu vata vakavinka, vaka i tuvatuva, vakamuri na lawa ni kena vakarawarawataki mai na i lavo me vakailavotaki kina na vakatubu bisinisi e da na vinakata, ena tiko kina na kena gadrevi me kau tiko mai na veika e da via volitaka mai Viti, e lako sara tiko yani na kena maketetaki yani e na veivanua e tiko mai vuravura. Na kauwaitaki tiko kina na kena vinakati me ra vakarautaki tiko e na vakaitagedegede e vinakati me volitaki yani kina, ia esa na tiko kina na veivakabauti ni kena vakaukauwataki na veika e vinakati mai vei keda na vakarautaka tiko yani na ka e na volitaki, e na veivanua me na volitaki yani kina.*

*Au via tomana tikoga na kena vakamacala ni kena vinakati tiko me da raica vakayalomatua na kena vinakati mai me mai vakadewataki na lawa vou e vinakati tiko me na vakalawataki kina na*

*kena vakarawarawataki na noda vakailavotaki na vaka tubu bisinisi, vakabibi vei keda na vakabisinisi lalai, baleti ira na bisinisi lelevu, se so na lawa makawa e ra sa tiko, sara vauci oti tiko ena so na lawa, ena vinakati me da na mai vakarawrawataki vei keda eda se qai via vakatubu bisinisi tiko yani e na vakatagedegede e ra, se na kena vakatubu bisinisi vei ira e ra tiko e na kena veimama. Mai dua tiko na noqu i tavi, sa vakatoka ya na kena levu.*

MR. G.S. RAJ.- First of all, Mr. Chairman, I welcome you all in my province of Ra. As you know, e 14 na yasana ena vanua o Viti, vaka talega kima na vanua vakaturaga mai Rotuma; this is the starting point of all the provinces of Fiji by tradition and by respect.

Before coming to the Bill, Mr. Chairman, through you, for any human being, not in my country, in the world, there are three important things of life - religion, honesty and hardwork. No matter where you are. But our country is so fortunate, rich in culture that we had survived COVID through the blessings of the Almighty and the *vanua*.

Sir, you all know that I am a businessman in my province. I started a small shop in Namuaimada where I was born in the vanua of Natokea. When we say business, business is not an easy job; it is not an easy thing otherwise everyone will become a businessmen. That is why I have said, honesty and hardwork. I am also a moneylender. I have got my supermarket running. I have got my export running. I have got my warehouse where we import things from China, Malaysia, et cetera and we send over throughout Fiji. We are into real estate. There is a place where we all started from.

As you have mentioned, Mr. Chairman, with Members of Parliament here, there is a place where it started. Today, I am going to give you a very good example, about Punja and Sons, Motibhai. Punja started from Cuvu. What they were selling at the first instance was ice blocks to the American soldiers when they came during the Second World War. Where is Punja today? By having this Bill, I really want to stand and salute the Government and Members of Parliament. No one is going to oppose this Bill in Parliament with the way that you have explained to us, I know that. This is a very good Bill as the Government is trying to improve the lives of people. yet I am quite upset today as there are not many people present. There should have been people sitting here and standing outside. Unfortunately, I apologise to all of you, Sir, that in my province of Ra not many people are present here today. When this will be enacted in Parliament, then people will be saying, "I want this and that" but they should have been here today.

With the *iTaukei's* and you all know that I am named after Ratu George Cakobau and I am very, very close to the *iTaukei*. In my country, with the major two races, the gap is wide. This is an opportunity for us. When we talk about business, it links to your culture, tradition and everything. This is like giving scholarships, Diploma and Degree level in business. This is a time for the Government to get more education for the *iTaukei's* as far as business is concerned.

I am a former Minister for Multi-Ethnic Affairs, 5,600 scholarships was given. They came with Masters in Science and also in Arts and they performed very well. The same thing applied to the Fijian Affairs Scholarship and the Public Service Commission Scholarship. This is the time the Government should also try to get more *iTaukei* students to get Diploma and Degree in Business Studies so that practically they will come over into business. Once we do business, as has been said by honourable

Premila, you must be an honest person. If I take money from you, it is my prime duty to pay you back. That must be the first initiative in you.

I run a supermarket and I have seen that the *iTaukei* have grown. They have got good canteens in the village. They come and buy wholesale from us and we explain to them, “*raica, dua na ka au via tukuna, ena dua na macawa e dau vica na nomu sale mai na Moniti ki na Vakarauwai.*” Everyday what is your net profit – keep that aside and keep on keeping it aside. Increase your goods and one day *e na tawa vinaka saraga na nomu* canteen. It is our prime duty also, big business people to teach them and that also becomes a prime duty in the provincial council meeting. It is the prime duty of the people to go and tell the *Mata ni Tikina*. “you do this” and explain to them to come into the business because we do not want that big gap. We want the gap to close. We are fortunate that we have a very strong culture between the two major races and the minorities. People, Sir, Fiji’s population is 70 percent *iTaukei* and 30 percent of Indo-Fijians and the minority communities.

The share of the cake has to be distributed equally and that is very important. It is the prime duty of the people who know about business to share that knowledge to those who are coming up, like we have the SPBD in Ra where they are giving loans. That is one of the areas, honourable Premila, and they have done very well. They go to those places where they gave money, collect it and bank, M-PAiSA, et cetera. This Bill is a very important one to bring those people at the grassroot level to start the business. But, at the end of the day, Mr. Chairman, you have to be honest and pay that back. If you are dishonest, there will be a problem. That is why when we give loans on a money-lending basis, we need a second security as has been mentioned. We need security. We need our money back with us. If you go and see the files at the Small Claims Tribunal, there are lots and lots in there just because the people are not honest. Sir, ADB is coming over to help us. Fiji is such a beautiful and good country that the whole world wants to help us just because of our strong culture and the *yalo ni kawa i taukei ni vanua o Viti*.

I was sitting down with the Vice Chancellor of the Fiji National University yesterday at the Rakiraki Hotel and I requested her, *noqu marama mataqali, dua na ka au via kerea vei kemuni kina*, why has the university been taken away from here? One thing I am proud of, we have got iTLTB, Crown Land Office, Social Welfare Office here. It should be setup not only in Ra, but in Bua, Taveuni, et cetera so that education is built up in all districts. I would like to ask you question, Mr. Chairman, I pay the same tax that a person is paying in Suva and Nadi, but I struggle much. Should I tell the Government now, if there is a businessman in Suva just paying 32 percent tax, you should reduce that tax for a person in Taveuni doing business or in Bua. We might get off to 20 percent but it does not happen that way.

This is a Bill that I stand to appreciate and salute, honourable Members. The initiative that came from the Government and MPs to bring this Bill to us and the explanation that you have given to us today, it is one areas where you are pulling the citizens of the country up. One thing, I want to tell you, Sir, there are very successful *iTaukei* businesses in Ra. Sir, 20 years to 30 years’ time, those were the places where canteens came over and then collapsed but today there are canteens in all villagers and they are doing very well. If you will go to Naivuvuni there is a lady there and is doing very well. In Navolau, and Namuaimada, all the canteens in these 93 villages are doing very well. Very hard working people and mind you, Sir, when you enter the business, you do not have to worry about the time. I open my supermarket on Friday and Saturday at 12 o’clock, the CEO of Rakiraki Town Council

CEO is here with me. The night club runs until 1 a.m. You have to sacrifice your time, energy, effort and everything to come into business. As I mentioned about Punja and Sons, you have to be honest and with the good heart.

The Government is its their share. We should not ctiticise any goverment. I will give you a very good example about the Provincial Council Meeting in the Province of Lau. When the *Turaga na Tui Nayau vakacegu* spoke he said that in the agenda two things must come first - education and business. There are some provincial council meetings, *na gauna sa devu na vasigalevu*, after lunch then you have business. *Na gauna ogo tamata sa na via moce, sa kana vinaka tu.*

These are some of the areas that culture comes into play and *na lotu me dei tiko. Na lotu e kauta mai na nomu yalo dina kina nomu vanua kei na vaua o Viti.* The Government will formulate a Bill, finance and everything that has been said by Members where they must go and register with the Ministry for Trade. The Government is doing its part. No one must stand to blame any government, no way, you do your share. Until today, Mr. Chairman, I never approach the goverment of any assistance. I struggled in my life but what am I today is a self-mind and everyone knows that, the whole nation knows that.

I started somewhere in Namuaimada with the small shop. *Toso noqu bisinisi, volitaki na me, sipi, toa, tuki na yaqona*, those were the days, about 40 years back. Today, it is through the Almighty, through my *vanua*, through hardwork and *veilomani* that we are here today. And bringing this Bill, bringing the young ones and bringing those ones who want to start business, we will support. We are here to support, we are here to give education. That is why I said to the Vice Chancellor, you need to open a Fiji National University here mostly in business.

Ra is an agricultural sector area. Sugar, is the Ministry of Agriculture and is very important. If this country must go up, these are the three Ministries that any government should focus on - Ministry for Sugar, Ministry for Agriculture and Ministry for Fisheries and Forests. All of you have been overseas, you should know. The same salmon caught in Australia - no taste. The same salmon caught in Beijing, China, Beijing - no taste. Anything the Lord has given to us in this country -sea or land, the tastiest in the whole world. We also import dalo from Vietnam and South Africa and New Zealand to Fiji. Even the Samoans and Tongans want the Fiji dalo, we want the Fiji cassava. That is the power that we have, Sir. That is the power the Lord has given to our *vanua o Viti*. So, make use of it. Be a hardworking man. There will be some dishonest people where the money will not return to them. It is everywhere - negativity and positivity will be there, but bringing this Bill, maybe 10 of them, if you take the life of 8 of them and pull them up, the Lord will always bless you becasue you pull the lives of people from one standard to another.

Thank you very much indeed for coming to the province of Ra. We will pass the message to everyone when it will be enacted. I know it will be in the papers. There may be a lot of people who will be coming over. But my request is, Mr. Chairman, please we want to live long. We want to unite the two major races in our country. We had suffered from the *coups* of 1987 and 1999. We do not want any more *coups* in the country. We want *veilomani*, We want to fill the gaps. We want to give our brains to the *iTaukei* for them to come up and for the Government *me wase na i yau vakaturaga*. If there are 20 taxi plates to be given, share it equally amongst the population of our country. That is

very important. I am not talking on political lines. I am talking about the reality of the nation. I am not going to criticise anyone.

In the province of Ra, 70 percent are *iTaukei* and 30 percent are Indo-Fijians and minority communities. How many taxis here are owned by the *iTaukei* - that is my question today. The share has never been equal and I request that anything that the Government comes up with, share-*taka na i yau vakaturaga* equally to the people and that is very important, Sir. We need to fill the gap. No matter what you are, what religion you belong to, how strong you are, when the gap is too big, it is a human nature, jealousy will come. *Na yalo ca esa na basika. Na yalo ca ogo me vakoti mada baleta na Matanitu sa wasea na i yau*, policies equally to the people of the country. This is my request. If you have the knowledge that God has given you in education and business, pass that onto to the people. I do that to the *iTaukei* people and anyone, even the Indo-Fijians. One word that is very important in life is “budget”. *Kemuni sana raica tiko ni nomuni bisinisi sa toso vinaka tiko na ka kece, na Momo sa vakacegu. Sa gole mai na kena i tukutuku, kua ni dua na sede lailai mai na nomu bisinisi me vakayagataki kina. Kevaka ni sa bolea me dua na kateni sunbell me lako i na reguregu, io vinaka. Kua ni lako mai nomu vakasama mo dre mai nai lavo ena loma ni bisinisi ni canteen me mate e dua na bulumakau, me ra raica na tamata ni osa kauta yani e dua na bulumakau e na reguregu nei Momo. Io, sana lusi na nomu bisinisi.* So, these are some of the disadvantages when it comes to culture - *sosoko ni dra ni veiwekani, ka davo na nomu bisinisi.* So you have to be balance things.

*Au vakamacalataka, sa oti ga na burua, sa oti; sega tale na bogi va, sega tale na bogi tini. Ia, au na sega ni siosio meu mai tukuna vua na kawa iTaukei ni na ka ogo me sa kua ni caka. Na vakasama ga me tiko. Kua ni vakamatea na nomu bisinisi, na Momo sa oti, sa vacegu. Mo nanuma tiko na nomu bisinisi, nanuma tiko na nomu kawa, na nomu bula; dou vuli ga vakaukauwa. Na vuli ga ena kauta mai na rarama kina vanua.*

*E dua na ka au dau kaya tikoga ena veigauna. Eso era gole mai, era sa mai tukuna, “Ratu, sa vacegu na noqu ta lailai.” Io, sa vakacava?sa gole mai sa ra mai tukuna tiko ni sa leqa na noqu Tatalailai. Io sa vakacava? Au vinakataka me \$600 na i sau ni noqu bulumakau. Sa tiko ga na nomu dinau, me \$600 tale mai vei? Taura ga e dua na kava samani, dua na yaqona, sa rauta. So, sa dredre saraga na bula. Don’t do that. Nanuma tiko, na nomu bisinisi na ka dredre.* It is not an easy job to bring your business from one level to another level. Competition is there. Everything is there, Sir. The worst thing in my country is, we do not have the population. I recently visited India - 1.44 billion people, China 1.4 billion. Anyone selling tea on the streets will make money because the population is there but we are strongest people in the world with less population and with successful business people. This is what my country has given me. This is what my *vanua* has given to me. I feel very proud that I am a son of Ra and my country. That is very imporant with us, Sir.

*Kua ni dau dokadoka, kua ni dau siosio, kua ni dau yalo ca. Ke sa tiko na vuku, ke rawa ni wasei vei dua na turaga me vakatorocaketaka na nona bisinisi, ia me soli.* That is religion. *E sega ni da kaya tiko ni da lotu, ia basika tikoga na yalo ca. E sega ni vinakati qori. Mo qarava na nomu vanua. Wasea na nomu vakasama vua na nomu ulumatua me baleta na bisinisi me rawa ni dua tale na kawa i taukei se o cei tale me toso mai.* That is very important to us.

When we talk about this Bill, then culture and education comes into play. *Me levu na kawa iTaukei ena gauna ogo me enrol ena Diploma in Business Studies.* When I was in Cabinet, Sir, for



*iTaukei* to come into the business, share the business. The trucking business, I have got 4. In the whole of Asia, I am the largest harvester operator for cane, four harvesters and 21 new trucks. I want the *iTaukei* to come with me. We share the business. *Na gauna sa rawa kina na bisinisi, toso vata with my kawa iTaukei* brothers, eratou kaya, “*Ratu, au kerekere, vakacava na bisinisi qo ka me lako mai vei au me 00 na pasede. Vinaka, toso! Taura na bisinisi – solia mai noqu share, taura yani na bisinisi. We have to teach them. Ia, na yalo ga me tu dodonu. Na Kalou sa solia mai na nomu vale levu, motoka, yau levu kei na kece*, why are you so jealous not to give that sort of education to your brothers and sisters no matter what race, colour and religion they belong to. This is very important, Sir. I am in tears because I know how hard we struggled to overcome this.

In 1959, my grandpa was very close to Ratu Sir Lala Sukuna. *E tiko e dua na bure mai Namuaimada*. Sir, 9,000 pounds at that time, we never got that money back, *na dinau e na sitoa*. Do not ever think that you have lost it. I told my family, the first generation, second was father’s generation and the third generation was I, they have paid us back. In return, they have given us a tick in Parliament to go, became a Minister three times, given us business, 90 percent of my business are the *iTaukei*. . Why do we have to be jealous of them? Thank you, God and the *vanua*.

I am sharing this with you, Mr. Chairman and honourable Members, and the people of the province of Ra who are here today, *na yalo ga me tu dodonu*. You need to be an honest man. You need to have love. Love is such a thing, *kua nio tukuna, “drau, na kawa i Idia qori.”* Tabu ya. Today we have it. Last week, reconciliation has been done but it can only come about with a clean heart.

*Ni tiko saka na turaga Chairman kei na mata ni bose lawa ni vanua o Viti kei na wekaqu dua ga na i tukutuku lekaleka, sa kena levu saka.*

MR. CHAIRMAN.- Thank you very much, Mr. George Shiu Raj. You have inspired us with other ideas that should be considered as part of the business. Those sorts of things are quite important, teaching us how things are to be done whilst running a business. We will take that on board and, of course, inform other people who will be involving themselves in business. Are there any other comments from the members that are here?

MR. S. SAWANA.- Mr. Chairman, I have a couple of questions. Regarding the investors, will there be a pool of investors or the SMEs will have to bring in their own, that is, the one who is going to offer the loan? Secondly, who will be doing the monitoring? Thirdly, what will be interest because there are a lot of sharks out there? Fourthly, what will be the minimum that can be offered? Can it be \$100, \$200 or \$2,000?

MR. CHAIRMAN.- What is your question.

MR. S. SAWANA.- Will there be pool of investors?

MR. CHAIRMAN.- At the moment, as you are saying, there are two small offers that will be the peer-to-peer and intermediary. Once you publicise that you want to access funding then you can attract other investors. So, not necessarily will there be a pool of investors, it is an open call for the provision of financial services.

Your second question?

MR. S. SAWANA.- Mr. Chairman, for the peer-to-peer, they will have to make an arrangement with any of their business buddies?

MR. CHAIRMAN.- Peer-to-peer is, of course, direct with anyone that you think that has got finance then you can contact them. What we have here is the private company may make an offer by equity or security if the offer is a small one. We have a limit up to \$2 million that we can make. There are some other criteria that the business must have an annual income of \$100,000. These all prescribed in the Bill. In terms of interest as you mentioned, I think the interest is between you and the two parties. You have to amicably come to the interest that will be offered and you can then negotiate with that person. What is quite important is, we have this legislation which covers those who are offering funds and those that want to access funds because at the moment, I doubt whether there is any Bill that relates to this. Perhaps we can give more copies of the Bill so that you can have a look. In the Bill it prescribes in detail what are smaller offer is and the condition, it has to be offered in 48 hours. It does not have to go through, if it is over \$2 million, if the offer breaches the \$2 million limit. If it is over \$2 million then it is over what the Bill accede to. Just give us your email then we can send a copy of the Bill and you can send us any suggestions or comments you have.

MR. G.S. RAJ.- Mr. Chairman, if it may not deal directly with this Bill but there is another big question about the Fiji Development Bank. Like I am one of the top customers of Bank of Baroda. I prefer to be with FDB because FDB is my bank. It is my country's bank. But the question comes why I am not there? Why a genuine businessman is not there? Just because of the interest rates? I will give you a very good example. Sugarcane Growers Fund is charging the farmers 6 percent interest rates. The FDB was charging the cane farmers 9 percent interest rates. When we talked to the previous government the reduced to 3.99 percent. Sugarcane Growers Fund Authority is our money. It is our grandfather's money in the sugarcane industry. They charging us 6 percent. I told the honourable Minister why not 3 percent. That is our money. Sugar cane is very important for our country and that is the backbone of the country. Not the tourism. Tourism might be high. It is billion dollar business but which dollar has silters through comes from to the grassroot people, it is the sugar. It is not the tourism dollar. This year we had the lowest sugarcane in the history of our country just because of the drought and a lot of things were affected us. I am the largest cane farmer in our country, Sir and we need to plant cane. But the Government initiative has to come. I told the honourable Minister. I just bought one land here for \$90,000 and I planted about 500 tonnes of canes is there now. The interest rate did not matters me and I bought it from the other banks. So, these are some of the areas when the honourable Members talked about it also in Parliament. At the end of the day you are for the people, of the people and by the people. Sugarcane is very important for us. In Ra, it is Agriculture, Fisheries and Forest.

MR. CHAIRMAN.- Thank you, Mr. George Shiu Raj. All those comments are noted. The Committee in three weeks ago we are also looking at the FDB Report. We are also going around. After this we will be also talking with people who are accessing FDB, financing and soliciting their views on what they think how can the services provided to FDB could be improved. And of course we have heard from you and from other businesses about finance and

the interest rate. Most of the businesses are not eager to get finance from FDB because of the high interest rate and that is why they have gone to other commercial banks.

**MR. G.S. RAJ.-** Also, Sir, out tax free zone is from Rabulu to Korovou. The investors came over they went up to 50 to 70 percent. You know all those documents and policies never went up to 100 percent they laughed and they run away.

So, the policies of Government has to be such a way that the investors has to come to this price, Sir. For example if you see in Waimicia when you came through Kings Road today you will see the Service Station, I invest a \$3 million. I am building another mall in there. A big support from the Council is coming over. But you know like, for example, I say look, we investors we invest. I told the Town Country Planning, there is no water in Waimicia. We are investing money but the Government should put in. When it come to business I am just trying to add broadly into business. This is a request to you, Sir.

**MR. CHAIRMAN.-**Point taken.

**MR. S. SAWANA.-** We already have this Money Lending Act. The public is protected in the Act. It has got a 12 percent interest. Why can we not have that protection also in this Bill?

**MR. CHAIRMAN.-** Alright, that is a very valid idea. And of course, as you aware that money lending does not give any maximum amount or arrears. We will also look at how best we can protect those that will be provided under this Bill.

**HON. P.D. KUMAR.-** I mean we all know that for money lending that is 12 percent per annum. The Bill that we are discussing at the moment, the regulations will be made by Reserve Bank of Fiji. So, Reserve Bank of Fiji will be monitoring the intermediaries who will be involved with the businesses. There will be a layer of protection given by the Reserve Bank of Fiji. In terms of what should be the maximum interest rate, when the regulations are drawn that is when more discussions can take place.

**MR. CHAIRMAN.-** *Vinaka vakalevu.* We wish to thank each and everyone of you who have come this afternoon. We acknowledge all the contributions being made. We wish to thank Mr. George Shiu Raj for all the comments that he has given to the Committee. All these comments we will take on board when finalising the Bill. I once again wish to thank each and everyone of you for coming and our meeting is now adjourned.

The Committee adjourned at 12.25 p.m.

# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

### **ACCESS TO BUSINESS FUNDING BILL (BILL NO. 18 OF 2024)**

**SUBMITTEE:**        **Tavua MSMEs**

**VENUE:**            **Tavua Garvey Park Board Room**

**DATE:**             **Tuesday, 12<sup>th</sup> November, 2024**

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**VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS PUBLIC CONSULTATION HELD AT TAVUA GARVEY PARK BOARD ROOM, ON TUESDAY, 12<sup>TH</sup> NOVEMBER, 2024 AT 7.25 P.M**

Interviewee/Submittee: Tavua MSMEs

**In Attendance:**

- 1) Mr. Pravin Anand - President (Tavua/Vatukoula Chamber of Commerce)

**Tavua MSMEs:**

- 2) Ms. Naomi
- 3) Mr. Abdul Riya
- 4) Mr. Vinesh Chand
- 5) Mr. Devendar Naidu
- 6) Ms. Asilika Bari
- 7) Mr. Alim
- 8) Mr. Rohindra Nand
- 9) Mr. Mohammed Naazir Iqbal
- 10) Mr. Abdul Zahid
- 11) Mr. Sireli Korovulavula
- 12) Ms. Renal Prasad
- 13) Mr. Pravin Anand
- 14) Mr. Ram Krishna
- 15) Mr. Jewan
- 16) Ms. Subhashni

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MR. CHAIRMAN.- *Ni sa bula vinaka*. I welcome you to this consultation on the Access to Business Funding Bill 2024 (Bill No. 18 of 2024). The Standing Committee on Economic Affairs of Parliament is going around the country starting from yesterday at Rakiraki and this week around the Western Division. We will be in the Northern Division in the weekend and also in the Central Division next week to solicit public comments on this new Bill.

*(Introduction of Members of the Standing Committee)*

Perhaps, I will just give a brief outline of the Bill. Following that, I will request if anyone has any comments on the Bill, you are most welcome to comment.

- (i) The MSMEs in the country face quite significant challenges particularly when we are going around and looking at financing or expanding the business. The Government has thought of trying to address this challenge of introducing this new Bill to assist MSMEs throughout the country. We have two financing regimes under this new Bill. The first one is peer-to-peer lending where people can access funding from another colleague who is much wealthier and more willing to give financing to them to expand the business.

As you are aware most of these types of lending has already been practiced in most of our towns; practiced by businessmen and local entrepreneurs where they can access funding from some of their relatives or from wealthy personnel and businessmen. What we really need to do is to legislate this sort of funding. This will be

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provided in more detail in the Bill - what will this entail, what will be the maximum, and how they can access funding through the peer-to-peer regime.

- (ii) Crowd Funding is where you are able to not leverage financing from other people that wish to assist you. As you are aware, there are some social media network already using crowd funding where you can leverage funding from other sources whether locally or in overseas.

You may have recalled some years ago, one rugby player wanted people to assist him pay his legal fee and he managed to raise about \$3 million from people who provided funding from their own pockets. Then he put it out on social media, based on what people thought, they assisted towards the course. That is second financing regime that is being included under this Access to Business Financing Bill. Once again, I would like to thank you all for coming and availing yourself to hear about what is being proposed and we also look forward for any contributions or comments that you have. If you want the Bill to be sent to you, we would ask you to put down your name so that we can email the Bill to you.

I think that is all from our end a brief description of the Bill. I will now give it to my fellow colleagues from the Committee if there are any issues they would like to raise.

HON. P.D. KUMAR.- *Hindi translation.*

*Hum bahut bada expert nahi hai proper Hindi mei bole ke, but jaise hum log ghare baat karta hai wahi rakam hum baat karega. Hum log ke jon ee Bill hai, uske bole hai Access to Business Funding. Uske matlab hai ki agar aap ek business karta hai, particularly micro, small aur medium size business hai, toh uh business ke liye aap thora loan lega tab toh sakta aap apan business shuru kare. Ya toh aap business karta hai but fir bhi aap need karta thora loan business ke aur aage badhayee ke khartin.*

*Abhi konchi hai, jab agar aap paisa need karta hai tab aap jayega bank ke lage, ya toh jayega FDB ke lage. Toh agar bank ke lage jayega, FDB ke lage jayega tab uh log batayi ki, acha theek hai hum loan dega, lekin tumar security konchi hai, tumar collateral konchi hai, konchi girvi rakhega ya konchi show karega jispe hum log sakta tumme loan de. Toh agar aap chota-mota business shuru karega toh definitely aap apan ghar ka thoro rakhega. Ya toh tumar ghar hai but unfortunately title nahi hai zameen ke toh uh sab mamla mei aapke loan nahi mili.*

*Agar loan nahi mili toh aap apan business aage nahi badhayee payega. Toh jon hum log Bill leke aaya hai, usme dui component hai. Ek hai, ki acha theek kabhi-kabhi hum log ke family members madad kare hai, paisa raise kare ke khatir, toh jaise aap borrow kara hai apan bhaiya se, kaka se, dada se, neighbour se ya friend se. Toh agar aap paisa borrow kara hai tab kabhi-kabhi thora problem hoy lage hai. Agar aap nahi time pe paisa dega tab family mei dispute hoy jaye hai. Toh ee sab samasya ke liye the best way hai jon hum log abhi propose karta hai Bill mei, ki ek proper way se, kanoon ke dwara aap sakta hai aisan assistance maange apan parivaar se. Yaane ki aap bhi covered rahega aur jon dewe hai paisa u bhi covered rahi.*

*Dusra hai Crowd Funding. Jaise aap log dekhta hoga social media mei, Facebook mei kabhi-kabhi app mei ulog batawe hai ki agar koi bimaar hai toh ulog paisa raise kare hai tab ulog suggest kare ki kahe nahi aap log thora donate kar do paisa. Tab hum log wahi app se raise karta hai paisa. But ee la jon Access to Business Funding Bill hai, usme thora limitations hai. Iske matlab hai ki abhi jon hum log kanoon dekhta hai jon bane hai, usme hai khali aapke maange business ke turnover maange rahe \$100,000. Aur \$100,000 se upar rahi tab ee kanoon lagu hoi.*

*Now, \$100,000 se upar toh thora bada business hoy jaye hai, lekin jon chota -chota business rahe, jon \$100,000 se neeche rahi, uh business isme cover nahi hoy hai. Toh uspe bhi hum mangta aap log thora apan batao ki as a Committee hum log ke konchi chahi kareke. Hum log ke kaam hai jon \$100,000 and below nahi*

covered hai, uske chhod dai ki hum log ke kaam hai thora aur neeche leke aai jisme ki jon chota chota business hai uske bhi hum log sange leke chali. Acha aap log jaese koi bhi paisa maange rase kare aur agar Crowd Funding hai toh aap sakta hai up to \$5 million raise kare. Uh toh bahut bada paisa hai. Aur udhar agar personal one-to-one hai, toh usme aap sakta up to \$2 million raise kare but usme bhi restrictions hai. Jaise 48 jan khali sake, limit hai ki utne jan sake ek saal mei contribute kare aap ke business mei, aur 48 se zyada nahi maange rahe. Toh kabhi -kabhi aise bhi dekga gaye hai ... (Acha hum log thora deri wait kar lai jaaye)

Jaise hum aap ke batata raha ki usme restriction rahe, kabhi kabhi jon small, medium aur large businesses rahe hai micro, small and medium-sized business, large nahi. Uh log ke paas access nahi rahe jaise accountant wagera nahi rahe uh log ke sange.

Uh log apan chota -mota business kare hai, apan own record kare hai. Toh just to assist chota-mota business ke, Reserve Bank of Fiji monitor kari aur ek set of consultants bhi sake aaye on board, uske bole intermediary. Jon intermediary rahi u log sake aap ke accounts wagera prepare kare, because aapke bataye ke padi ki aap ke business kitna bada hai, kitna paisa aap banata hai, aap future mein konchi mangta kare, tab toh sake koi aap ke proposal padh ke boli ki haa isme sakta hum paisa lagaye. Toh uh bahut important point hoy jaaye hai.

Lekin intermediary kaise operate kari, uh Reserve Bank of Fiji monitor kari. Uh bhi bahut important hai ki jaise koi intermediary, koi badhaye chadhaye ke toh nahi bataye dis ki aap ke business bahut acha hai, bahut bhari paisa banayi aur yaha hum paisa lagaye diya, aur paisa nahi bana tab fir konchi hoi. Toh usme intermediary will be held accountable aur aap ke jon business rahi uske baare mei sab kanoon ke dwara, sab information verify kar ke tab uh proposal banayi for crowd funding ya peer-to-peer lending.

Yahi dui option hai, which in non-traditional. Yane ki tumar collateral ke jaroorat nahi hai, collateral koi nahi maange. Toh uh security nahi hai but tumar business ke jon main proposal ya toh main information hai, uh maange correct rahe. Mange ek dum absolutely correct information rahe tab toh koi bina collateral key a security ke bina apan paisa dei.

Agar aap sochega acha theek hum apan paisa lagaya toh humme konchi mili? Usme dui chez hai. Agar hum paisa diya, aapke business mei, aap paisa need karta raha aur hum de diya, toh humme konchi mili? Hum jitna paisa diya uh aap humme return karega aur interest rate pe return karega. Kon interest rate? Uh aap aur jon aapke loan dei, dono jan decide kari ki kon interest rate pe aap uh karja bharega.

Dusra hai ki aap sakta usme share maange. Yaane ki aap paisa diya but tumme karja nahi bhare ke hai. Jon person paisa dis hai uske share rahi usme yaane ki part owner bhi rahi aap ke business mein. Wahi main aspect hai ee Bill mei jon hum log aap log ke lage laike aaya hai.

Agar aap kuch mangna jaane tab fir as we go along, aap sakta question bhi pooche. Dhanbaad.

HON. A. BIA.- Ni sa bula vinaka. Vakalekalekataka sara, meu na saga meu na vakasokumuna vata ga na veitukutuku e rau sa caurakatoka na noqu i tokani me baleta vei keda na vinakata me na vakadewataki vaka Viti na veika keitou lako tiko mai kina. Ogo na komiti lesi mai na Boselawa ni noda vanua, e vatokai toka na Standing Committee on Economic Affairs. E dua na i tavi e vacolati vei keitou na yabaki ogo o ya na kena tovolei me veitalanotaki e dua na lawa vakaturi ka vakatokai toka na yacana na Access to Business Funding Bill. Me vakalekalekataka sara vei keda, na lawa virikotori ogo, e sagai walega me vukei keda na dau ni bisinisi se o keda e da nanuma tiko me da vakaduria e dua na bisinisi na kena tovolei me vakailavo se laveti cake na bisinisi e da cicivaka tiko. Ia, dau vuqa na gauna, e da dau cicivaka vakawelewele tu ga na noda bisinisi e da dui qarava tiko. Ia, na lawa virikotori ogo, e vakatokai na Access to Business Funding Bill, o koya e kauta vata mai e vica na veika me biu vakalawa me rawa ni o qarauuna kina na nomu qarava na nomu bisinisi, va talega kina me laveti



cake na nomu bula vakabisinisi me rawa ni yacova na veika e so na dau ni bisinisi lelevu na vanua e ra sa yaco tiko kina.

*E dua na vuna levu na kena kau mai na lawa virikotori ogo, o ya na kena laurai ni dua na veiyawaki levu e tu ena bula vakabisinisi vei ira e ra sa qarava tu e so na bisinisi lelev, vei keda talega na se qai tauyavu tiko yani me da sa ga me da ladeva yani na buturara vakabisinisi. E kau mai na lawa virikotori ogo me rawa ni tovolea me da vakailavotaki e na dua na kena gaunisala e taqomaki kina o iko, e dua vakadau ni cici bisinisi, va talega kina vei koya e na solia mai na i lavo me na vukei iko e na nomu bisinisi.*

*E dua na i walewale e toka e na lawa virikotori ogo sa i koya na peer-to-peer lending. E tiko tale na crowd funding. E dua tale e tiko e vakatoka me small offer. Ia, na i walewale ni kena qaravi na kena soli na i lavo, e dua tale e na tiko i loma me na qarava vei koya koya solia mai nai lavo, vata kei iko koya qarava na nomu bisinisi. E dua na toka i loma, e caurakataka toka o Mr. Chairman, ni wili toka vaka. Qo o koya na wanonova na veika kece vaka i vola me baleta na nomu bisinisi. Taura mada kevaka o sa gadreva e dua na wase ni lavo me qaravi kina na nomu bisinisi, o iko na kauta na veika vaka i vola, ona kauta vei dua e vakatokai na intermediary koya na raica vei iko na veika me baleta na veika vaka i vola, kei na veika e dina e dodonu mo gadreva. Sa na qai raica o koya e vei na vanua o ya e na rawa kina ni o taura mai kina na i lavo me qarava kina na nomu bisinisi.*

*Ia, e ka bibi na dina kei na veika vakaivola o vakaraitaka me baleta na nomu bisinisi. Ogo, e tautauvata toka ga na nomu lako kina dua na moneylender, e dua e dau soli dre. Ia mai na walewale na kena dau qaravi tiko mai liu, so na gauna o ni dau lewa tu ga oni sauma se sega. Ia, qo esa tiko na lawa, ena sagai me na vaqacacotaki me rawa walega ni vukea o koya e solia na i lavo, kei koya e vinakata me toso cake ka talavecake na nona qaravi bisinisi.*

*E dua ga na i naki levu e umani vata kece kina na lawa virikotori ogo sa i koya na kena tovolei me laveti cake na bula ni qaravi bisinisi vakayadudua. O keda na Micro, Small and Medium Enterprises koya e da tiko qo da qaravi bisinisi, me da talave yani me da rawa ni yacova yani na buturara ni veiqaravi ni bisinisi koya e ra sa toka kina e so. E laurai ni dua na gap levu e toka e loma ya. E dua na na galala levu e toka e na kena tovolei me yaco yani o koya qo me na lai yaco sara i cake qo. Ia na kena i matailalai, e ratou na qai vakamacala tiko kina na noqu i tokani me baleta na i walewale kei na veika oni nanuma me na mai oka ma na lawa virikotori ogo, me rawa ni da na vukei vata kina me vakarawarawataki na bula ni qaravi bisinisi se na kena sagai me vakailavotaki na noda bula vakabisinisi.*

MR. CHAIRMAN.- Are there any comments or questions that you would like to ask the Committee?

MR. P. ANAND.- First of all thank you all for coming to Tavua. We are missed most of the time by the Committees. Thank you for visiting us. I am the President of Tavua Chamber of Commerce and I also have an accounting firm. Most of my time is spent on looking after MSMEs. I had also worked for the Government, with the Ministry of Industry and Trade. Why I am mentioning this is, the difficulty is faced mostly by the businesses earning below \$100,000. So this Bill is probably not meant for them. I sincerely request that this should be reviewed. Otherwise, these are the business officers who have difficulty borrowing in terms of collateral. If we are not considering the ones below \$100,000 then we are not allowing them to grow. So, when do they grow? The one who have already grown, who are already in the market (\$5 million and \$6 million) they have access to funding. As it is, the Bill is kind of meant for them as well. So, I think it should be reviewed with the threshold probably below \$50,000 or you can have a lower limit turnover with the lower borrowing figure.

My second suggestion is, I think equity shares, the person who is funding can have a share, for example, if a co-operative where they are producing, but they do not have a buyer, so they can link with a supermarket. They can fund them to do their farming and in return, they can do the farming. I think that can happen with Fiji Agro Marketing as well or any other institution or C.J. Patel, for example, because the fact is, the micro guys have very excellent ideas but the problem is, they do not have the funding. I can give an example, there is some

very micro-person making BBQ grills, et cetera but he has funding problems. He has excellent ideas. His got buyers but his got funding problem.

My other question is, who is there to monitor the Bill between the person who is funding (financier) and the borrower? Who manages or monitors the Bill? It can be one-sided. It can be high interest rate. Who has the final assessment because most of the time, the borrowers are pressured. They look for money, they are so desperate, they do not consider interest and other requirements. So, they may be better off by not borrowing otherwise they will have chance of closing their business.

MR. CHAIRMAN.- I think you have raised a very important point there in terms of targeting and those that will benefit from the Bill. That is what we had discussed internally amongst those who will benefit from the Bill and we will ensure that to cover those that will be below \$100,000. The issue that you have raised with small holder co-operatives. I think we are trying to include everyone into the Bill, like businessmen, small offer, sole trader, even co-operatives like a number of small farmers that can supply to supermarkets. If they work together, they can access funding and the supermarket can pay for the things that they supply, vegetables, et cetera.

One of the issues that we had in the past is in the hotels. When we get farmers to supply to hotels, they are now being paid for a few months and that might be one of the drawbacks and we talk about supplying hotels with local vegetables. Farmers want immediate payment. When they are supplying, they want to be paid instantly. We find that it is still a problem. That is why we get most of the supplies from overseas in terms of vegetables because those buyers can wait. One container of carrot can be paid after 60 days.

Monitoring, as you are aware, under the small offer, peer-to-peer, mostly they must be registered with Reserve Bank of Fiji or the Ministry of Trade. That will come afterwards in a regulation in terms of monitoring those. We expect a government department to be also looking at the monitoring of peer-to-peer.

Secondly, on crowd funding, given that we have an intermediary, that will be registered also under the Ministry of Trade or Reserve Bank of Fiji. We expect a government department to be undertaking the monitoring of the transactions but that will come about when the regulation is promulgated which will be specifically highlighted. I think that is an important point which we can also try to put it into the Bill. Any other comments or anything you would like to raise?

MR. JEWAN.- Good evening all. My name is Jewan. Actually, I work for Fiji Water. I came to support my wife. She runs a small second-hand shop.

I agree with what Mr. Pravin Anand said. I would also like to highlight are few things that you might not be aware of. The cashflow around Tavua is, I would say, only two-days rich town whereby there are only three major sources of income for the people of Tavua - Fiji Water, Emperor Gold Mine and Civil Servants.

There are a lot of prospects of doing some industrial setup in Tavua. For example, just a couple of months ago, a concrete factory was setup somewhere between Tagitagi and Natawa. We need to look at some of the things where we can have other industries based in Tavua that export and get money in for the people to work and then have that cashflow in the market.

We have got a lot of hardworking farmers but farmers need equipment and more materials, but the current pricing of those things they go and buy from established hardware stores, is very expensive. I request if the Committee could take it forward, do some study and capitalise the partnership arrangement with Australia and New Zealand by importing directly from them and have some concession on duty on the implements that they want to use on their farms.

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Secondly on the lender and borrower, I think the interest rate should not be determined between the two of them, it should be stamped by the Government that this is the interest rate that you can lend money on. Not having this liquid state of arrangement where some people charge X, Y and Z amount of interest. It should be stamped at a certain rate that this is the interest rate. This should be agreed by the business community. The cashflow in Tavua is not that strong currently.

MR. CHAIRMAN.- I think that point is been taken on board in terms of farming equipment, et cetera, in terms of making it cheaper for farmers. We take note of those, and we will see what ways we can address that. It is good that the honourable Assistant Minister for Agriculture is here, it could be submitted as part of their budget submission, but that is outside what this Bill is trying to do.

The interest rate, I think that is quite important for the interest to be set by the government. As you are aware, the Money Lending Act has also stipulated the interest rate. I think it is 12 percent but when you go around and see some of these money lenders, most of them charge 20 percent. The enforcement of the regulation is something that is a problem that needs to be addressed in this country. We can stipulate it, have it under an Act but in terms of enforcing and seeing that those moneylenders adhere to this, is quite a challenge. We will take note of that. We will also see that the Government sets an interest rate and this has to be adhered to by those who are involved in this sort of business.

Just a question to you, Sir, when you say, equipment, what sort of equipment are you referring to? Any specific farming equipment?

MR. JEWAN.- For example, most of the farmers have gone into this mode of learning new techniques of farming by just going to YouTube, Google, et cetera. Small items like drip tapes, because Tavua is a very dry area. Our water source is the river. We need water pumps, water pipes, sprinklers and all those small kinds of things that can make the work easier.

MR. CHAIRMAN.- I think that is quite very important and a good idea because we cannot expect the Ministry to be promoting this. If you have funds, you can buy it and the Government will offer a rebate on the price then you are able to purchase the items. I think that is good and a way forward in trying to access equipments.

HON. T.N. TUNABUNA.- You would have been circulated with a draft of the Bill and in the next few days you can still make comments and send those comments to the secretariat as part of your written submission to the Bill. If you need more information on the Bill, I think the secretariat too can be reached with their email and telephone numbers so that you can have time to read through the Bill and probably discuss more on the contents of the Bill.

MR. P. ANAND.- What is there that attracts the borrower not to borrow from the commercial banks or any other source? For example, we are marketing this product. Do we have strong points to say why we should, I know the Government is doing this to assist people who have difficulty borrowing. I understand that is one of the purposes or not to assist the ones who are already able to come and secure funding. There should be an option why the Government is trying to do it is to assist people who are not able to borrow and borrow at a lower rate. In other words, they are able to borrow because the threshold that we are looking at - \$2 million, \$5 million and above, from experience, they are able to borrow and service their debt quite easily. This product needs to be marketed quite well. I mean there should be people in the market who should be running after this. It is a good product. From my experience, I know that this Bill that we are discussing is an excellent product because the best part here is when you have a peer-to-peer borrowing, lending and crowd funding. You might be a carpenter or foreman, you can be shoulder to shoulder with big contractors. Both of you will do well. The other guy has done big buildings but you build smaller buildings, yet you have the experience. You know how to do it but you lack the experience and funding. This is to be considered. I think the product is good. I think when you do your feedback, the main feedback is how many of you are ready to borrow this product. That should be the main

feedback from people. The product is there or maybe the research may have been done that there is a shortage and gap in the market. We are doing this but find that there are people in the market who were waiting and running after this product.

HON. P.D. KUMAR.- Thank you for raising that. You are absolutely right. A research was undertaken and the drafting of the Bill started from the research undertaken in 2015 and the first draft was completed in 2019. During that period when the research was undertaken, it was found that SME in Fiji need about \$2.2 billion but currently just \$0.5 billion is given by the credit institution, which means there is a big shortfall. It is quite clear that traditional institutions like banks, development banks, credit institutions like Merchant Finance and others are not willing to give that kind of finance. So, based on the research, this Bill was drawn. And then coming back to the idea of whether we know they are takers, I agree that to determine takers, we have to understand the market condition. If the market condition is such where it only says that one can borrow from the banks and development banks, et cetera, that means there is limited options for other businesses. So, this particular product provides that option to the business community and not necessarily meant for only small, medium but as we have said, it goes up to \$5 million which means the medium business can convert itself into larger businesses. And similarly small businesses can convert itself into medium and so forth. So, there is an opportunity for them to grow, that is the main intent when the funding is limited.

In terms of marketing, this is something the Committee raised with the Ministry of Trade as well as Reserve Bank of Fiji. In fact, we also raised it with ADB. We had a one-to-one consultation with them. Marketing is very important. How do you market the product? We have to take it to the MSME and MSME to understand their rights and responsibilities, similarly the general public like, for example, I can be an investor. I may not have a business, but I have surplus money which I can invest. So, what are my rights and responsibilities? It needs to be crystal clear and therefore a lot of awareness is required. For us to conduct that awareness within MSME, even the MSME Council suggested that they would like to come on board to do this awareness raising to their members.

These are some of the things that we will be putting in our report and when we have our one-to-one final meeting with these agencies to clarify some of these issues, we would definitely put it across to them because the job of the parliamentarians and Parliament is to make the laws, and of course, the Ministry is to make the regulation, execution and enforcement. So, these roles need to be extremely clear to all the parties but the point you have raised is very valid. You can have a very good product, if people are not aware of it, then there are no takers. They might think, "Oh, it is too difficult, this particular product is not for me. They are talking about \$2 million and \$5 million". I get that. So, your initial proposal that we need to lower the value which is currently \$100,000 is quite valid and that is something the Committee will go back and have a good discussion to understand why they had set the limit of \$100,000. We need to understand that. Of course, we will be putting your concerns that you are eliminating the micro-businesses who need the money most. This is our work and with all your viewpoints we will be able to take it back to the drafters, Ministries and to other stakeholders to ensure that this Bill is a good one that encapsulates the views of the community and it meets the needs of our people. That is the main intent.

MR. M. SILATABUA.- Honourable Members, firstly welcome to Tavua. The question I want to ask is, is this not competing with the Money Lenders Act? Why can we not just include this into the Money Lenders Act and do some adjustments instead of coming up with new ones, a completely different legislation and then we have two bodies dealing with the same customers? We have peer-to-peer financing and we have a money lender to the same peer for funding.

HON. P.D. KUMAR.- I must confess to you when I was with Consumer Council, we did a whole lot of research on the Money Lending Act. What we found that the Money Lending Act is there for a purpose. This is to meet the short-term needs of the public. The interest rate is clearly stipulated, it is 12 percent per annum but

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as, Mr. Chairman, has mentioned, some moneylenders apply 12 percent per month rather than 12 percent per annum. Someone else had raised that issue previously, in that particular case, it is the Ministry of Justice that looks after the Money Lending Act, and if one reports against the money lender who has charged you more, then the Ministry of Justice will de-register them, they can be fined. So, that is the Money Lending Act. Why can this not be included in the Money Lending Act? As I said, Money Lending Act, people, it is the consumers, the general public borrows. But Access to Business Funding is for the businesses to borrow. So that is the main difference between the two and it cannot be lumped with the other one. Money Lending Act does not encourage crowd funding whereas Access to Business Funding, the Bill that we are discussing, it provides an innovative model which is crowd funding. It not just peer-to-peer, it is also crowd funding which is very common these days of raising big sums of money. This is the main aspect between the two; one is an Act and the other a Bill. That is why the Access to Business Funding cannot be lumped together with money lending. One is written for consumers, the other one is written for businesses. So, business rules will apply here where we are talking about equity, that is, the shares et cetera. I hope I have made sense.

MR. P. ANAND.- If you look at Page 5, clause 3, it states and I quote:

“The purpose of this Act is to facilitate investor and lender funding for businesses carrying on business in Fiji.”

I think it is to do with, more of the interest of the investor because if you do normal borrowing, the bank can just give you loan. Their interest is to get the interest and the principal amount back, but here the investor looks at some return as well. That is what I think.

HON. P.D. KUMAR.- In the current Bill, it says very clearly that the Money Lending Act will not apply in this case. And why it is clearly stated as I have mentioned earlier, the Money Lending Act is only for consumers. When you run out of money to pay your electricity bill, then we see people running to money lenders to quickly pay their electricity bill before their electricity power is cut off. But, of course, we have also come across situations where consumers abuse the Money Lending Act. They borrow money for beer and party. We are aware of it because that is what the research showed. But going back to your point it is crystal clear that Access to Business Funding is purely for the borrower and the lender just like the Banking Act and it is for business purposes. That is the main intent of this particular Bill.

MR. CHAIRMAN.- Are there any other questions, ladies and gentlemen? You have a copy of the Bill there which is being circulated by the secretariat and I would urge you to go through the Bill in detail and perhaps submit it to the Chamber of Commerce here. You can make a separate submission to the Committee on what are your comments on the Bill. We take note of what you had raised about the \$100,000. That had been raised also by some other people. So, the offerer must have less than \$100,000 or \$50,000. That is quite a substantive point that has also been raised by other people that we had met for the last three weeks. We have had quite a number of people - MSME Council, a number of SMEs who have also said that the Bill is not targeting them, but maybe targeting the bigger players. So, we would like to see it goes to those that we really need to see their business being rejuvenated. Any other comments?

HON. P.D. KUMAR.- Can I ask the ladies if you have any questions or anything that you would like to ask?

MR. P. NASAMILA.- *Bula saka. Na yacaqu o Penaia Nasamila. Au tiko mai na koro o Nadelei mai Vatukoula. Au cakacaka saka tiko ena tabana ni matanitu e Tavua, ena tabacakacaka ni ovisa. E dua saka ga na kerekere dua na vakatataro, keitou vakavuvale, na tavalequ ese qai register mai e na dua na bisinisi ni ta kau. Na ka e vakadredretaka tiko qo ni lai sasaga tiko qai levu na vei gaunisala e dredre. E sega ni rawa tiko ni lai yaco saka tiko na vanua e dodonu me na vukei saka tiko kina. Kerekere saka tiko na vuvale, na gaunisala cava me na qai muri baleta dua talega na ka, na veika kece e sa internet. Sa dredre talega vei ira, e so mada ga qo*

*era sega ni kila tu e dua na ka, ke rawa ni laurai talega na tikina oya, vakabibi o ira na tu mai na koro ke rawa ni caka saka me ra na vukei tiko kina.*

*Na kena i karua na centre kece sa dau tiko ga mai Suva se Lautoka. O ira na veiyasana kece qo ra dau cici tale i Suva. Eso sa dau lako tiko madaga mai na koro, ke rawa ni na laurai saka tiko na tikina o ya, na kena vakarawarawataki ga na veiqaravi. E vakasama vinaka toka na veika dou sa vakaraitaka toka mai na siga nikua, ke rawa ni dou raica na tikina oya baleta na vanua oya, e rawa ni ra kila talega na cava me rawa ni ra cakava.*

MR. CHAIRMAN.- *Na musu kau e cakacaka levu toka. E toka qo na Minisita vakacegu ni tabana ni kau, honourable Semi Koroilavesau. Na kila vinaka toka o koya na requirements e vinakati ke dua via musu kau – na misini ena yaga me tiko. E rawa ni vakamacalataka mada vei kemuni, oti ya tou na qai veitalanoa tale tikoga, mo ni qai solia tiko mai na nomuni contact me keitou na qai raica na tabana o ya.*

*Na yasana qori na internet, e dina toka ya. Ia, na gauna qo sa ka kecega sa internet. Sa dodonu toka ga me da saga vakaukauwa me da kila tiko. Ia na internet mada ga e da cakava tiko ena noda veikorokoro, oya na Facebook. Sa da cakava tikoga e na veisiga qo. O ira na noda marama e na veikorokoro, sa sega ni levu na maqo me volitaki e gaunisala, sa lako tikoga na internet - Facebook. E dua tale na yasana oya. Ia, me da saga talega vakaukauwa me da na kila. E tiko talega na ka e ratou cakava tiko mai na matanitu. Na Tabana ni Teitei, e ratou dau cakava tiko mai na ka kece me apply online, at the same time e rawa ni dou lako yani e na nodratou valenivolavola me ratou na fill-taka vei kemuni na form, me lako mai na internet.*

MR. P. NASAMILA.- *Io, koya na ka ya sa tiko saka na ka kece.*

MR. CHAIRMAN.- *Io.*

MR. P. NASAMILA.- *Sa tekivu saka tiko na musu kau.*

MR. CHAIRMAN.- *Sa tekivu?*

MR. P. NASAMILA.- *Io, sa tekivu saka tiko. Sa vo saka tikoga na nomuni veivuke.*

MR. CHAIRMAN.- *Na ka vaka i lavo?*

MR. P. NASAMILA.- *Na i lavo, saka.*

MR. CHAIRMAN.- *Tou qai rawa ni veitalanoa kina qori. Oti qo daru qai veitalanoa se vanua cava rawa e rawa nio access-taka kina eso na funding, e so na ka e rawa ni veivuke kina. E levu na ka vaka qori, e lako yani vei keitou, sa tiko talega qo eso na Tabana ni Merchant Bank, sa tiko talega na ka e ra vinakata. Ia, na ka e vinakati ga ena baqe o ya na security. Koya vaka keitou tukuna tiko, na peer-to-peer qo e rawa ni o ni raica e dua e tiko vei koya na i lavo, e rawa ni vukei kemuni. O koya e rawa ni volia na kau, drau cakava e dua na agreement, o ya na ka e yaga tiko e ke. You can calculate how many cubic meters you have, then he can help you get the things to facilitate that. There are so many people wanting to do this. This is the problem; the gap is there. There is so much demand, but no one is matching them. This is the objective of this Bill – to look at how we can match where you have substantial quantity of timber in the forest, nothing being done and someone is wanting to buy. Those are the sorts of things we can look at.*

The second one is crowd funding. As I had been emphasising, particularly for iTaukei in the village, when you want to have a business established, you can leverage funding also from your relatives overseas, they can send money. A sum of \$1 billion is being sent to this country annually. We want to see some of that funding

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be used to establish businesses in the rural areas particularly agriculture so that we can re-envigorate the agriculture sector in this country.

MS. SUBASHNI.- *Hum mangta jaane, hum log mangta ek chota business mangta start kare, tab Government se kon rakam se sake hum log ke help mile?*

HON. P.D. KUMAR.- *Aap mangta chota business start kare, aap kaisan business mangta start kare?*

MS. SUBASHNI.- *Koi rakam ke business jaise agriculture la business hai koi rakam ke.*

HON. P.D. KUMAR.- *Dekho dher rakam ke funding hai, aise nahi ki Government ke grant nahi hai. Grant hai. Abhi jaise Government COVID-19 ke baad mein ek grant nikalis raha specifically for women. Women log sake Fiji Development Bank se chota loan lewe, dui saal ke liye interest maaf raha. Abhi hum nahi janta konchi status hai. Aap sakta waha se loan laiye aap sakta business kare. Usse pahile grant bhi raha up to \$1,000 ki \$2,000 talak grant bhi raha jon aap sakta laiye business shuru kare. Lekin agar aap mangta chota-mota business kare toh uske matlab hai ki aap apan proposal banao, aap exactly konchi mangta kare. Uh clarity mange rahe fir uske baad mei aap kitna paisa need karta hai, uh sab cheez aapke sochke list kare ke padi. Tab fir waha se sako aage badhe ki aap agar agriculture mei karta hai, tab fir konchi business karta hai, ganna ke khet hai, ki koi rakam ke tarbooz bota...*

MS. SUBASHNI.- *Tarkari-bhaaji boyega.*

HON. P.D. KUMAR.- *Theek hai, but kitna bada business aap karta hai? Chota se karta hai ki subsistence, jaise bole khali apan thora kaye pee liye fir thora bech diya. Uh type la ki commercial? Toh different- different categories hai. Abhi yaha ee room mei kaafi agriculture officers log bhi hai staff log hai.*

*Who are the agriculture staff here, please put your hands up? Toh aap dekh liya na. aap uh log ke approach karo.*

*I hope the agricultural officers are listening to the type of assistance she wants and maybe you can just guide them in terms of what you can help or where the funding can come from.*

MR. CHAIRMAN.- *Vinaka, if there are no other comments, I would like to thank each and everyone of us for coming today. We really appreciate you spending your time with us this afternoon. We know that you are very busy. You have got your own businesses to run and we really want to thank you sincerely for coming today and sharing your thoughts and your comments on the Bill. Please, grab yourself a copy of the Bill. Do not hesitate to comment and send us any comments that you have on the Bill, so that it will assist us to finalise the Bill and help you out in operating your business.*

MR. K. KHAN.- *I am an Advisory Councillor from three villages in Tavua. You said \$100,000 and it can fall to \$50,000. In Tavua, or I can say throughout of Fiji, we have about 85 percent of the people who are very poor. About 15 percent of people can raise the amount of \$50,000. In this room they may be earning \$15,000 per year. Some are working in shops, cane cutters, fishermen so they cannot afford this thing. I can say these people will stay down day by day or every hour they will go down. The funding should go low and low, may be \$10,000 or \$3,000 so that they can support it. They can find it and improve. It is very difficult to pay that much and I am sure about that. The people are working very hard, day and night just to feed them in a day. By paying interest, the loan is very hard. The people earning more are enjoying. Even people do not have flip-flops. Because I am an Advisory Councillor, I support my villages and I see for myself. If we recommend anything, nothing is being done. That is why you see today that this room is not full with people. They are not satisfied.*

HON. P.D. KUMAR.- Thank you, the issue you have raised, there are other funding mechanisms, for example, there are micro businesses, literally small businesses. People go to SPBD to raise loan and use that money to grow their business. So, it is not that there is no mechanism in place. When we were in Rakiraki, there was a gentleman who spoke about honesty, hard work and having a vision of what you want to do. If all those three things are there, sky is the limit.

MR. K. KHAN.- Sorry to disturb you. I am also a very hard worker. I am a farmer. I buy my own dripping pipes and work as a carpenter for eight hours in the sun. With that money, I buy the dripping pipes and do farming, do not get any assistance. Animals destroyed the farm and again I had to do it. So, I work hard just as that person said.

HON. P.D. KUMAR.- Let me just give you a story, we can sit here and talk about this for hours. But let me tell you the story of Punjas when they started their business. When they came from India, they just came with a suitcase. They started from Sigatoka. We heard that they were selling ice blocks. That is how they grew their business. People sell kava from their homes to grow their business. They sell many things, small things but gradually you can build your business. No business grew overnight. It took 10 years, for some it took 20 years to be where they are. It is not an overnight thing and I understand where you are coming from. But what am I saying everyone is not meant for business, that is why within our society there are people who work, there are people who do business because we are all different and we want things differently. But business people, I understand it is not an easy job, it is a very tough job. Some people have this perception, if you do business, a lot of money is there. Actually not, because they take loan to grow their business and over so many years they are still paying their loan. So, that is what it is.

MR. K. KHAN.- You are right. The interest rate is too high; so many people in five to six years are only paying the interest.

HON. P.D. KUMAR.- So, for this one here, we have already had discussions that we will try and put a cap, a limit on the interest rate. This will be our suggestion and nothing is set at the moment. We have not made the decision that from \$100,000 it will come down to \$50,000. This is your suggestion which we take on board and we will go back with the drafters and we will have further discussions saying that when we were in Tavua during consultation, these issues were raised. And of course, we will support you because we also believe in the same thing. Once they take all these things into consideration, they will re-draft the Bill, and the re-drafted Bill will then go to Parliament and debated and passed. So, there is a process.

MR. CHAIRMAN.- If there are no other questions, I wish to thank you once again for your attendance this afternoon. Our meeting is now adjourned.

The Committee adjourned at 7.25 p.m.

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**FIRST WORDS FOR NEXT TURN: ...**

**Member continues/ends: continues**

**FTR player end time:**

**Comments:**

# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

### **ACCESS TO BUSINESS FUNDING BILL 2024 (BILL NO. 18 OF 2024)**

**SUBMITTEE:**        **Lautoka MSMEs**  
                         **Nadi MSMEs**

**VENUE:**            **Municipal Council Board Rooms**

**DATE:**             **Wednesday, 13<sup>th</sup> November, 2024**

**VERBATIM REPORT OF PUBLIC CONSULTATION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD AT LAUTOKA CITY COUNCIL BOARD ROOM ON WEDNESDY, 13<sup>TH</sup> NOVEMBER, 2024 AT 10.15 A.M.**

Interviewee/Submittee: **Lautoka MSMEs**

**In Attendance:**

- (1) Mr. Jone Bacau - Divisional Planning Officer Western  
(Ministry of Rural and Maritime Development)

**Lautoka MSMEs:**

- (2) Ms. Celia Cabenalevu  
(3) Mr. Veresi Yaulevu  
(4) Mr. A.D. O'Connor  
(5) Ms. Kelera Tokalau  
(6) Mr. Josaia Kolinivalu  
(7) Mr. Narendra Swamy  
(8) Ms. Filomena Ditukana  
(9) Ms. Reshmi Lata  
(10) Mr. Peceli D  
(11) Mr. Ashnil Datt  
(12) Mr. Richard Kashap  
(13) Mr. Philip Anil Chand

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MR. CHAIRMAN.- Ladies and gentlemen, perhaps we call the meeting to order. Before we start the meeting, as you are aware, the Standing Committee on Economic Affairs has been entrusted with the responsibility of liaising with the communities and stakeholders to solicit their views on the new Bill that is expected to be passed in Parliament – the Access to Business Funding Bill 2024. The Standing Committee on Economics Affairs will be travelling around the country in the next few days to solicit your views and any comments that you might have on the Bill.

*(Introduction of Members of the Standing Committee)*

We are honoured and, of course, privileged to be here this morning to meet with the business people and stakeholders, hear your views and listen to you if there are any changes that you think that should be introduced in amending this Bill. The copy of the Bill will be distributed to you. The secretariat is looking after that so if you want a copy, perhaps you can ask for a copy and we will give it to you. You are welcome to comment on the Bill which is expected to be passed in Parliament in December.

Basically the Bill is trying to address one of the major challenges of business in the country which is access to finance. As you are aware, in most businesses, whatever form they are in, retailers, sole trader, et cetera, they face this enormous difficulty of accessing finance to expand their business, that is why the Government has introduced this Bill. The previous government was also involved in the formulation and we are just continuing what has been done and to try to pass this Bill through Parliament. Given the enormous challenges that businesses face, that is why the Bill has been enacted to address these increasing challenges faced by business houses.

When small businesses go to the bank wanting to access finance, there are a lot of requirements. They probably have to fill 10 forms, collateral, everything you provide to them but without any surety of getting any

finance. The requirements are quite enormous and most of the time they do not access finance. The Access to Business Funding Bill has two major platforms:

- (i) Peer-to-peer platform involves someone wanting finance can seek finance from another colleague who may be a wealthy businessman to expand their business. This has been used very widely in the country, particularly if you want to expand your business, you can get it from your relatives. One other way which has been practiced very widely also is money lending which is also some sort of peer-to-peer modality. But in this case, we are setting some sort of guideline on the access of funding and control through the peer-to-peer lending platform.
- (ii) Crowd funding where we able to leverage funding from other people. As you aware, in overseas a few years back, one rugby player, Israel Folau, when he was sacked by the Australian Rugby Union, he went into crowd funding using the social media to leverage financing. He got more than \$3 million to pay for his lawyers, et cetera. People were quite keen to help him out, and all over the world they managed to leverage AUD\$3 million. So, these are sort of things that involves crowd funding where you can solicit funding from other people, when they see that your proposal is good enough for them to invest in. Crowd funding involves an intermediary which has to be endorsed by the Reserve Bank of Fiji. They will be the one that will act as a conduit in looking at those that need funds and those offering the funds. I think in that way it provides that sort of platform where there are no illegal activities being undertaken and also providing some business services which will be required by both parties.

Those are the two platforms covered under the Access to Business Funding Bill. These are quite innovative, new and not previously practiced in the country. That is why we are quite keen to have this Bill passed so that more small businesses and the private sector can access finance and use the Bill widely to improve their business, ensuring that they also improve their livelihood. So, those are the basic information relating to this Bill and if there are any questions, you are most welcome to ask any questions. We would prefer given that this meeting is being recorded, perhaps you can come to the mic here, provide your name and feel free to ask any questions that you might have.

MR. A.D. O'CONNOR.- Good morning, Committee Members. My name is Alex O'Connor, former Assistant Minister for Health in the Bainimarama Government. I am a newly appointed member of the Lautoka Chamber of Commerce, unfortunately my team is not here as we speak. I just wish to find out, as a Chamber of Commerce, would we be able to withdraw from this funding for development within the city of Lautoka?

MR. CHAIRMAN.- As I had mentioned, these are only for individual businesses. They are most welcome to use this platform but this is not a sort of funding platform. I think the Chamber of Commerce has a number of businesses. These individual businesses can access funding through the peer-to-peer and also crowd funding and are able to improve their businesses, but mostly these are for individual businesses. There are no funding allocations provided by the Government as provisions in the Budget to fund this. These are mostly private sector enterprises that wish to go into business. One of the things that I have learned in my experience in government, government is the one that always spoils the business. We want the private sector to be individual, doing their own thing and the government not to be involved. Wherever the government is involved, there will be problems.

MR. A.D. O'CONNOR.- The reason I mention, and I say for the Chamber, it is ironic that you run this today because the Chamber and particularly so, we are trying to check through the Chamber, not so much revamp (revamp is not the word), but to escalate tourism in Lautoka City. Why I ask about the funding is that, we intend visiting Abaca Village this afternoon, which we already had brief discussions and they have given us the okay. The tourism portion of the Chamber of Commerce is visiting the landowners to discuss tourism development. Part of that tourism development is very similar to what Manoa Rasigatale created and managed in Pacific

Harbour - the Pacific Harbour Cultural Centre. That is what we want to develop here and that is the reason for this visitation this afternoon, is to discuss with the landowners.

I have heard that there has been discussions in that area years ago, but just fell by the way side. I personally have come on board with that in view, and it is being welcomed by the Chamber of Commerce. That is where I am coming from - through the Chamber and its arm and the tourism development of the Chamber, if that sort of funding is possible.

MR. CHAIRMAN.- Yes, I think through the Government machinery, there is some funding available through the Ministry of Trade and MSMEs. A few months back they advertised for some grants for businesses and I think those are the sort of things that you can access to fund tourism development, particularly, in villages.

But one of the things that I have said, through this Bill, we have crowd funding. I see that there is enormous potential for crowd funding. particularly when you try not to leverage funding from overseas. When you talk about remittance being sent from our relatives abroad, almost \$1 billion annually, most of these are just used for other means. I see that there is potential for businesses based in villages, et cetera, where they can get funds from their relatives abroad to expand the businesses like in Abaca. If there are people from Abaca in America or somewhere, you can sell the idea then they can also be involved to send funds across as their shares. This has been done in other countries and this has had a profound impact in scaling up and expanding the project. We have New Zealand as an example, we were discussing with ADB about the dairy company where people wanted cows to be milked in a certain way, et cetera. It is a sort of speciality market where people want to have access to those sort of products which they are not getting in the current market, they are prepared to provide funds. The other one is vegan food where you have about 300 or 3,000 investors where they are able to raise \$13 billion, et cetera. So, these are sort of specialties in the market where people want to invest in. I think in Fiji, particularly for *iTaukei* when you want to expand the business in your village or in your *tikina*, these are the platforms that could be effectively utilized.

Few weeks back, I was in USA and I was asking people, “are you prepared to send money to your relatives for business?” They said, “yes, we are quite keen but as long as the proposal is good. We want to have a look at the proposal.” So, that is why we have the intermediary. That is the one that can be involved in the formulation of the proposal, selling it to other people, looking at it so it can be consistent with this Bill and the potential to expand further is quite enormous. Perhaps we can talk to you then we can also liaise with other government departments with regards to any future grant that can assist Abaca. At the moment what are they doing because we do not want businesses to start up grant. You continue with grant, you will finish up with, at least it has to be a business model, that is what we want. Business to be sustainable. No business should survive with government grants.

HON. P.D. KUMAR.- I will address your question directly. Your question was whether the Chamber can work with the landowners and use this funding mechanism to raise funds. As far as I am aware, the Chambers specific role is to look after its members for all business people, that is their key mandate. However, if the Chamber wants to form a business arm, obviously you will be establishing a company, a business setup. So, if you form a company which is owned by the Chamber of Commerce, then you are going into some form of arrangement with the landowners, you can apply for funding, you can use this mechanism. Unfortunately, the only key problem we have at this stage, this particular Bill is not talking about startups. Yours will be a startup. What the Bill is talking about is that, it is an existing Bill, you have been in operation, your turnover is \$100,000 and then you can use the two mechanisms which the honourable Chairman, had highlighted. So, for you, you can make a suggestion to the Committee whether you think the startup should be included, because one has to understand that this arrangement is purely between the borrower which is the business arm, and the investors who can be private individuals or even businesses too who can invest in your business.

To ensure that the relationship is of equals, intermediary comes into play. They have to produce all the documents, et cetera, to convince the offeror or anyone who wants to invest the money and whoever is putting in the money, they must get their returns. That becomes the main aspect of this particular Bill because if I do invest in your business, but I am not going to get my returns, so what is there for me? So for startup, currently I know there were some people who have raised their concerns and I remember Business Assistance Fiji (BAF) raised their concern that there is no provision in this particular Bill for startups. If you want to contribute to this Committee, do you think startups should be included, like you want to start up a business or do you think \$100,000 is a good starting point or do you think the amount should be lowered? You can give your feedback on that, which we can take on board and consider it with other stakeholders.

MR. A.D. O'CONNOR.- Thank you, Madam and I thank you also, Mr. Chairman.

MR. CHAIRMAN. I think, Mr. O'Connor has raised a very important point in terms of financing. I just came back from the market this morning to look at the supply of root crops. I was talking to one lady from Nadarivatu and I asked her, "how many bags of *kumala* you have?" She said, "only one bag." Again I asked, "why can you not bring five or ten bags? There is a big shortage of *kumala*. When we go around, we do not find any *kumala*." Then I went to one buyer, he said, "you can assist them?" I talked to the lady, she said, "the major problem is that the wild pigs are attacking the *kumala*." So I told this guy, the buyer, "you can talk with this lady, you can supply them with some goat fence then you can buy the *kumala*." These are the sort of things that can be worked out where the buyer can provide the funding, and they can supply to them. He said, "yes, I can do that as long as I can get *kumala* on a regular basis." That is just an example of what can be done.

Any more questions? Honourable Members, you want to raise something?

MR. P.A. CHAND.- Good morning everyone. As your officials are directly involved, at the moment for Lautoka Mill, today those yields are not there now. Lautoka Mill was crushing about 1.4 million tonnes of cane. This year, I think one of the CEOs came to me and said they did only 370,000 tonnes.

MR. CHAIRMAN.- I think that is a very important comment, perhaps outside of this Bill. Just a general comment. I just want to answer what you had raised with sugar. I think we are all concerned about the future of the industry. The Government has asked for a study to be undertaken. They were supposed to finish in October but now they said that the enormity of the problem that they had is quite substantial. They are coming up with so many recommendations. We told the consultants, "just tell us what to be done - close the industry or continue and give us options." We will look for political solutions.

In December, the study will be completed and the findings will be provided to Government and the Government has a decision because we are pumping in money. The industry is facing quite a lot of issues. The FSC is insolvent. There is no money in FSC. People are being paid but they are getting funds from the banks. The Committee has already made its decision on the number of reports to scrutinise. With a \$400 million debt, no company should continue that sort of financial parameter. Only if the Government continues to guarantee then they are getting funds from the bank and continue paying people. You will see vehicles going around but that is paid by someone else. It is not a way to run a sustainable industry. The Government is going to look at the report and make decision on that. If there is a need to have only one mill for Ba and Lautoka then that is it, we will have to have one mill. Those people will have to transport the things here, no more mills in Rakiraki. Do other things, like cassava, there is talk of sustainable aviation fuel where you use cane and cassava for aviation purposes because come 2050, we have obligations to be met because we had already committed to reducing fuel, et cetera. The Fiji Airways has to have at least 10 percent of its fuel from natural sources. I think the Government is looking into that. By December we should have a clear guideline on how we can run the industry into the future.

On land, we cannot really speak on that because it belongs to FSC, but I understand that some land had been sold to FNPF which is quite good because all of us are members of FNPF. They can invest into businesses and hotels or whatever that you had suggested.

MR. J. BACAU.- Mr. Chairman, I am wondering whether our small business operators in the rural areas, can they also access this funding?

MR. CHAIRMAN.- As I have said, there is no funding or provision allocated by the Government for this Bill. Small business operators, there are already some people who are operating on the ground like SPBD, et cetera, that looks after the very small enterprises. I think, this one needs a much more, for medium enterprises, we are looking at a turnover of \$100,000. We are trying to reduce that to \$50,000, but those small enterprises, there might be other grants from the Government and other sources, like SPBD.

HON. S.T. KOROILAVESAU.- Mr. Chairman, can I just discuss, Mr. O'Connor's issue on Abaca. I think hearing what you are planning to do, the subject of equity comes in. I am just thinking loudly here. If the landowners in Abaca want to do a project, then they go into crowd funding to utilise the land as an asset and quantify that asset and said, "this land is equivalent to \$50,000 where the project will be established", then they can sell that idea. Have a project proposal that you can interest other members of the community to put in as part of their contribution towards their shares. I think that is very easy to work out and that can be involved in this crowd funding. The landowners have the asset. They use that as collateral and then put their proposal on a project and say, "this is the project that we have." The landowners will say, "Our land that we are going to give up is estimated at \$50,000. If you want to join then they provide it." That is part of crowd funding. I think that is a good example of what can be achieved through this crowd funding.

HON. A. BIA.- Just to provide more clarity as well on the Access to Business Funding Bill. The idea came up to try and find avenues to rescue MSMEs, those that were really struggling. There was a research done in 2015, but in 2018 and 2019 there was a huge gap to try and get MSMEs to reach where top businessmen or other businesses were. There is a \$2.2 billion gap. This idea came up of having this Access to Business Funding Bill to try and find financial avenues for businesses who are running and those who have a turnover of \$100,000 to try and perform well and close the gap that is there.

Also there was a research done by the World Bank - Doing Business Survey. In Fiji, there is a saying in *iTaukei* which says, *bisinisi me duri ga me davo*. So, lifespan of MSMEs is only for two years. That is the lifespan of majority of the MSMEs that are operating. In that survey, Fiji is ranked 163<sup>rd</sup> in terms of starting a business, 165<sup>th</sup> in getting credit and in terms of commercial loan, it hovers around 9 percent to the MSMEs sector. So, coming in with this Bill, in terms of recommendations and ideas from those who are operating or those who are interested in how we can improve using this Access to Business Funding Bill to help MSMEs breach that financing gap.

MR. CHAIRMAN.- Are there any other comments from the public?

MS. F. DITUKANA- I am the President of the Lautoka Market Vendors Association. Listening to the contributions that have been done, there are a few things that I would like to bring forward.

One is the Women SMEs at the market accessing funding, not only on grants but also on loan. A big one is the criteria of accessing those loans like the one that FDB was giving. The criteria, it was quite impossible for women to access that funding because of the lack of understanding of applying online. This is understanding of what was the criteria required in the English language. Language is always a barrier and applying online.

The other one, those who are accessing the funds, misusing the funds and grants that was given to them. If only a law be in place that the Government could identify and use associations on the grounds that work with

SMEs. For example, in the market we have a Market Vendors Association to work with us and we could identify potential vendors on SMEs that could access those funds. After COVID, there were a lot of people who came into the market, they came for a while and left because in the market we have casual business vendors.

For permanent market vendors, they usually come to the Council for confirmation letters. Then we have these people who come only a few weeks on a temporary basis just to access this letter and receive a grant. So, if it could be possible if they could work with associations at their level and for us to identify potential SMEs or vendors that can access those funds and possibly help them from our end.

HON. P.D. KUMAR.- Thank you for raising your concerns in terms of accessing funds by the market women vendors. It has always been quite challenging for women vendors, not just women vendors, but women grant businesses to access funding; it is always difficult. We understand that. But you have made a very good suggestion that whenever Government comes up with any form of grant, it is good to consult various agencies to understand who are the rightful beneficiaries of that grant.

Unfortunately, we have also seen some click work that goes between the association and their members and those who are not part of the association tend to fall out. So, there is a bit of complication there as well. We have heard you, your suggestion will definitely be taken on board by the Government. Your suggestion that any such application when it is online, if it can be translated into different languages, surely that will certainly help. Even for this particular Bill, we have made suggestions to the Ministry of Trade as well as Reserve Bank of Fiji. We have said that it should be translated into different languages so that businesses can understand the criteria or the requirements, and clearly understand what the need to do on their part so that they can utilise the mechanism that is clearly stated in the Bill currently. We are mindful of that.

We have also highlighted that the Bill is written in a very technical language, very hard to understand and that needs to be further broken down into simple language so that when you read, it is like a story for you. You can follow that story and you will know the climax as well as the conclusion. That is the intention of this Committee, that is, not just getting the views and trying to strengthen the Bill but also talk to the enforcement agency who will be enforcing this particular Bill when it comes into an Act on what should be their role once the Bill is enacted.

MR. CHAIRMAN.- Any other comments?

HON. T.N. TUNABUNA.- Through you, Mr. Chairman, I just want to comment, you have been given a copy of the Bill which you will probably have time to go through, and if you want to submit some of your comments, you can forward your comments to the Secretariat.

HON. P.D. KUMAR.- I just wanted to add few more things about this particular Bill. The Bill that we are discussing at the moment is nothing like the Money Lending Act. We had suggestions that why can we not the components of this Bill be added to the Money Lending Act? It cannot be, they are two different products.

Money Lending Act is more for a specific reason, why it is there. Again for the Money Lending Act, if you talk about collateral or security, ATM card becomes the security, so they take the ATM card. From the ATM card, they can withdraw what they want. But for Access to Business Funding, we can involve many other investors, people who want to invest in your business and it is purely done on the strength of your business, capabilities, vision for your business, intention of your business, where you want to take your business to? It is a marketing tool. How are you going to market your business based on all the information in regards to your business? If your business is quite convincing, you may have been watching this programme called *Shark*. It is pretty common where sharks are the top business people who are sitting and then individual businesses will come and market their business. The sharks who are very wealthy will say, “okay, I will put in \$100,000 and have 10



percent shares or 5 percent shares.” And then it is up to the business to decide whether they want to go with a particular shark or not. That is a new model of funding which is often seen on television.

This particular Bill that we are talking about is an innovative one. It provides options, it provides choices in the market place. It takes away the burden from the Government because generally, we tend to sit back and rely on the Government for grants, we rely on the Government for funding which is not possible because our economy is very small. There are other needs, but we would like to explore by engaging other individuals who have got surplus money but they want to make more money out of their money and how they can invest in your business.

As honourable Chairman had explained, there is a small offer (small offer is generally peer-to-peer lending) and the other one is crowd funding. These are innovative mechanisms and sometimes people are of the view, “well it is not going to work out for me” – fair enough. It may not work out for you, but there are other businesses, it might work out for them. We should not shut the door just because it is not suitable for you. It can be suitable for others. We are creating that choice in the marketplace. We are creating different funding models in the marketplace so that the businesses, MSMEs will have a much wider option rather than relying on traditional methods of raising funds. What is a traditional method? A traditional method is one goes to the commercial banks or to the Fiji Development Banks or credit institutions like Merchant Finance, et cetera. But when you go to all these institutions they will always ask for security. They will ask for collateral and when you are not able to have a security against which the bank can give the loan, the door is closed right on your face. The end. It is a road block.

However, with this particular Bill, we are not asking for any collateral. We are simply asking for - how you have been running your business; what are the potentials in your business and what is there for me as an investor? If it is a small offer and I am giving you some money, I will be simply saying, “hey, I can give you \$10,000 this year to invest in your business but it will be at a particular interest rate.” So, the interest rate will be decided by the business owner and the investor. You will be deciding what should be the interest rate. It is pretty open and both the parties can make the decision whereas for crowd funding it can be also shares. You may say, “okay, I am investing \$10,000 in your business, you do not have to pay me back but I want to have 1 percent share, 2 percent share, 3 percent share” which will be again negotiated by the business and the investor.

These are some innovative mechanisms that has been introduced in Fiji’s traditional financing system that we have been using over the years. This is definitely very useful for those businesses that have brilliant ideas; they have the energy and vision. Everything is there but they lack that financing. I just thought to re-highlight because often people feel that maybe this product is not for me. I just want to highlight, as a Government, we need to ensure that there are various options available in the marketplace for businesses and that is what we are doing through this Bill.

MR. CHAIRMAN.- Just to add into what honourable Premila Kumar has raised. Just an example from what has been done in other countries. A case study which was provided to us by ADB of Otago Chocolate Company (OCHO), a community-owned chocolate company based in Dunedin in New Zealand. When Cadbury closed factory in 2017, the community thought that they should continue with chocolate making because Dunedin is widely known for its chocolates. If they close the factory, the town will lose part of that history and the marketing that goes with it to promote Dunedin. They raised 3,549 investors, they raised \$2 million to buy off the factory and to continue with the factory. So, after seven years, the annual revenue is \$443,000. Everyone is wanting to be involved and they have shares in the company. The factory is now continuing, based on the people who have an interest in chocolates. They live in that town in Dunedin so they thought that this was a good business proposal. So those 3,549 are shareholders. They have to buy shares depending on how much they give whether it is \$100,000, \$20,000, or \$1,000 to be able to raise \$2 million to establish the factory.

So, those are sort of things that can be done in Fiji particularly for *iTaukei, na solesolevaki, cakacaka vata*, that can be used to leverage quite a lot of funding, particularly when you have people from overseas that have funds but they do not know where to put the funds in. There is a way of trying to invest back into the community, they can provide that funding. Most of the funding, I heard from some people, only when someone dies then we send funds. But if it is a business, I think, we will favourably look into those sort of businesses so that we can have share. When they come back then they can get some dividend or when they retire and come back to Fiji, at least they are part of an existing business that is operating sustainably. There is so much opportunities. If old scholars want to establish or build one building, they can raise funds through this. Natabua High School or Saint Thomas, put your funds together and build a school, build a high rise apartment and they can sell shares, people from overseas can buy shares and it will be easy to introduce for people to take part in it.

If there are no other comments, I would like to thank you once again for spending your time with us. We acknowledge your presence and the various contributions and comments that the Committee has received. We would like to encourage you, if you have any comments, please send it to the secretariat and they will send it to us. In the next few weeks, we will try and finalise the Bill and hopefully finalised in Parliament in December. Once again, thank you very much and our meeting is now officially closed.

The Committee adjourned at 11.10 a.m.

The Committee resumed at 1.13 p.m.

**Interviewee/Submittee: Nadi MSMEs**

In Attendance:

- (1) Mr. Prem Singh
  - (2) Mr. Saliceni Raiwalui
  - (3) Dr. Ram Raju
  - (4) Ms. Adi Bale
  - (5) Mr. Joe Vatunitu
  - (6) Mr. Brijesh Singh
  - (7) Mr. Sanaila Nasalo
  - (8) Mr. Nilesh Singh
  - (9) Mr. Jiten Kumar
  - (10) Mr. Akuila Neivogo
  - (11) Mr. Sikeli Naitoko
  - (12) Mr. Mereleki
  - (13) Mr. Nemani
  - (14) Mr. Tevita Maqu
  - (15) Mr. Gyan Deo
  - (16) Ms. Sereana
  - (17) Mr. Mariana
  - (18) Mr. Afroz
  - (19) Mr. Kavir
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MR. CHAIRMAN.- We shall call the meeting to order. Firstly, I would like to thank you. I wish to express our appreciation to all who are attending this public consultation this afternoon. For your information, the Standing Committee on Economic Affairs is touring around the country basically to solicit your views and meet up with businesses, stakeholders with regards to this new Bill that is currently being discussed and to be passed in Parliament.

The Access to Business Funding Bill, 2024 (Bill No. 18 of 2024) has already been passed by Cabinet and the Standing Committee on Economic Affairs is being tasked by Parliament to discuss this Bill with the various stakeholders including businesses that will be benefitting and targeted under this new Bill.

*(Introduction of Members of the Standing Committee)*

Basically what we will be doing today, we will just be providing a thorough snapshot of the Bill and following that, we will be asking for any comments or views that you would like to express. You are given a copy of the Bill to look at, and of course, when you are asking any questions, please notify us of your name so that we can know. If you are not able to speak in English, you are more than welcome to speak in *iTaukei* or *Hindi*.

Just for your background, the Access to Business Funding Bill is an attempt by Government, also this Government and the previous one where the Bill was first mooted and this Government is continuing with that to see that it is finalised and turned into law.

Basically, the Government recognises that businesses, particularly small businesses face enormous challenges in accessing finance. When you want to expand your business, going to the bank is an enormous task

of filling in so many forms and they ask for collateral, et cetera. There is quite a huge gap there. Most people are not willing to continue, seeking finance from commercial banks because of the enormous challenges they face in accessing finance. That is why this new Bill has been brought forward so that it will address and perhaps alleviate the problem that are currently faced by MSMEs. Given those challenges, we have come up with this new Bill. The Bill has two major regimes in terms of how it can assist MSMEs.

The first one is, peer-to-peer funding. This is where someone wants to establish a business, they can go to another person and make an offer as to how much the other person can contribute towards funding the business. Of course, that could be used as an equity or share also as part of the business and that can be facilitated more holistically through this Bill.

As you are aware, there has been some sort of activities already being undertaken like, money lending which is already being undertaken. It is similar as money lending where you can ask funding from another relative or any other business that is there.

The second funding regime is crowd funding. This is where you are able to leverage funding from other sources. If you have a good business proposal, you can put it out there and people who are interested can invest through putting forward their contributions, but it will have to go through an intermediary that ensures that funding provided are adequately used for that business that the public has been asked to provide funding to.

For crowd funding, this morning when we were in Lautoka, I was describing one example. In Dunedin in New Zealand when they closed down Cadbury Chocolate, approximately 3,000 people in town thought it is best to continue establishing and having a chocolate factory for the town. So, almost 3,000 to 4,000 people contributed to that and raised almost over \$2 million. Now the factory is gaining a profit annually, so they are able to be compensated through profits and dividends that is yielded from the business. These are the sort of financial regimes that can benefit businesses. There are two - peer-to-peer and crowd funding.

And of course, the *iTaukei* people, it is like *solesolevaki*. *Da buturaka e dua na bisinisi. Na gauna oqo da buturaka tiko na somate, buturaka tiko e levu na oga, vakatalega kina qo, nanuma na Matanitu ni rawa ni da cakava talega ina bisinisi, me rawa ni ra vakaitavi talega mai kina o ira na noda, tu mai valagi, era vinakata eso na bisinisi me caka, na noda veikorokoro se na noda vei taoni me dua na bisinisi, da rawa ni cakava vata – crowd funding. Era soli mai o ira mai tai. Sa sega ni soli mai me sa oti vakadua, me vaka me nodra share. Era na marau talega ni lako mai na nodra share, me vaka me i lavo me ra solia tiko me share, me qai soli talega vei ira e dua na i lavo me i vakavinavinaka ni ka koya sa soli oti mai o ya.*

Just a brief background and description. You will see all the details are in the Bill, but those are the two funding regimes that the Bill will be providing an oversight on. I want to make it clear that there is no funding mechanism. *E sega ni dua nai lavo e lako mai i kea me soli mai.* The funding is from private businesses, individuals who have access funds that they can fund another business, those are sorts of things that can facilitate this. The law is there and it is quite open and also there will be a specific Ministry looking after it, overseeing it and ensuring that it works to the benefit of those who are offering the funds and those who are using the funds.

If there are any questions that you have, please feel free to ask any questions, we should take note of those. If there are any comments, if you think that certain clauses of the Bill needs to be changed, please let us know. That is why we are here. It is a consultation, we are here to hear your views and comments. Whatever you want to say, feel free to speak. There is no right or wrong answer, but we will tell you if it is not covered under this Bill.

MR. F. NAEKUEKU.- *Ni sa bula vinaka saka. Au turaga ni Naibita, Wainibuka. Au wasea tikoga e na vuku ni nomuni golegole saka tiko mai nikua, au tiko saka ena makete. Au volivolitaki tiko ena makete me vaka na ka o ni sa vakaraitaka tiko qori, au via vakatataro saka tikoga baleta ni sa tiko saka e dua na qele, ke rawa*

*nio ni vakararamataka e na vuku ni vakanananu o ni vakaraitaka tiko qori, na cava e rawa ni caka e na vuku ni vakanananu oya, ena vuku ni kena gadrevi me caka na bisinisi me rawa ni cicivaki tiko kina na makete?*

MR. CHAIRMAN.- *nikua, au tiko mai Lautoka keirau sota kei na dua na marama, koya e tei kumala sara tiko mai Navai, Nadarivatu. Au tarogi koya, “e vica nomu taga kumala?” Kaya o koya, “e dua tikoga.” Au kaya, “sa rui lailai; cava sega ni 10 kina? E dua na ka na leqa tu ni kakana dina tu qo.” Sa qai kaya o koya ni leqa ni tu mai kea na vuaka era kania tiko na kumala. Oti ya au qai gole tale i loma, keirau sota kei dua na turaga ni Idia, koya talega e volitaki kumala kei na dalo. Au kaya, “vakacava mo veitalanoa vata kei na marama e tiko i tuba ya? Drau veitalanoa, solia vei koya e so na bai me lai caka bai, o koya me volitaka vei kemuni na kumala. Oti ya qai musu mai nona bai.” Na Bill qo e rawa ni cakava eso na cakacaka va yya, me peer-to-peer. O solia vei koya nai lavo, koya me qai solia vei kemuni, me qai sauma lesu tale mai na i lavo. E vaka tuga na money lending. Ia, esa viavia raba i levu ga vakalailai baleta keitou sa biuta kina na maximum amount me rawa ni offer-taki, solia e dua me tiko vei koya e \$100,000. E levu era complain mai kea, ra tukuna ni sa rui sivia na \$100,000, vakacava e dua me solia ga e \$50,000. Na qele e tiko qori, e tiko sara mai vei?*

MR. F. NAEKUEKU.- Tunalia

MR. CHAIRMAN.- Tunalia, e vei tale ya?

MR. F. NAEKEKE.- Tunalia saka qo i Malolo.

MR. CHAIRMAN.- *Ke vinakatik me teivaki, na cava o vinakata?*

MR. F. NAEKUEKU.- *E vinakati me rawa ni tei ga kina eso na tavioka, eso na vegetables me rawa ni veiganiti ga kei na noqu i voli e na makete.*

MR. CHAIRMAN.- *E e vica na acre?*

MR. F. NAEKUEKU.- E 12 na acre.

MR. CHAIRMAN.- *Vaka au tukuna tiko, e sega ni dua na veivuke me lako mai na Bill qo. E rawa ni oti ga qo, drau veitalanoavata kei na Vukevuke ni Minisita ni Teitei me vukei kemuni se cava ena rawa ni keitou veivuke kina.*

MR. F. NAEKUEKU.- *Vinaka saka vakalevu.*

MR. CHAIRMAN.- Any other questions?

HON. P.D. KUMAR.- Can we get an interpretation of that conversation?

MR. CHAIRMAN.- What he is saying is that his got land. He is a market vendor. How can the Bill assist?

I told him that the Bill does not directly help in such circumstances – he has got land and he wants to supply the market. Then I was telling him that this morning I was Lautoka Market. This lady was supplying sweet potatoes. I asked her, “how many bags do you have?” She said, “just one bag.” I said, “why only bag? You could have brought 10 bags because so many people want sweet potatoes.” She said, “the problem is pigs - they attack the sweet potatoes.” They cannot expand. They just have a small area. I went inside the market and met this guy who was buying dalo from Naitasiri, kumala and everywhere. I asked him, “you can help assist that lady - you give her some funds to buy the fence and she supplies and at the same time, she will pay you.” He said, “yes, I am open to this type of idea.” That is where the Bill comes in in terms of peer to peer. To some extent, that will facilitate that. One of the things I have noticed is the trust. There has to be some sort of trust between people;

trust between those who are offering the funds and the recipient. That is one of the problems. But that is not covered under here, but mostly if you know them, what is happening now, if you know the person; your brother. I will give you my brother \$100,000, you do that then you have to pay it back. But in case if you do not know, and particularly from iTaukei, Indo-Fijian, that is one of the biggest issues. How can we address that?

*O keda na iTaukei e dau leqa, e sega na dina. Soli mai dua na ka vaqo, eda sega ni da sauma. O ya e dua na leqa. Sa sega ni kila na Bills, e sega ni macala e caka vakacava na Bill ya. Na dina e vinakati vei keda. Ni soli yani vaqo e dua na ka, da sauma lesu.*

MR. J. VATUNITU.- Just wanted to revisit that question and your response because this Bill, the way we understand it as its written, is to facilitate. You are also telling us that this particular circumstance cannot be facilitated through this Bill. His problem opportunity can be converted in such a way that it would meet the criteria of this Bill so that facilitation can be provided.

MR. CHAIRMAN.-Yes, to some extent. That can facilitate if someone is wanting finance to expand his business, that can be the way. You want a \$100,000. Okay, I can offer you \$100,000. Then you have the responsibility of paying that back, that can be facilitated through this, but there are some other businesses down, maybe a bit lower than this, that will be quite a challenge. We have seen that there are some opportunities that are there like SPBD, those are the types of businesses that can accessible through a bit lower than what we are trying to do here.

*O koya na bisinisi ka lalai sara me vaka na sitoa, canteen ena veikorokoro, rawa ni da cakava talega ia me da kerea tale vei dua me solia vei keda na i lavo. Oya sana via informal tu ga. O koya qo, kevaka mo offer-taka na nomu, vinakata na nomu bisinisi me caka, you have to notify that you have \$100,000 in terms of gross turnover. You have to show a certificate that you have \$100,000. We met some people who said that it is a bit high, how can you accommodate businesses a bit less than that? Maybe \$50,000, that is what has been raised. And of course, we will raise it up with the Solicitor-General's Office or RBF if there is an opportunity to decrease the amount.*

MR. T. MAQU.- *E dua tikoga na noqu vakatataro. Au teitei tikoga qo i Narewa kau supply tiko mai na makete. Sa rai rabalailai na supplier. Au sa supply talega ina otela i Denarau. Niu rogoca mai na ka qo, e ratou tukuna mai na Ministry of Agriculture i Nadi meu lako mai. E dua tiko na noqu kerekere se na noqu vakatataro ke rawa ni dua na veivuke me dua na cooler. E levu na gauna niu dau supply tiko, eso na qiri e lako mai vakasauri. Ke rawa niu solia veimama, seu qai sausaumimi – mo dou veivuke ga mai, meu qai tosoya tiko vakalailai na sausaumi ena vei vula.*

MR. CHAIRMAN.- *Ia, na vakasama qori e sega ni tiko ena Bill qo. E rawa ga ni dou veitalanoa vata kei ratou na Ministry of Agriculture. E dua na cooler e caka tiko mai Nadarivatu, e cakava tu na Ministry of Agriculture, sega sara tu ga ni tawa tu. There was one cooler being done at Keiyasi, nothing there. We have learnt from mistakes. The Government has to learn too at the same time. We cannot be providing things when people are not utilising, providing substantial amount of money when that money could be used for something else. Na cooler drau qai veitalanoa vata kei na Vukevuke ni Minisita ni Teitei. Kevaka me tiko e dua na cooler, ia me sa levu saraga na production; vica na udolu na tani. Baleta eso talega na cooler e ra tu ga qo vei na kai Iia, vakacava me da sauma ga vei ira mai vua na dua me sa da cakava ga vakataki keda.*

MR. T. MAQU.- *Io, koya au kerea tiko yani qori, meu sa cakava ga vakataki au, rawa ni veivuke mai, au na qai sauma lesu.*

MR. CHAIRMAN.- *Dou qai veitalanoa vata kei iratou na Tabana ni Teitei baleta e sega ni tiko e na veitalanoa ni Bill qo na veivuke va oqori. Ni vosota, e Narewa e dua na tractor sa lako kina?*

MR. T. MAQU.- *Io, sa tiko kina.*

MR. CHAIRMAN.- *Io, koya sara ga qori e vinakati.*

MR. T. MAQU.- *Au sasagataka e dua na tractor, sa lako oti mai na vula sa oti; koya na one-third, two-thirds.*

MR. CHAIRMAN.- So the tractor is already there. How many acres? *Vica na eka na tavioka?*

MR. T. MAQU.- *Ciwa na eka.*

MR. CHAIRMAN.- *Alright.*

MR. T. MAQU.- *Keitou sa vakavodoka oti e vica na container, a lako i Niusiladi.*

MR. CHAIRMAN.- Okay, so that is going on well.

MR. T. MAQU.- *Vei au madaga, na noqu tani au rawata, sa sivia.*

MR. CHAIRMAN.- *Ia, na cava ese sau levu tikoga kina na tavioka qo ena makete?*

MR. T. MAQU.- *Na gauna ogo na tavioka sa \$100.*

MR. CHAIRMAN.- Ni \$100, that is too much. *Se sau levu tikoga ya.* That means the supply is not able to cater for the increasing demand. *Sa sivia na tamata. Au lako mai Lautoka nikua, e sega tu madaga na tavioka.* Shortage of cassava and *kumala*. That is why the tractors were given so that you can supply these markets. Forget the export markets, you supply the local market; *na local market madaga qo esa tu na demand.*

HON. T.N. TUNABUNA.- *Koya na veitalanoa ni vakatubu bisinisi mai vakayacori tiko nikua, e vakatabaki dua tiko kina na lawa koya mai veitalanoataki. Igo mei kuri tiko ni veivuke esa dau solisolia oti tiko yani na Matanitu. Eda sa rogoca tiko ya ni sa tukuni tiko, e tiko e na vakatutu ni lawa ogo me tiko vei keda na noda bisinisi e cici tiko va na \$100,000 e dua na yabaki. Ena so na vanua e sa kerei mai kevaka e rawa ni lutu sobu me rawa ni da na qai rawa ni bau vakaivotavota ena gaunisala ni veivuke e tiko ena lawa ogo. Na ka me baleta o koya e vica na taro sa lako tiko mai qo na veivuke ni Tabana ni Teitei, neitou tabacakacaka e dau solia tiko na veivuke e na tabana ogo. E sega walega ni voli ni misini, e rawa ni lai yaco sara talega e na vanua ni vakabatabata (cooler). Rawa ni tou na qai veitalanoa ni oti ogo. Ia kevaka e lewe levu era tiko e na makete, e dodonu me tadola tale tikoga na noda rai e na noda lewena eso nai soqosoqo cokovata me vaka na co-operative. E tiko talega kina na veivuke ni Matanitu. E vica vata tiko na vanua e rawa ni drodro tiko mai kina na veivuke ni Matanitu, koya mai veitalanoataki tiko e na yakavi nikua, o koya e rawa ni da raica kevaka e da veivuke ga vakataki rau le rua me rau peer-to-peer se me lako va na crowd funding. O ira tale na kena vo, e rawa ni tou na qai veitalanoataka koya sa dau solia tiko qo na matanitu.*

MR. J. VATUNITU.- Turaga na Assistant Minister, e dua tikoga na taro. Basically there are two questions. One is the purpose of this Bill. The facilitative function of this Bill. Is the Government the facilitating function provided by the Government and where does the funding comes from?

HON. P.D. KUMAR.- Thank you for your question. You have asked a very valid question. The funding is not from the Government. This particular Bill is bringing about innovative ways of raising funds. Generally, the businesses are raising funds in the traditional way, which means going to the banks and the banks will be asking for security (collateral) and then of course, they will consider all that before they decide what interest rate or you will go to FDB or other credit institutions.

This particular Bill simply says, “we do not need any collateral.” You need to have a good product. You have to prove that you have been doing your business very well over a period of time. You have a turnover of \$100,000. There is an intermediary who will come and vet what you are saying. If you are saying, my turnover is \$100,000, all that will be vetted by the intermediary. Once the intermediary gives a tick on it, that yes, whatever you are saying is correct, then the intermediary will prepare the marketing material that can be used for raising funds. In other words, it is your business, you know what you are doing, it is your vision and where you want to go.

So, looking at your businesses, if someone is interested, for example, I am interested. I have got some money and I want to invest in your business. That dealing will be between me and you. Obviously, if I am going to give you money, then what is there for me? One way is charging interest and interest will be decided between the borrower and the investor. They will decide on what should be the interest rate. But all these will happen within the framework that will be established by the Reserve Bank of Fiji. When an intermediary is involved, suppose one small accounting company, we just met recently yesterday, in fact. There is a small business called SME Solutions and they do this small kinds of work.

They need to be registered with Reserve Bank of Fiji. They have to follow all the regulations. When it comes to peer-to-peer lending, the maximum allowed is \$20,000 per person and that can be given only once a year. Again, how much money can be raised? There is a maximum of \$2 million set that can be raised. When it comes to crowd funding, the same concept but you have to go through the app and through the app then your product is basically sold to the various investors as well as businesses who want to put in their money. This is where I can say, “alright, I am giving you the money because I have faith in your business and I feel that your business will take off because of the data you have provided.” In that situation, I can say, “I am giving you this money but I need to have shares in your business.” So, that will be again discussed.

From the Committees’ perspective, we have been discussing this with various other stakeholders, we see there are some areas that needs to be fixed. For example, yesterday, when we in Tavua, someone asked what would be the interest rate. If we leave it open ended, it can be abused. We were thinking amongst us that perhaps there can be a cap set within the regulation; that is the maximum and then you can negotiate.

These are some of the suggestions we are taking with us to further improve the Bill. But where is the money? The money is not with the Government. It is with the people; people who want to invest and not generally business to business, it can be a private individual whose got surplus money and I want to put my money into your business. That is how it works. It is an innovative way of financing outside the traditional mechanism. Sometimes people will say, we have heard whether this mechanism will work. As a Government, the job is to provide choices to businesses. It may work for you, it may not work for the other person, but that is fine. At least those options are there in the marketplace that people can explore those options. So, that is basically the gist of this particular Bill.

MR. J. VATUNITU.- Thank you, honourable Kumar. The additional question is, what is the aim of this Bill?

HON. P.D. KUMAR.- Let me go back to 2015 when the research was undertaken. A research was undertaken by ADB and it was mainly to do with MSMEs. Sir, MSME is the engine for our economic growth, but they are somehow underestimated and less appreciated; that is the reality. They go from pillar to post trying to get finances but they are not given that kind of money from the traditional sources. They identified that in Fiji MSME needs about \$2 billion. That is where the demand is. But currently the banks and other traditional institutions, they are only able to give half a billion. So that means there is a shortfall in terms of what the demand is and what the current credit institutions can give.



Now, obviously the Government steps in with grants and loans, et cetera, but that is still not sufficient. What else can be done? That is when ADB, RBF and Ministry of Trade came up with this mechanism of raising funds and this is not new to Fiji. This is already working in Australia and New Zealand and in other jurisdictions and they are doing very well. What is the aim? The aim is really to provide an alternative source of funding for the MSME. Going away from the traditional sources where they will be asking for collateral and securities, to a system where it is built on trust, products and the desire of the investor of businesses to participate in your business. That is basically the aim of this particular Bill.

MR. J. VATUNITU.- Thank you for that, Madam. Could you quantify that? You would have done the research for the number of SMEs that are in Fiji. How many of that you want to utilise these facilities so that they can access the required funds for them to grow?

HON. P.D. KUMAR.- In Fiji, according to FRCS there are 120,000 MSMEs. That is the figure they are giving, but if you go to the Companies Office, the ones that are registered with them, it comes to only 30,000. It simply means that there are a number of MSMEs that are not registered with the Companies Office.

For your information, we already have MSME Council and in 2019, the MSME Unit was established within the Ministry of Trade. The idea was to bring all MSMEs together so that the Government can provide training, we know exactly what your businesses are, where funding is needed and the Government can assist. That was the whole intent along with this particular Bill that will provide the alternative financing.

If you are going to ask how many businesses will be using this? Really we do not know. It is a choice that we are giving to the people. It is up to you whether you want to go this way, you want to go through the traditional way of raising funds, you can do it. We are just providing the options of financing. There is no total reliance on Government funding or no total reliance on traditional development banks, et cetera, that can make you run from pillar to post. This is like, for example, your brother who wants to finance your business. How does it happen now? Word by mouth, am I right? I will say, "okay, I will give you the money, but what happens when your business does not take off because as a brother I trusted you without seeing all the documents. This particular Bill ensures that all that information is there for an investor to make an informed decision. It creates that trust between the investor and the borrower.

MR. J. VATUNITU.- Thank you.

MR. CHAIRMAN.- Any other comments?

HON. P.D. KUMAR.- Maybe just for your feedback because these are some of the things that are being said in other consultation and it is good to have further discussion on this matter.

The first one is the limit that has been set. The limit is \$100,000, so in other words, this Bill is actually for those businesses whose turnover is \$100,000. If you look at the definition of MSME, we do not even have a legal definition. It is a working definition at the moment. So, \$50,000 and below is micro. And then \$50,000 to \$100,000 is small and it goes up to \$1.2 million which is medium size, but these are all working definitions. We are told that we must have a definition for MSME - that is a suggestion. Also, if we can lower \$100,000 so that we can capture micro-businesses as well. What are your thoughts on this?

HON. A. BIA.- Just to add on to what honourable Premila had said in terms of the Business Funding Bill. It comes down to marketing. If you wanted to go further in your business, you have a good business plan, you go to the intermediary, the intermediary will look at all the details that you have with your business in terms of your business proposal, business plan and in terms of where the finance is coming from, there will be a group of investors. The intermediary will see your business plan and your proposal and will see where and which investors

fits your business. So, the intermediary acts in such a way, marketing your business to the investor that is suitable for your business. I just wanted to clarify that for you.

HON. P.D. KUMAR.- To the discussion we are having, the current Bill does not address the startups. If you have got a brilliant idea and you want to float it around to raise some revenue, it does not cover at the moment because you have to be in business and show two years of your returns. What is your take on that? Should we be incorporating startups? There are many suggestions coming along but we have to consider all that and make a sound decision on what can work, what cannot work because initially, we cannot just include everything and then if the trust is eroded, then there is no way this particular Bill (when it becomes an Act) can be effective. We have to take small steps towards reaching the bigger one. For your information, when it comes to crowd funding, one can raise up to \$5 million. This is where the individuals or businesses giving money can have shares in that businesses. A good example was shared by the honourable Chairman, when he talked about the chocolate factory in Dunedin in South Island.

HON. A. BIA.- *Au vakadewa ga vaka Viti vakalekaleka vei kedatou na tiko qo me baleta ga bibi ni kena veitalanotaki, i qo se lawa vakaturi. Na kena lai ciqomi me pasitaki e na loma ni Bose Lawa, sa qai lawa virikotori. Au kila ni taro toka yani o honourable Premila, e taroga toka yani na lawa oqo e sega ni vauca e dua koya e via tauyavu vou na nona bisinisi. E vinakati koya oka va na vuku ni veivukei ni bisinisi oqo, o ira era sa toso tiko na nodra bisinisi, ka tiko na nodra i lavo e ra rawata e na loma ni dua na yabaki na \$100,000. O koya ya e yaco tiko kina na veitalanoa qo me da veitalanoa kina se cava, e vinakati me oka kina o ira na tauyavu vou, koya ko vakayacori tiko kina na veitalanoa qo, baleta qo se qai lawa vakaturi tiko, se bera ni lawa virikotori me lai pasitaki e na loma ni Bose Lawa. E gadrevi me vakalevu kina na veitalanoa se cava oni gadreva e na vuku ni veisau me vakayacori eke, me rawa ni veiceguvi toka vei ira eso era qaravi bisinisi taudua. E vakayacori talega ka yavutaki na veitalanoa ni lawa vakaturi oqo, e laurai ni dua na veiyawaki levu e tu vei ira na tauyavu bisinisi taudua kei ira era sa vakabisinisi lelevu tu. E vakayacori e dua na vakadidike e tekivu mai na 2015, 2018, 2019 qai mai vakaraitaki talega ni rauta ni \$2.2 billion na veiyawaki vei keda na vakaduri bisinisi taudua, vaka talega kina vei ira na sa toso sara na nodra bisinisi. E vakayacori e vica na vakadidike kei na veitalanoa ka kau mai kina na lawa vakaturi oqo me rawa ni bau veivuke toka vakalailai vei keda.*

*Au kila me na matata tiko vei keda ni rua na gaunisala e gole mai kina na kena vakailavotaki o keda na dau ni bisinisi va na lawa vakaturi oqo.*

*Dua na peer-to-peer lending, sai koya o iko o rawa ni lako ga vei dua e solia e dua nai lavo me vukea na nomu bisinisi, ia na kena duidui mai va na kena koya da vakaraitaka tiko e na gauna oqo, ena dua tale e na tiko i loma me wanonova na nomudrau veitalanoa. O koya na maroroya o iko vakacici bisinisi vaka talega kina vei koya e solia na i lavo vei iko, me na tu o koya, vakatokai toka na vosa ya na intermediary, me na wanonova o koya na kena lako mai na i tukutuku vakabisinisi qo; qo e viritaki eke, o ka qo e solia mai na i lavo, me raica o koya na gadrevi vaka e vakaraitaka toka o honourable Chairman, ena gadrevi na dina e na veitalanoa oqo. Vei au talega na noqu vakawilika ka dikeva na lawa vakaturi oqo, o koya e da bula vakarautaka na noda bisinisi. E vakayacori talega na vakadidike, usually the lifespan for all MSMEs in Fiji is just two years. Na kena i balebale, na kena kau mai na lawa vakaturi oqo, o koya e vakarautaka na nomu bisinisi. Me kua ga, just run for one or two years, there is consistency in the way you operate your business.*

MR. B. SINGH.- Coming from Nadi, the permits raised by LTA officers throughout the region was the shortage of bus services. We were given provisional permits for the mini bus to operate from the various areas. All of a sudden when the permits got opened, this thing came up with the Council they do not a space for the base letters. So the town council does not have a base letter. Secondly, LTA gives us the permit to operate. We started operating, all of a sudden after operation of six months to nine months or so we were told to stop the service and go back to private. They did commercial to our vehicle. We took huge loans from the banks and now our permits are being revoked. Ther are a few operators in Lautoka, Nadi, coming to the town council but there is no say.

When there was a need, we gave in to service school trips. Overnight, when we saw another vehicle coming in the same route with the LM permit, we asked, “how did you get the base letter when the council does not have the base at the moment?” Things come up from relevant authorities, that it is from the council and then to LTA. Our vehicles are parked and we are just doing repayments of the vehicles at the moment.

MR. CHAIRMAN.- As I have said, the team here is just to look at the Bill. Anything outside of that, like the LTA, will take note of it but we will raise it with the relevant Ministries and Ministers.

MR. G. DEO.- Sir, without the permit, we would not have taken the risk of taking huge loans from the banks, buying that vehicle it does not make sense. When LTA was in need, they said for us to go and operate; operate as in commercial. As the permits get renewed, we were told there were no further applications.

MR. CHAIRMAN.- Is that minivan?

MR. G. DEO.- Yes.

MR. CHAIRMAN.- Perhaps the Council can explain, please? What is going on here?

MR. AFROZ.- Just to elaborate on this issue, while these permits were issued, it was never done in consultation with the Council. So, LTA I am not sure how they went ahead and gave provisional permits, what were the conditions, et cetera. Around three today, we are having the CEO of LTA who is coming down to have a meeting with us and I will definitely raise this issue.

MR. G. DEO.- Leaving the minibuses permits, now coming onto rental cars. I am a rental car operator also. The biggest challenge we are facing at the moment, Sir, is the insurance companies. Basically, if we are the rental car operators, insurance companies do not want to take insurance from us. So, basically if we are buying a new vehicle, obviously it is under mortgage and we have to do insurance. That is another challenging issue here with us that FCCC is not working with us. None of the companies in Nadi, even in Suva, they do not want to take policies for LR vehicles. So, we are thinking of removing the LR permits and going back to private so that we can get that insurance policy done.

MR. CHAIRMAN.- That is noted. We will try to raise that with the appropriate authorities.

MR. B. SINGH.- *Bula vinaka*, Sir. This is in regards to the guy who has just raised the issue about the minivan. These circumstances came into effect when there was a bus company (Dominion Transport) in Nadi which was unable to provide transportation. After that, LTA has given these people the opportunity to provide services on school trips and some passenger trips. During the absence of the bus company to provide the bus service, these people provide services. So, their concern is that when the permit was open for the new LM permit, Minivan permit, their Commercial permits and Provisional permits were not cited and some other people were given the permits.

MR. CHAIRMAN.- That is noted, but I would ask that you also attend the meeting with LTA this afternoon. I think that is quite important. They are the ones regulating all permits. You will hear why they have done that. They have done that for some reason. If they have not addressed it, you send me an email and I will try and help you out. After this we can talk.

MR. J. VATUNITU.- Mr. Chairman, possibly a motion, start-up companies be included in the Bill to have access to intermediaries so that funding could be facilitated.

MR. CHAIRMAN.- We will take note of that.

DR. R. RAJU.- I have currently just over 200 members. I have repeatedly circulated this particular meeting today if members would go through this Bill and come to the meeting. If not, then they were free to also pose some questions that I could take it up for them. It seems the interests is not there from the number of members I have, and up to 80 percent are MSMEs. I guess they are pretty well-of with the current lending commercial banks. There is one good question that has come up from one of the members asking about iTLTB and the reason why the agriculture sector is not growing. The chain of responses after this person posed this question, I will go through it, it is interesting. None of the banks are happy to fund against iTLTB agricultural leases. Sir, FDB does, but very hard with high interest rates. This is the reason why the agriculture sector is unable to progress.

Following this question being posed, this is a major hindrance for a lucrative and fast growing industry. Lots of land out there but no formal leases are available. Yes, that is what has been said my friend. The same problem year after year, yet no government has the will to address the problem, maybe this one will. Probably that is the change that was being shouted about before the elections. Native businesses have never been able to grow due to this, and if it is not sorted, there will be no *iTaukei* member in the Chamber.

Another response to this. By the time they get it started, its elections time again. I think a very practical kind of conversation has been taking place. What could be the reason if finance was building on native land, why not farming; what is the problem? Probably campaign strategy for the next election. That is the end of this particular question and some of the responses from the members.

Perhaps someone will be able to elaborate on that or give some answers to this but I think, of course, yes, I totally agree that the agricultural sector is not being addressed or has been neglected for the last 30 to 40 years. I have repeatedly said that the rural sector (agriculture is the rural sector, is it not), there has been a lip service to the infrastructure development and unless and until the roads are tarsealed to all the rural sectors in Fiji, you will never see agricultural productivity getting any better. Otherwise it will still be down. We will still never be able to achieve what we always keep talking about.

One question I would like to ask and pose, I think this is an interesting Bill. There is probably an alternative to funding for the agriculture sector and other MSMEs. Honourable Premila Kumar, you mentioned that this is working well in Australia but what about in developing countries? Has it been trialled because we are basically a developing nation. We cannot be compared to Australia or New Zealand.

My final question will be about the regulation of this particular Bill as well as the lenders and the recipients. You mentioned along the way that RBF is going to be regulating this. If that is so, you need to put up RBF offices in other parts of Fiji rather than just being in Suva. It is always very difficult for people to keep travelling to Suva unless you start looking at a direct connectivity from Nadi direct to Suva, a highway perhaps. These are some things that needs to be looked at as well but I think you need to get offices set up here in the West, if this particular Access to Business Funding Bill will be beneficial or will materialise in the future.

MR. CHAIRMAN.- Thank you. Perhaps the honourable Assistant Minister for Agriculture can talk on that; why we need to improve agriculture.

HON. T.N. TUNABUNA.- There has been a lot discussed about productivity in agriculture and there has been a number of problems identified with solutions. One had thought of tarsealing road whereas if you drive from here to Suva on a tarsealed road, you still see unused land beside the road. That poses the question whether we are going to use the land if we tarseal the road up to the interior. The Government does have some plans in improving productivity from the agriculture sector and this comes with the high demand for mechanisation, demand for use of machinery, demand for value adding overproduced crops over the main growing and production seasons. It also comes with how we can minimise losses after they come to the market, like hotels and in our home kitchen. All these are part of the whole problems that is faced in our production systems. Some are related to climate change which we can do very little about, but I think what we are discussing today, there is an

opportunity for us to see how we can best have options in how we can be funded in the MSME. I will want to have a copy of the things that have been addressed by your members so that we can work out some plans on how we can address those. But as I have said, productivity in the agriculture sector had been faced with a lot of problems. Some we can manage but others hardly can be managed by anyone for that matter. I am very much willing to discuss some of the problems faced in the agriculture sector after this session.

MR. CHAIRMAN.- I just want to share some views on what you have raised Dr. Raju. This morning we were at Lautoka and someone was talking about the sugar industry. The biggest problem in this country, we are subsidising a largely inefficient, uncompetitive industry and providing all the funds there and we are forfeiting other industries that should be receiving a substantial amount of Government funding so that they can realise the economic potential. I think that is where the political will is needed from Government on how they are going to relook at agriculture. Are there any other questions relating to the Bill.

MS. A. BALE.- I am a President of the Nadi Market Vendors Association. What you have been sharing this afternoon is about the informal sectors. I think they would not afford the numbers you have been saying there. There are vendors out there who are working very hard to support their families and there are too many things arising that they would not be getting into that number. That is too much for us vendors and I am speaking on behalf of the vendors in the Nadi Market.

MR. CHAIRMAN.- *Vinaka*, I think it is a valid comment and we will take note.

MR. J. VATUNITU.- Mr. Chairman, if I may, just in relation to the comments passed by the President of the Nadi Market Vendors Association, I would like to propose that the criteria of \$100,000 be reduced to \$50,000 to accommodate for such parties.

MR. CHAIRMAN.- *Vinaka*, that is noted.

MR. B. SINGH- Sir, to the honourable Assistant Minister of Agriculture. Farmers all over the country are facing the same issues with the title lease. They do not have the lease. The lease is just for 30 years and less, some are 8 to 9 years. We are happy that Dr. Raju has brought up this idea. Agriculture is falling down due to lack of machinery and labour. They do not want to work. So, none of the banks will finance a farmer if they go to the bank to get a loan, 101 percent of them do not have the security. My request to the Government of the day is, help these poor farmers with the lease or extend from 30 years to 60 years.

HON. T.N. TUNABUNA.- Thank you for the very valid question and request. I will also take up in a few other forums including discussions with iTLTB. Fortunately lease does not fall in the jurisdiction of the Ministry of Agriculture whereas that can be taken to other Ministries.

MR. CHAIRMAN.- Land lease is a problem currently faced by Indo-Fijian farmers. This afternoon there are two farmers who have called me that they want to see me. The iTLTB, even with 40 years left, they have been asked to surrender the lease and this is not acceptable. I have written to iTLTB saying that the lease is still on, why are you asking for the lease to be revoked. One of the things I have seen, where the agricultural land are being used by other users and it has been going on for some time. It is a threat to agricultural production in this country. Perhaps we have to come up with new laws. Those leases that are used for agriculture must be maintained by agriculture. If you look at the Nadi Back Road, all of those areas 30 years ago, those were flourishing agriculture area. But now you will see all the industries coming over there, currently it cannot be used for agriculture. Perhaps we have to think of new laws on the usage of land, particularly relating to national land use policy where you allocate a land for its best use. Maybe you have to move up to the mountains so that we can have light industries and maintain the flat land for agriculture. That is where the Government's intervention should come in. Even though the landowners are coming, they want quick money, the developers are the ones benefitting from it, not the landowners. Landowners are the ones that are trying to sell, but in the end, if it belongs

to the landowners, that is alright, then they can benefit. But most of it is just being used by other businessmen, I suppose.

HON. P.D. KUMAR.- Can I just respond to Dr. Raju's two other questions that are still pending. One was to do with RBF and the other one was whether there are other examples of developing countries.

Sir, RBF will be the regulator for intermediaries. The Ministry of Industry and Trade is the one that will be overseeing the implementation of this Bill once it becomes an Act. The Ministry of Industry and Trade have office in the West, North and they would be the ones involved in it. But say for example if you have an issue with the intermediary, because you will paying a fee to the intermediary and they perhaps lied on your proposal or did not disclose the correct information. So, if you enter into a dispute with the intermediary, the best place to go to get assistance would be through RBF. You know RBF has also setup a financial ombudsman now. So, that would be the mechanism through which the disputes can be resolved.

Now, coming back to that question of whether has this worked in other developing countries other than Australia and New Zealand. The answer is, yes. Sir, ADB and World Bank had done a thorough research. They gave the example of Australia and New Zealand because we are like neighbours, closeby, we visit often, we kind of understand them better. This particular Bill is emulated on the one that New Zealand is currently using; agriculture-based and they trial and tested. The success rate was there. For Fiji, obviously when it comes to the implementation, we will just see how it goes and then there can be further amendments based on what we learnt from the experiences within our financial sector.

DR. R. RAJU.- Thank you, Member of Parliament for the clarification. I was here more to learn all about this. A lot of MSMEs, I think there is an alternative. So, it is a matter of getting the people to understand it, that is why I think many of my members are not sure of.

The other clarification I just wanted to know, I have seen somewhere along the line the \$50,000 fine or two years in jail. Is this where the controversy started by FTUC or others a few weeks ago? There is a huge hue and cry about some \$50,000 fine. Could you enlighten us on that one? It came out quite strongly in the papers, news media about the current Government in trying to get this Bill.

MR. CHAIRMAN.- I think that is totally a separate issue which deals with labour laws that they are trying to introduce. It is a separate issue from this. There is no coherence and link to this.

DR. R. RAJU.- It also has \$50,000 fine or 2 years in jail. If there is a breach of trust about this particular Bill.

MR. CHAIRMAN.- It is just a coincidence.

HON. S.T. KOROILAVESAU.- I just wanted to continue with Dr. Raju. I think this Bill will have a very slow momentum because if you compare with Australia and New Zealand, you will see the disposable income that is generated by individual. So, they will have spare money that is floating around with individuals that can be sourced by people that would like to get people to invest. I think also the major challenge for this Bill is basically awareness for the population to be aware of it, that this exists and it is governed and protected under RBF. I think once that generation of interest amongst our population, this will take a strong hold.

DR. R. RAJU.- What is the timeframe you are looking at for the introduction of this Bill?

MR. CHAIRMAN.- Once we go back and formulate our report, it has to go to Parliament in the December sitting. Once it is passed then hopefully by next year. After this, the Ministry that is responsible for the implementation then they will have to look at the details in terms of the regulation, *vinaka*.

Once again thank you very much for all your attendance. Our meeting is now officially closed.

The Committee adjourned at 2.30 p.m.

# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

### **ACCESS TO BUSINESS FUNDING BILL 2024 (BILL NO. 18 OF 2024)**

**SUBMITTEE:**           **Labasa MSMEs**

**VENUE:**               **Labasa Town Council Board Room**

**DATE:**               **Thursday, 14<sup>th</sup> November, 2024**



**VERBATIM REPORT OF PUBLIC CONSULTATION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD AT LABASA TOWN COUNCIL BOARD ROOM ON THURSDAY, 14<sup>TH</sup> NOVEMBER, 2024 AT 6.10 P.M..**

**Interviewee/Submittee:** Labasa MSMEs

In Attendance:

Labasa MSMEs

- 1) Mr. Paul Jaduram
- 2) Mr. Surendra Prasad
- 3) Ms. Meena Gounder
- 4) Mr. Kamlesh Prasad
- 5) Ms. Amelia Simmons
- 6) Mr. Shalen Jadar
- 7) Ms. Jenny Bourke
- 8) Ms. Losalini Matavesi
- 9) Mr. Dharmend Naicker
- 10) Mr. Shavneel Parnish
- 11) Mr. Rishaal Prasad
- 12) Mr. Dhiren Chandra
- 13) Mr. Ilai Lomaloma
- 14) Mr. Isimeli Vulagi
- 15) Mr. Tuwere Buli
- 16) Mr. Ashween Raj
- 17) Ms. Ranjani S. Devi
- 18) Mr. Usaia T
- 19) Mr. Peniasi Kuta
- 20) Mr. George Koro

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MR. CHAIRMAN.- MR. CHAIRMAN.- *Ni sa bula vinaka*, and good evening to you all. I warmly welcome each and everyone of you to this public consultation meeting of the Standing Committee on Economic Affairs relating to the Access to Business Funding Bill 2024 (Bill No. 18 of 2024).

*(Introduction of Members of the Standing Committee)*

The Committee has been travelling for the last two days and meeting up with businesses, private sector, stakeholders of the business community in trying to explain to them more about the Bill. The Bill has been brought into Parliament and the Committee is tasked to consult widely with the private sector, particularly businesses that would be taking advantage of this Bill.

To introduce this Bill, it constitutes mainly of two financing regime – small offers and crowd funding.

Small offers as stipulated in the Bill is a personal offer whereby each business, when they want to raise capital, they would seek funding.

Some people will be having problems with hearing, that is why I would like to speak to the mic.

The Government recognises that access to finance is a major constraint faced by businesses particularly MSMEs. When they go to the bank, they face quite a lot of challenges in accessing finance through the bank, even Fiji Development Bank, et cetera, given that they are required to provide evidence of collateral or any assets

that they own. That is why this Bill is complimenting what businesses would like to do in terms of raising capital because it does not require you to have substantial collateral as required by the bank.

Personal Offers, this has already been practiced to some extent in the country where relatives provide funds to their relatives to expand their business or acquire some assets, with the expectation that will be paid back. You might be aware of money lending. Money lending is quite similar to small offer, as you can see that there are some legislation directly to those that will be offering and seek funding. They must have some sort of gross income of at least \$100,000. They need to have some sort of documentation with regards to their income. In most of the places that we have visited, they have suggested if the gross income be reduced to \$50,000. If that is what you are also thinking, because most of the people do not have a gross income, and you talking MSMEs, SMEs which might not have that level of income.

Crowd funding is when you leverage funding from the public or from those that would like to provide you with financing. That could also be used as shares in the business and where they can get some dividend, et cetera. But crowd funding involves an intermediary where the intermediary can negotiate with those that are expected to be providing funding to the person who requires funding.

We have had some cases where we had some examples from a town in New Zealand, Dunedin. When the Cadbury Chocolate Factory closed down in 2017, and people still like to have chocolate. So, what they did was they leverage funding through crowd funding. Approximately 5,000 people contributed whatever amount they could give and they raised about \$2 million which was sufficient to ensure that the chocolate factory remains operating. From the information that we have got, they have a net income of approximately \$100,000 annually. That just shows some of the examples of what can be done through crowd funding.

There are some examples of the social media where people raise funds to assist someone that wants some assistance for health purposes, et cetera, where people donate toward that cause. But I think in this case, it is more of a business proposal whereby when have a proposal that you want to be funded, that has to be given to an intermediary. The intermediary's role is to leverage funding, to call out for people who wish to invest in the business that is requiring funding. I think that is very broadly the objective of this Bill. The Bill is just to facilitate funding for businesses so that they can acquire businesses. I want to make it clear that there is no provision by Government for funding directly into the business, this is mostly private funding. There is no budgetary provision in a budget where funding is being provided because you have other alternative funding, sources that you can as businesses to source your funding from.

I think that is basically what this Bill entails. If you go into the Parliamentary website, you can have access to a copy of the Bill. If there are any comments that you might have, please feel free to send any comments that you might have to the secretariat. I think that is all from my side. Now I will ask for, if there are any comments or clarifications that you may want to raise with the Committee. It will be good if you can introduce yourself because we are recording most of the proceedings.

MS. A. SIMMONS.- I am the founder and chairperson for the Vukea Foundation. I also am a member of the Labasa Chamber of Commerce and the Rotary Club of Labasa.

My question in terms of funding is that the Vukea Foundation was established two years ago. It is a non-profit organisation and also registered non-profit. We are currently in a process of constructing a community wellness centre. Part of our efforts have been to fundraise to acquire funding in order to do that. We have been basically self-fundraising, efforts to acquire funding from Government is yet to basically be received. We are also liaising with the Ministry of Women, Childre and Social Protection in terms of this community centre.

The community centre is probably the first of its kind in Fiji. It is to facilitate drug rehabilitation, mental awareness and also provides skill-labour training to basically rehabilitate people and push them back into the community. We have also talked, you are quite aware of this, with the Merchant Bank in terms of their new

programme, in terms of and affordable housing. My question is, we have gone to the banks to acquire funding because we have still yet to hear from the proposals that we have put out towards outside funding agencies and also Government.

Now, out of all the banks that we have gone to, Merchant Bank has been the only one that is keen to work with us because of the contribution to the community. As you already said, one of the reasons is, is that we have to provide collateral in terms of getting any kind of funding. I think that this open forum is a great idea in terms of how best we can get funding. We have acquired a land which we are paying a premium to iTLTB. It is only an agreement to lease until the premium has been paid. We have a Memorandum of Understanding (MOU) with RFMF Engineers in order to construct, but the biggest problem is funding. Now, in order to facilitate that, will the Reserve Bank of Fiji in the Bill facilitate our needs in terms of us putting forward, like my business in terms of its gross income in order to get funding to construct the community centre?

HON. P.D. KUMAR.- Thank you for setting the background and providing a very detailed information about the project that you are entailed with. Let me just give you the key information about this particular Bill. This Bill is purely for business which means that one has to make profits, and the profit needs to go back to the lender or the shares needs to be given to the lender. So, this particular Bill moves away from the traditional way of lending, which is generally through banks, developments banks, credit institutions like Merchant Finance. It is a system that has been recognised over the years and that is the only system. The intent of this particular Bill is to introduce more products in the market. The product that we are introducing in the market is what the honourable Chairman has just mentioned. One is peer-to-peer lending or we call it “small offer” and the other one is crowd funding.

We are taking it away from the banks and we are leaving it within the public, businesses and individual investors. The only difference is that, as it was mentioned earlier that we are used to. We aware of peer-to-peer lending where your brothers, sisters, neighbours, friends tend to step in to help you in your business, but that is not a regulated system. If they do not pay you, it is bad blood within the family, et cetera.

This Bill regularises the mechanism. It is a very legal system which will be supervised by the Reserve Bank of Fiji. That is what this Bill does. And as highlighted, it is either through equity, shares, one will lend. Say, for example, if I want to spend some money in your business or make that offer, I can do it in two ways, either I am going to give you my money at an interest rate, and the other one is, you do not have to pay me back, but I will have shares. Those are the two mechanisms.

Again it is more about marketing your business. It is about your performance in the last so many years. So, you have to prove to any investor, businesses or private sector that your business has been doing well, you have the potential to grow the business and therefore it will be convincing to the public and the public can then participate in crowd funding or they can go for one to one peer lending.

The Bill is very clear, it says that, at any given time, only 48 people can participate in that. For the smaller businesses, one can raise up to \$2 million, particularly, peer-to-peer lending. One can raise up to \$2 million, and for crowd funding, one can raise up to \$5 million. That is why RBF has stepped in to make sure that everything is above board, but we generally know that for small businesses and micro-businesses, they face a lot of difficulties in terms of keeping their record and to understand the very basic things that they need to keep in their business, prepare a business plan and also a marketing plan. So for that, the intermediaries will be involved. That is another business that will be generated.

So intermediaries would be those individuals who will be registered with RBF and their job is to verify all the information that MSME is putting across. They will verify whether the turnover is over \$100,000 or not, what is the potential of this business - a sort of an assessment of what they are proposing. So, based on all that, then that is marketed and through marketing, people can express their interest.

Coming back to your specific question, I think towards the end you did mention that if I can use my business, am I right?

MS. A. SIMMONS.- Yes.

HON. P.D. KUMAR.- So, in that situation, at the end of the day, even if you are going to guarantee, so that would mean that one can go to a traditional bank, and I know you are facing the problem at the moment. However, one cannot use that for what we are proposing in this Bill because your principal business is non-profit. So, anything which is non-profit is not captured in this Bill.

MS. A. SIMMONS.- In addition to that, within the non-profit will be a sustainable business. In terms of our category, we are classed as commercial because the non-profit will have its sustainable business within to sustain the project. It will be regarded as a business because it is going to be a wellness centre. What our focus is, is that with rehabilitation of those who have gone through mental and drug abuse, there will be a fee that will be charged or a monthly stipulation. The other thing is that, we are also looking at having a training centre, child care centre and also an in-house bread shop or a bakery to provide that business generation.

HON. A. BIA.- Just to further clarify what the honourable Chairman and honourable Premila had mentioned about the Bill. With this Access to Business Funding Bill, you will work through an intermediary. An intermediary is the one that will look at all your proposals and all your business plans, then he will and observe as to which of the investors best suits your business plan or your proposal. I think for that question, we need to further clarify that because you have mentioned that you are currently a non-profit organisation, but then with this, it works with your business plan because somehow you will need to repay that money. As the honourable Premila had said, repay that money to the investor who is willing to invest in your business. Even for peer-to-peer lending or small offer, intermediary is also involved.

HON. P.D. KUMAR.- Can I just add on? Currently the Bill does not cover startups. Again this is what the Bill says, but it is up to all of you seated here, you can make a suggestion. You can say, “hey, include startup” or increase or decrease the amount. Whatever you want to tell us, we will take your comments, we will go back to Suva and obviously we will be sitting with the drafters, Ministry of Trade and RBF because this Bill will be enforced by MSME Unit within the Ministry of Trade. It is their legislation. Sir, RBF is more of a regulator just because money is involved and intermediaries are involved. We will be able to put those views across to really understand the rationale as to why they have not included startups. I also would like to say that, which I have said earlier on, the idea is to introduce many different products in the market. Sometimes people say, “okay, let us reduce it further to \$30,000 and below”, that is really micro-business. Maybe this product is not suitable for them. It is a different product for a different niche market. That is basically what it is targeting. Your comments and suggestions are valuable. Your viewpoints and opinion will be taken and then it will be thrashed out.

MR. K. PRASAD.- Good evening ladies and gentlemen. Welcome to Labasa. I am the Secretary of Labasa Ratepayers Association. Although I have not been able to go through the Bill, but I have got some bits and pieces which I picked up from what you have been saying.

The intention may have been very good, I can see. What I fail to understand is, if there is a running business, because when it comes to business, it means money, investment and profit. Without that, there is no business. What happens if an existing business getting into this fails. I am talking about the recovery side. How will you go and recover because there is no collateral. Without collateral, any lending is a risky lending. Without collateral, you do not have anything to fall back on. That I fail to understand.

Secondly, I am giving you Labasa as an example. The town is now developing. A lot of people are going into business, a lot of businesses are coming to Labasa. One thing I have noticed, a small budget accommodations are coming up. These are starters. People with houses in town are developing them into homestay, budget

accommodation so that tourists, even local tourists when they come to do business here, they can come and stay there and use those facilities.

What I am trying to figure out, if a person who intends to start a business of this kind, will this Bill help him – will the Government, FDB or whoever is the lending institution come forward and assist? The building belongs to the owner, of course. There is something on the ground, that could be a collateral. When this Bill comes into effect, will it be able to assist those people? I am just putting one example, the budget accommodation. There could be other things like bee farming, ginger farming, turmeric farming et cetera. These things are very much in demand these days, so people might go into that. In agriculture, people may go into that. I noted that the intention is quite good but does it cover all these because these are starters. I just wanted clarification.

HON. P.D. KUMAR.- Let me respond to that. As I mentioned earlier on, startups are not included at the moment because one of the requirement is, if you want to use both the mechanisms of raising funds, your turnover must be over \$100,000. You need to produce documentations for the last two years. It simply means that you are an existing business. So, startups are not included.

Now, coming back to that case scenario that you gave us, that you have a building, you want to start a budget accommodation and that building itself can become a collateral. I know you used a very simple example. There could be more complicated matters. But in that particular example, obviously there are traditional mechanisms already available where you can go. This particular Bill does not require any collateral; no collateral whatsoever. Therefore your third question which was your first question about collateral, so if there is no collateral and if a person is not able to pay, what happens then?

Exactly the same thing we questioned ADB when they were presenting this Bill to us. We asked them, but then they rightly said that any business comes with a risk. Even if you take money from the bank, it comes with a risk. Here, the key aspect for the intermediary is to do their risk assessment and there will be various documentations required. A thorough assessment needs to be done. They will be looking at the track record. They will be doing some on-ground verification as well. Like if you are going to say, I am just using one silly example, do 200 acres of apples. Obviously apples cannot grow here. Or someone comes up with some sophisticated product from some place and say, “we are going to introduce this in Fiji.” Again a thorough assessment needs to be undertaken. That becomes the role of the intermediary under the supervision of RBF. It will not be like, “yes, I have a dream and I want to fulfill this.” It will be done through thorough assessment because at the end of the day, it is the public’s money and private sector money that is involved.

MR. K. PRASAD.- Just one addition, could the starters be included into this because that is where, existing business are okay, but we must focus and try to get the starters who are very much interested. They got the age and expertise, they may have land, a house and other things which are needed. That is a very important thing, we should include the starters into this.

HON. P.D. KUMAR.- So, what will do, we will include that as part of our consultation to include startup. For your information, we have seen worldwide startups when they start their business, the failure rate is extremely high. It is a fact, right? We can overcome that. When you suggested that we should include startup because the Ministry of Trade is already providing funding for the startups. It comes under the YES Programme, they give \$30,000 as a startup. There is a age limit, et cetera. Maybe we should look at that aspect of the programme to ensure that this startup starts with that, as it grows, it can then hook onto this particular Bill. We will try and work it out with ADB and others to see how we can include the startups.

MS. A. SIMMONS.- I think what you have just said is you have hit the nail on the head. I think with the startup like the NGOs who are going into the business sense. The other thing is that NGOs should be re-defined in terms of what they are capable of doing now. By giving us startup funds, that also will eliminate some of the risk factors because then you could have that business run provide all the detailed reports of what they can do

and then basically get to facilitate or be on that Bill. I think that will really make sense because it is difficult, for most of us who are trying to do business in a different sense to get the funding.

MR. CHAIRMAN.- I just like to make a comment on what you have raised. You have mentioned about Vukea Foundation. What we have seen with the examples from other countries such as New Zealand. With crowd funding, when consumers are quite adamant and convinced that they would like to support a particular market, mostly ethical market, something that you feel very strongly about, to contribute like vegan food in an organic market, chocolate, it is sort of ethical. You are obsessed with what needs to be attained. Like Vukea Foundation, these are the sort of things people are interested in, like fighting against drugs, they will be able to contribute. That is crowd funding - how you can leverage funding from these people.

Of course, one of the things also we have seen is remittance. You can raise funds also from people living overseas. To address drugs, we can contribute from whatever. If you are going to open to overseas, \$1 billion has been sent annually to this country. When people see that someone is promoting a good or worthy they need to contribute to, I am sure that you can leverage some funding also from those sources.

HON. S.T. KOROILAVESAU.- I just expand a bit on the previous speakers. We have a traditional way to borrow and look for funds. This Bill, supposedly is to seek and try and fill the gaps for those that cannot adhere to the very strict conditions that commercial banks ask. So, it is basically allowing the public to invest into an idea in a business. You sell the product, people are interested in it, they will contribute as an individual just to the business or a group of people see the opportunity and would like to invest as shareholders. That is basically the main issue. We have traditional ways to borrow money from normal commercial banks and development banks but this gives the opportunity for people that cannot adhere to the strict conditions that are set by the commercial banks. This is another way that you can secure funding.

MR. P. KATA.- Mr. Chairman and honourable Members, I have been in Labasa for the past 15 years. My question is, is there a possibility of linking this Bill, given the fact that startups cannot be included and the two years turnaround for them to present probably good books before they are eligible to that funding facility, to the current activity in the rural areas which is mainly farming? The market availability for the products that are being farmed out there so that at the end of the first and second year, they get to have the turnover of more than \$100,000. I do not really believe that is what is happening in the farming community. In other words, we cannot have access to that funding facility. If there is a way that that could be linked so that within two years from now, those in the farming sectors be eligible to that?

MR. CHAIRMAN.- Perhaps I add my comment to that. Currently, the Ministry of Agriculture is providing support to farmers, but I do not know how effective it is, the honourable Assistant Minister is here. Yesterday I was at the Lautoka Market and I was talking to one lady from Navai, Nadarivatu who was selling *kumala*. I asked her, "how many bags of *kumala* do you have?" She said, "just one." I said, "why did you not bring 10 bags because there is hardly any *kumala* in the market?" She said, "I have a problem. Wild pigs are attacking the *kumala*. I just bought some goat fence, sufficient for a small area where I can plant *kumala*."

Then when I went inside the Lautoka Market, I met this Indian Indo-Fijian businessman. He was buying *dalo* and some other root crops from Savu, Tailevu. I asked him, "you will sell all these?" He said, "by Thursday (which is today) I will sell all of these." It is not sufficient. I asked him, "Are you prepared to assist that lady? If you provide some funding to her and she helps you with *kumala*?" He said, "yes, there is a possibility to assist her." He can provide her with the funding to expand her farm and he will supply the middleman or whoever is funding." So, those are the basic things, some sort of practice that can be included under this. Very basic things that can be done, but one of the things that I mentioned in Nadi yesterday was the trust, particularly with *iTaukei*.

*O keda na iTaukei sa dau veitalanoa ga vago, rawa na i lavo, duatani tale na ka eda cakava; sega n dina. Na bisinisi e vinakati kina vakalevu na dina. E dua na ka ya meda na vakavulici kina vakalevu na iTaukei, sega tiko ni part ni ka qo, ia au nanuma tiko meu na veitalanoa vata kei ratou na Minisry of iTaukei Affairs. For*

*iTaukei* going into business because it is not part of our life, this has to be taught again in elementary school, early childhood education, *na dina. E sega ni tiko vei keda na dina. E dua na ka oya ena yaga me vakaukauwataki.*

MR. K. PRASAD.- Sir, while we are on agricultural products and Fiji is an agricultural country. I will tell you the situation in Labasa, like you have just raised about *kumala*. The other area I will be touching is cattle. There is a lot of theft going around. Like you have got *kumala*, we have got cassava, yams these things disappear in the night and very little or nothing is done by the Police. Just two to three months ago, 1 pair of bullocks had been stolen in the night.

HON. P.D. KUMAR.- Farming implements.

MR. K. PRASAD.-Yes.

That gentleman kept on running to the police. If these kind of thefts do take place, they should go to places where these things are eaten. The Police did nothing. One pair of bullocks, I think, it would cost him over \$2,500. The bullocks are still like what you had said about *kumala*, the same thing is happening in Labasa, very little is done by the Police.

In these circumstances, people get discouraged. They do not want to plant. I think in the law enforcement side, the Government should put some measures in place where these things are countered. Suppose if that person does not have a tractor, he had a pair of bulls to plough his land and its gone. Now, his farm will be affected. He was a cane farmer, I know him. He came to me. In fact, I wrote a letter to the Police so that is why I know.

This is what is happening in Labasa because this is where I live and I know that these things are happening. The latest Bill which the Government is getting, if it covers agriculture and investments, I think the Police should put more effort into this. It is not that one just goes to report the matter and nothing happens. We are lucky there is not much theft this year during the crushing season.

Back to the Bill, I am for it. I understand that it is for the betterment of the people. I also urge if the starters could be included. The other thing which I noticed, \$50,000 gross income should be the starting point because it will cater for the people who have got some sort of business on the ground and they can grow from there.

MR. CHAIRMAN.- Any more comments? Please feel free to make any comments.

MR. I. VULAGI.- Just a clarification, since we want to start a business in regards to this Bill, can civil servants have access to this funding?

HON. T.N. TUNABUNA.- I think the answer should be coming from the Public Service Commission. As far as I can still recall that public servants may not be able to access this funding. I can be corrected if there are other reliable sources who can provide the information on whether civil servants can also benefit. I am not in a position to answer that question.

Let me answer some questions, Sir, with regards to the assistance provided by the Ministry of Agriculture. I think most of them will be for startups and a lot of the agriculture businesses that we do revolve below \$100,000, I believe. I think that request to reduce that startup to \$50,000 will probably be able to have other options for those who are still below \$100,000, which I think can be also raised in one of the meetings that we had earlier this week.

The Ministry will still provide assistance for those in the agriculture sector, but as mentioned, this is another option where we can get funding for our projects, apart from the assistance provided by the Government.

MR. CHAIRMAN.- Just to clarify that issue that has been raised. I think civil servants are not allowed. As civil servants, if you want to operate a business, you have to resign and operate a business outside of the Civil Service.

Any other comments?

MR. L. MATAVESI.- *Bula vinaka* team. I am running a business called RTJ Investment and also the Secretary for Vukea Foundation.

I was working as a civil servant for 20 years and now I am running my own business. I started off with mowing. I was the first *iTaukei* lady to run a mowing business in Labasa. The reason that I would like to share is for the startup. When I started the business, I did not have any background on how to run a business, but I was keen because I have a lot of friends. When I was in Dreketi, I learnt a lot from the farmers there. It really built me up, even though I do not have anything. I started off running the mowing business with nothing. So, I applied for a loan with FDB and they just gave me \$15,000.

Mowing business is a good business, but you need to have a big amount of money to run that kind of business because payment comes in late, after two to three months, and I need to pay my employees every week. I kept the faith that one day, I will know how to run a good business like the ladies because I am also with the Women Entrepreneurs Business Council (WEBC) member, and I have learnt a lot from them. You need to have money to run a business. When I started off the business with mowing, I did not have anything, but I kept going. I had to ask my family to help me every month to pay for my workers. Then I saw that when payments come in from my contractors, I had to clear all the money that I borrowed because I did not have anything. So, I changed my business. Now I am into BBQ. I have a stall at Vulovi and most honourable Ministers have been coming to buy from the stall. I am suggesting if this can be taken up, the startup to help some of those that are keen to grow business, especially for us *iTaukei* because it is not in our blood to run a business. I am pleading with the team that is here this evening to look into this.

MS. J.L. BOURKE.- Good evening, everyone. I am in the tourism business. I own a resort called Nukubati. I have been in business for 35 years. What I am hearing tonight is like two streams; ones wanting assistance for startup and to lower the benchmark and then from Mr. Kamlesh, talking about people who are setup and perhaps these addresses them.

So, I am really hearing two separate streams coming forward so there is some kind of a gap in what we have to look at and what we have to discuss. I do not have an answer. That is what I am clearly hearing that there is an appeal from one side for startup and one side saying, "please, lower it, we do have some collateral." I do know how to run a business but I think the overall message for me is, we really need to assist people in how to run the business then all these will make sense.

I have just come from a meeting last week with Small Tourism Operators called Duavata. We have linked up with a programme from Australia called "YGAP" and the programme looks really fantastic and anyone in the room interested in that programme, especially for startups, they are recruiting right now. They really give you the tools on how to start a business. That is my recommendation to the Committee tonight. If you are interested in YGAP because why, to bridge that gap in business. When it was introduced in Fiji, they just introduced it female entrepreneurs, it was called YHER. But then after running it for four years, we realised that we empowered one part of the community, there is also men who need it. If we are going to be inclusive, be inclusive. This year we are just going to do YGAP. That is my contribution to tonight. I am going to ask for leave because I have got a long drive home. It has been a real pleasure to be here, *vinaka*.

HON. S.T. KOROILAVESAU.- I thought I just put a quoting on that. I am new to this Committee. I have just been put in to fill in for someone. To me this Bill is basically I would call it ComFundMe or GoFundMe.



So, basically you have got an idea and you do not have the funds, and you do not want to go to the bank because of the very strict conditions, then you shout and say, “I have a brilliant idea, I want to start a business please ComFundMe.” I think this is the crux of this Bill, for friends and investors to put in money to fund him, supervised by the RBF and you have intermediaries to regulate it or to oversee it. I think it is an alternative way to fund businesses by asking your peers and friends to provide the money to fund your brilliant idea.

MR. CHAIRMAN.- Just in addition to that, I think perhaps the major advantage that we have now is we have a phone. We can sell the idea through phones and social media. That is the advantage as compared to 30 years ago.

MS. J.L. BOURKE.- My one request with the phone, there are lots of black holes in Vanua Levu.

MR. CHAIRMAN.- Point taken and noted.

MS. J.L. BOURKE.- I will agree once publication comes through.

MR. CHAIRMAN.- Yes.

MR. K. PRASAD.- Thank you very much for giving us this opportunity to come and give our views and opinions. I think some important things did come out of this and probably the Committee will look into it. Sir, just on a lighter note, twice chocolates came into the conversation. Fiji has got sugar, Fiji has got cocoa, Fiji has got milk yet we do not have a chocolate factory.

MR. P. JADURAM.- Mr. Chairman, before you close the meeting, the chair of the Labasa Town Council. I would like to, on behalf of the Labasa MSMEs, thank you very much to the team for bringing this Bill to our knowledge. I am sure this Bill has received the views from various entrepreneurs in Labasa. As you know, Labasa is growing. With the growth, the bigger tycoons that have now come to Labasa, I am a landlord, I have 18 tenants. A lot of them just started with no money at all. They find it difficult with the growing number of shops. Now their incomes are divided. I have one reference to make is that if a residential shop has got 2 flats, it started with a small business and the property is used as a flat to earn money. What happens if that whole building caught fire and he has got no fire insurance and no money at all? How can he restart? He got no money at all. Where would he get the money from to start the business again?

MR. CHAIRMAN.- Thank you very much, Mr. Jaduram. We really acknowledge your presence also this afternoon.

Ladies and gentlemen, again I wish to thank you on behalf of the Standing Committee of Economic Affairs. Thank you for your contribution and comments. We take note of your comments and include it as part of our recommendations before we can finalise the Bill in the December Sitting of Parliament. Once again, I would like to thank each and everyone of you for coming and availing yourself in spite of your busy schedule.

The Committee adjourned at 7.15 p.m.



# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

### **ACCESS TO BUSINESS FUNDING BILL 2024 (BILL NO. 18 OF 2024)**

**SUBMITTEE:**           Urata Village MSMEs  
                              Savusavu Town MSMEs

**DATE:**                Friday, 15<sup>th</sup> November, 2024

**VERBATIM REPORT OF PUBLIC CONSULTATION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD AT URATA VILLAGE HALL, SAVUSAVU ON FRIDAY, 15<sup>TH</sup> NOVEMBER, 2024 AT 1.35 P.M.**

Interviewee/Submittee: Urata Village MSMEs

**In Attendance:**

- (1) Mr. Timoci Natica
  - (2) Mr. Alivereti Tabacala
  - (3) Ms. Ulamila Natica
  - (4) Ms. Mereseini Mua
  - (5) Ms. Kaitani Atelaite
  - (6) Mr. Iliesa Vonu
  - (7) Ms. Timaima Tikomaisolomone
  - (8) Ms. Sereana Nasovi
  - (9) Mr. Josefa Togara
  - (10) Mr. Manoa Loco
  - (11) Mr. Ilai Manewa
  - (12) Mr. Anare Dravu
  - (13) Mr. E Baravilala
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MR. CHAIRMAN.- *Ni sa bula vinaka. Taumada au na via vakavinavinaka vakalevu vei kemudou na taukei saka ni nodatou koro e na yalo ni veiciqomi e caka saka tiko vei keitou na komiti keitou gole saka tiko mai na siga levu saka nikua. Taumada talega au na via kerea tiko na veivosoti ni lako bera tale tiko beka ga mai nai tukutuku ka vakavuna e levu ni sega talega beka ga nai tukutuku ni keitou na lako tiko mai na yakavi nikua. Vvavavinavinaka vakalevu e na vosa ni veikidavaki kei na sevusevu sa mai vakayacori. Vinaka vakalevu na nomuni loma soli mo ni na tiko e na siga levu saka nikua.*

*Au na via vakamacalataki keitou na komiti qo. Na komiti qo na Standing Committee for Economic Affairs ni Palemedi. Na komiti ni Palemedi ka raica vatabaki dua na bula vaka i lavo (economic affairs).*

*(Introduction of Members of the Standing Committee)*

*Keitou tekivu mai na siga Moniti i Rakiraki, Tusiti i Tavua, Vukelulu mai Nadi ki Lautoka, Lotulevu keitou sa gole mai Labasa, nikua keitou sa mai tiko sara e na nomudou koro vakaturaga.*

*Na komiti ni ka vakailavo oqo, na gauna qo keitou raica tiko e dua na Bill vakalawa ka yacana tiko na Access to Business Funding Bill; na kena vakarawarawataki na noda rawa ni tara yani na ka vaka i lavo, eso nai yau me mai vakalevutaka na noda bisinisi, ka keitou wavoki tiko qo me keitou vakaraica tiko na kena sagai me vakaiyautaki vakalevu na bisinisi e na gaunisala cava e rawa ni na vakalevutaki kina na noda vakaiyautaka na noda bisinisi. Na ka sa cakava mai na Matanitu oqo e dua na lawa qo, na kena sagai me vakarabalevutaki na kena vakaiyautaki na noda bisinisi. O koya na Access to Business Funding Bill me sagai me qai Tiseba ni yabaki qo, me sa na pasitaki ena Palimedi. Kevaka e tiko vei kemuni eso na i vakatutu, vakasama, koya na vuna neitou lako tiko mai qo. Kevaka nio ni raica talega na website ni ka ni Palimedi, e sa tiko talega kina na copy ni Bill. Na Bill e volai tikoga vakavavalagi, se bera ni se volai vaka iTaukei. Koya moni na vakasamataka tiko ya.*

*E sagai tikoga me vakalevutaki na bisinisi e na noda vanua, ka keitou lako mai nikua, keitou mai gunuti tiko i cake (Urata Lookout), e dua beka na mataqali e nona tiko ya, ya na bisinisi koya vinakati me na caka. Ia, na levu talega na gauna na bisinisi e sega ni lako vata kei na noda bula na iTaukei. E duatani toka ga na bisinisi, e dua tani ga na bula vakavanua. E levu ga na gauna, e sega ni lako vata; duatani ga na bisinisi. Ia, koya keitou*

*lako tiko gona mai kina qo nikua. E rua tiko na ka e vakatututaki tiko e na lawa ni kena vakarawarawataki na vayautaki ni bisinisi qo. E rua tiko na lawa tu e tiko kina.*

*Kena i matai na peer-to-peer. Kenai balebale, na noda soli ilavo ga vakataki keda, vakamataveiwekani, vaka veikila, ke tiko e dua na nomu vakasama vakabisinisi, o rawa ni lako vua e dua na nomu i tokani, lai kerei koya ke rawa ni na vakailavotaka na bisinisi. Na nomu tubu e na nomu bisinisi mada ga o iko me tiko e na \$100,000. Oya, osa qai rawa ni lako ena veitalanoa oya. Sa levu na vanua keitou lako kina, ra tukuna, “e sa rui sivia na \$100,000, vakacava me \$50,000.” Ia, o ya na ka keitou tu vakarau tu me keitou na ciqoma. Ke oni tukuna mai vei keitou \$50,000 sa rawa talega me lako sobu vakalailai me \$50,000, keitou na qai biuita ya.*

*Na peer-to-peer ya e sega ni ka vou. E sa lako tu e na noda veikorokoro qo, eso na vanua koro vavalalagi. Ni rogoca beka na money lending. Oya talega e dua na kena vakaraitaki ya, baleta ni da lako ga, da lai kerea. Solia mada mai e dua na ka qori, au rawa ni cakava kina na noqu bisinisi qo, e va tale tuga ya me peer-to-peer. O keda ga vata kei dua tale, da kerekere.*

*Kenai karua ni gacagaca ni Bill qo sai koya na crowd funding, na kena vakaiyautaki na bisinisi. Crowd Funding qo meda tu ga vago, da solesolevaka e dua na bisinisi. E rawa ni da kere i lavo mai vei ira na wekada tu mai valagi, eda kerei lavo mai vei ira na wekada ga ka tu i Viti, da qai cakava e dua na bisinisi, e tiko talega na kena lawa. Sa qai vakalawataki tu qo. Oya na kena i karua ya. Au vakabauta koya e na via vinaka toka vei keda na iTaukei. Ke da vinakata e dua na bisinisi ni nodatou mataqali se yavusa, tou cakava ya, rawa ni kerei talega na i lavo e tu mai vei ira na tu mai vanua tani. Era qai solia mai na i lavo ya me vaka tu me nodra share va na bisinisi ya. Gauna ni siga ni sucu, e ra lako mai na koro, era mai raica, “oi, sa toso vinaka tiko na nodatou bisinisi, esa lako vinaka tiko.” E va tiko ya.*

*O koya ya nio raica tiko, ena via vinaka toka, ena via yaga talega vei keda na iTaukei baleta nodai vakarau tu o keda na solesolevaki. Eda solevaka na tara ni valenilotu, eda solevaka na tara ni vale ni soqo, na koronivuli, ka kece e ka lelevu tu e na noda veikorokoro qo, e rawa ga e na solesolevaki. Ia, sa kena gauna qo me da solevaka mada na bisinisi, da buturaka mada e dua na ka me rawa ni vakaiyautaki kina na noda koro, na noda vanua ena buturara ni bisinisi. Na buturara ni bisinisi me vaka au sa tukuna oti, e duatani ga o koya. E duatani na kena cicivaki. O ira na wekada na noda vasu, sara kila vinaka tu na kena walewale baleta o koya e duatani ga na nona laini. E sega ni dua na wekana, e cici ga vakataki koya. E duatani tu ga na lawa talega ni kena cicivaki me dua na bisinisi me cici vakavinaka.*

*Au vakabauta sa via koya beka ga o ya na ka au via vakaraitaka vei kea na siga nikua. Kevaka e so na taro, keitou tu vakarau tu me keitou na sauma na taro. Na yakavi nikua keitou na tiko tale mai Savusavu, vakabauta na tiko talega ikea na Turaga Roko. Au sa qai qiri ga qo vei PA, ratou tiko sara qo mai Wailevu (Maivalili Secondary School), e dolava tiko beka na mata ni matanitu o Australia na koronivuli mai kea. E tiko talega kina o PA. Ena yakavi, keitou na qai lai sota e kea vata kei ratou. Mani tiko saka na turaga ni vanua ni nodatou koro, tiko saka na turaga kei na marama, mai dua saka tiko na noqu i tavi, vakalekaleka sara meu na vararamataki keda tiko ena neitou i lakolako tiko mai e na yakavi saka nikua, sa va saka ya na kena levu.*

*E soli tikoga na gauna oqo, kevaka e so na taro, se so tu madaga na vakasama o ni via biuta mai, sa tu na kena gauna qo mo ni na taro mai.*

**HON. S.T. KOROILAVESAU.-** *Au solia mada vei honourable Alikia Bia baleta o koya e dau vosa tu e na vale ni kabukaburaki me vakamacala tale mada mai ena dua na yasana.*

**HON. A. BIA.-** *Au vakuria walega na veika e cauraka toka na turaga Chairman me baleta ga na neitou gole toka mai na siga nikua. Na neitou lako toka mai na siga nikua, me vaka sa vakarautaka tu o koya, e bibi*

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toka na kena mai veitalanoataki vakauasivi vei keda na kawa iTaukei na kena vukei walega na noda bula ni tovolea me da cicivaki bisinisi se qarava na bisinisi taudua. Qo e vagolei vakatabakidua vei ira na dau qarava na bisinisi, e vakatokai na MSME. O keda na tiko e na veikorokoro se o keda na nanuma tiko se da sa qarava tiko na bisinisi ka da cicivaka taudua tiko, se da qarava tiko vakaumauma ka wili tiko kina vaka co-operative.

E tiko beka e dua na bisinisi ni mataqali, e oka kece tiko e nai lavelave ni lawa ogo. Ogo se vakatokai tiko, na gauna tou se veitalanoa tiko kina qo, se lawa vakaturi. Na gauna e qai lai ciqomi kina e na loma ni Boselawa me sa vakadonui me dua na lawa, sa qai lawa virikotori me vakadeitaki vakadua me dua na lawa ni kena tovolei me vukei na nodra bisinisi, se o ira na dau qaravi bisinisi. Na kena i balebale, gauna tou se veitalanoa tiko kina qo, se lawa vakaturi, e gadrevi vakabibi meda na veitalanoa se cava oni nanuma me na veisau e na vuku ni lawa keitou kauta tiko mai qo, e na noda vukei o keda na dau vakaduri bisinisi.

Au vakuria vakalekaleka walega, na veivuke ogo e sega tiko ni oka kina o ira na via tauyavu, me se qai tauyavu vou. E gadrevi tiko na veivuke e na vu ni kena soli na veivuke ni lavo ni bisinisi, oya o ira sa vei qaravi tiko mai e na loma ni rua na yabaka na nodra bisinisi. Kena i balebale, o iko kevaka osa qaravi bisinisi tiko mai, e vakaraitaka toka na turaga Chairman, ni dodonu me tiko nai lavo o rawata e na loma ni dua na yabaki na \$100,000, e na qai rawa nio oka va na veivuke ogo. E vakaraitaka tale tokaga o koya ni levu na vanua keitou sikova tiko mai na yasayasa vaka ra, gole toka mai qo mai na vualiku, vaka kina e Savusavu, era tukuna tiko mai me lutu na \$100,000 ni sa rui sivia. Ia e da kila vakavinaka, na veibisinisi e toka qo e na noda veikorokoro kei na veitikotiko taudaku ni koro lelevu, e sega ni rawa ni dua e rawata tu e na loma ni dua na yabaki e \$100,000. Koya gona e bibi tiko kina na veitalanoa ogo, e cava me lutu na \$100,000, levu talega na vanua keitou lako kina sa tukuni, vakacava me vakayacori na veitalanoa me wili se me oka talega e loma o ira na sa qai tauyavu vou. O ya e tiki kece tiko ni vei qaravi keitou gole tiko mai kina ogo, na lawa vakaturi ni se bera ni lawa virikotori me vakadeitaki vakadua me dua na gaunisala.

E rua tiko na gaunisala ni veivuke e lako tiko mai kina na veivuke vakailavo ogo. E dua na peer-to-peer, na kena i walewale ya, ke sa tikoga o turaga ni koro, e via kerea e dua na i lavo vei dua tale na dau ni bisinisi me tauyavutaka na nona bisinisi, ia na kena duiwai walega mai na kena sa vakayacori tiko qo, ena dua tale e toka i loma, vakatokai toka na vosa vaka Peritania na intermediary. O koya na wanonova na nodrau veitalanoa o turaga ni koro kei koya e solia na i lavo. Na raica o koya, o turaga ni koro me na biuta mai na nona i tuvatuva kece vakabisinisi, na i lavo e rawata e na loma ni rua na yabaki sa oti, na cava e na vakayagataka o koya ena i walewale ni bisinisi cava, solia mai o koya veika e wanonova, o koya sa qai raica o koya se o cei vei ratou na dau vakatubu i lavo ogo e ganita vinaka me solia na i lavo va na bisinisi qo. E vakatoka na lawa vakaturi qo na Access to Business Funding Bill. O ya na vuna keitou gole tiko mai kina me keitou vakamatatataka walega e na vuku ni veitalanoa. Au vakabauta ni sa via matata o ya. Sa soli saka tiko na gauna, kevaka ni qai via taro se via vakamacala, mai vei au sa va toka ya na kena levu.

HON. S.T. KOROILAVESAU.- Au via vakuria ga na vakamacala cakava o honourable Chairman vata kei honourable Bia, baleta sa tiko rawa koya na mataqali veivuke dau cakava na bage, na bage ni veivakatorocaketaki, o ira na bage era dau soli dinau. O koya qo, e tiko ena taudaki ni veivuke era dau cakava na bage. Baleta ni gole mai o ira na bage me ra mai solia na i lavo, e levu na ka e ra vinakata. Era vinakata me dua na i yau e tiko rawa vei keda me security me rawa ni vakayagataki me collateral me rawa ni o kerea kina na i lavo. Qo e sega, e sega ni vinakati. Na lawa vakaturi qo e vinakati na veitalanoa ga, me vaka sa vakaraitaka o honourable Bia, qai tikoga e dua me raica na veitalanoa ya me rawa ni, o koya e vinakata na i lavo me solia mai na i lavo koya tiko vua na i lavo, me rawa ni veivuke ena nona bisinisi. Na kena i balebale, koya na ka e dau lavaka o ira na bage vata kei na bage ni veivakatorocaketaki, e sega ni umani, e via malumu vakalailai na condition e solia na Bill qo.

Kena balebale me vaka e tukuna tiko o honourable Chairman, ke dua, peer-to-peer, drau veitalanoa ga dua na turaga qo na noda vasu, tukuna o koya, au raica tiko na nomu bisinisi e bula vinaka. Au kila keu na curu yani i loma, au rawa ni solia na kena i lavo me vakalevutaki na bisinisi ya. Solia ga mai o koya, sa yalataka o

koya nai lavo, drau cakava dua na veidinadinati, drau qai veitalanoataka ga na interest e vinakati. Baleta keda lako yani na bage, sa tiko ga na standard interest seo lako ina bage ni vatorocaketaki. E dua na bage e tu qo, sa tikoga na interest rate era solia. Ia, ogo e rawa ni veitalanotaki ga mai vei koya e solia na i lavo vata kei na nomu bisinisi na interest cava. Ia tiko na intermediary me rawa ni qai raica me davo vakadodonu tiko. E tiko na Reserve Bank of Fiji me raica na kena vakamatanitutaki me rawa ni matata tiko na veidinadinati e caka ya. O koya tukuna tale o honourable Chairman na crowd funding. Ke dua sa vakaduria tiko na noda bisinisi e na dua na loma ni koro, raica o ira na lewe ni koro tale, “bisinisi vinaka, au via biuta kina e dua na i lavo.” Sa qai wili vaka nomu i lavo biuta e na loma ni bisinisi ya me nomu share e na bisinisi e cicivaki tiko ya.

Na kena i balebale na lawa ogo e vinakata o koya me lako e na taudaki ni vanua e da dau kere i lavo kina i liu me rawa ni rawarawa vakalailai. O koya na bage, sa da lako madaga sa dua na tamani leqa levu ni vinakata o koya me sa o rawa ni solia e dua na ka sa tu rawa vei iko me i vakadei ni nomu kerekere. O koya qo e sega. Koya ko na lawa vakaturi keitou vunautaka wavoki tiko qo. Ni sa na caka oti na neitou wavoki, lako mai na vakatutu, keitou na qai lai vola na ka e via vakaturi mai na vanua keitou veitalanoa kina me qai coko e na lawa vakaturi qori ni bera ni qai pasitaki e Palimedi me lawatu.

MR. A. TABACALA.- Ni tiko saka na lewe ni matanitu. Dua saka ga na taro e na vuku ni neitou bisinisi lailai o koya tiko saka ga e delana ya. Keitou via tosoya tikoga, na tuvatuva ga e tu, ena via dua se rua na yabaki, e rawa saka ni dua na kena veivuke, na kena veivakasalataki e gole saka tiko mai kina na yakavi nikua.

MR. CHAIRMAN.- Sa vinaka, e levu tu na vanua ni veivuke me vaka e tu vei ratou na Ministry of Trade and Commerce, oya na grant, me lako mai me mai vukea na bisinisi koya sa lako tiko, vaka na bisinisi koya tiko mai cake ya. Ia, ogo koya e dua tale na tabana qo, rawa tale ni dua tale na yasana rawa tale ni na tosoi tale kina. Dua mada na kena vakasama – baleta ni ka ni mataqali, kevaka me caka na crowd funding, dou rawa ni kerea tale vei so mai tai, na wekamudou me ra soli ilavo mai, me ra na veivuke mai. Koya na lawatu qo ni vakarawarawataki ni vakailavotaki ni bisinisi qo, e wili tiko kina na mataqali veivuke ya. Io, e sega ni dua nai lavo e solia tiko na Matanitu. Ena rawa vei kemudou, oya na rawa tale ni lako mai vei ratou na tabana ni MSME, na ka ni bisinisi ni Matanitu. Na rawa ni so nai lavo e lako mai kea. Na lawatu qo, o koya na kena vakarawarawataki na vakailavo taki ni bisinisi, rawa ni dua tale na yasana ya, me lako mai eso me ra soli mai me vaka me ra veivuke mai na bisinisi.

Na grant e duatani ga. O koya na lawa qo, e se bera ni dua nai lavo e biu tani tiko vakatabakidua me vukei ira na dau ni bisinisi. Keitou nanuma tiko baleta ni na tiko ga na vanua ga e rawa ni ra vakailavotaki kina, sa tiko na tabana ga ya ni MSME, eso tale na vanua tale e rawa ni ra lako kina o ira na bisinisi koya era sa toso tiko. Dou sa bau veitaratara vata kei ratou na tabana ni bisinisi, MSME?

MR. A. TABACALA.- Se bera.

MR. CHAIRMAN.- Ena via vinaka toka mo dou na veitalanoa mada vata kei ratou. Nikua kei nana e wavoki tale tikoga qo o Deputy Prime and Minister Kamikamica e cawiri tiko. Keitou raica na nona lori ni lako yani va oya. A kele i kea vei kemudou.

MS. M. MUA.- E sega.

MR. CHAIRMAN.- Sa, dodonu me kele kina.

Qai biuta tiko madaga mai na nomudou application, meu na qai lai biuta mada vei ratou. Meu rawa ni qai tarai ratou mada, e ratou dau vinakata tale e so tale nai lavo se cava. Dou vinakata eso na veivuke tale me toso tale na ka ya?

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MR. I. MAREWA.- *Na i tuvatuva saka tikoga ni dua na yabaki. Se caka saka tikoqo na veitalanoa, kere vakasala tiko mai na vo ni bisinisi.*

MR. CHAIRMAN.- *Keitou raica ni dua toka na vanua vinaka e toka kina o ya. Ena vakatau na noda cicivaka tiko na noda bisinisi. Baleta na bisinisi e sega ni ka rawarawa toka. Ena veisiga me tiko ikea na tamata, draki ca, se draki vinaka. O koya, ni o keda ni dua na somate se cava, sa lala mai na vanua ya, sega ni vaya, baleta na tamata e wavoki tiko. Na gaunisala e lako tiko kina na motoka e veisiga. Era vinakata me ra kele e na dua na vanua, ra gunuti, sarasara tu mai kea. E sega ni lako vata ga kei na noda bula ga o keda. Oya na ka e dodonu meda kila tiko. Bisinisi, sega ni dua na wekana o koya. O koya e cici tani ga. E dua tani tu ga na nona cicici. E sega ni kila o koya na somate, veilakovi, lai duguci e dua na yalewa se cava, e sega ni kila o koya ya.*

MR. I. MAREWA.- *Keitou dau cegu na Siga Tabu.*

MR. CHAIRMAN.- *Vinaka.*

MR. I. MAREWA.- *Ni ka kecega sa cawiri tu ga.*

MR. CHAIRMAN.- *Eso na gauna dou na kaseti kina ni dou sa tikoga mai kea mai vei ira na kena vo. E duatani na bisinisi, e duatani na bula vakavanua?*

MR. I. MAREWA.- *Io saka.*

MR. CHAIRMAN.- *Oti ga qo au na qai taura na yacamudou. O cei e liuliu ni mataqali i kea? Rawa ni keirau qai veitalanoa tale tiko.*

MR. I. MAREWA.- *E dua saka ga na taro. Me vaka nio ni sa vakamacalataka tiko mai liu, e na vuku ni Access to Business Funding, koya na \$100,000 koya ni tukuna tiko vata kei na kena me vakatutaki, eso sa kaya tiko me \$50,000. O koya na taro au gadreva meu taroga cake saka tiko yani, e na vuku ni koya so na bisinisi vaka itaukei e solevaki tiko e dela ni vanua, au via taroga walega, koya na \$100,000, koya qo na sales ni bisinisi koya sa cici tiko se me vaqarai me tu rawa, na qai rawa ni basika mai kina o koya na mataqali veivuke dou gadreva tiko mai.*

MR. CHAIRMAN.- *Me vaka na lawatu qo ni kena vakarawarawataki na kena vakailavotaki na bisinisi, o koya na kena matai ya, na peer-to-peer. Kevaka o via solia, meo iko vinakata me dua e vukei iko, o iko madaga me vakadinadinataki ni na nomu turnover me tiko ena \$100,000, kena i balebale na ka o rawata tiko.*

*Kena bale e levu ga na ka vei ira ga koya era sa toso tiko. Me sa tekivu tiko mai, sa toso tiko, sa qai vinakata me toso tale. Vaka na money lending, e sega ni dua na lawa e tiko ikea. Au rawa ni lako ga au, lai kerea ga mai, "au kerea mada e vica na udolu e tiko qori se \$1,000" - e sega ni dua na lawa e tu kina. E sega ni mai koya nai lavo o rawa ni rawata e na nomu bisinisi. Koya qo e sega. Me rawa ka vaka i lavo na nomu bisinisi me tiko ena \$100,000, sa na rawa mona qai wili va na mataqali koya na vakatutu oqo, na kena vakarawarawataki na soli mai ni lavo.*

*E lewe levu e ra kaya tiko, e sa rui sivia. Ke toso sobu vakalailai, \$50,000 dua na dau bisinisi. Keitou raica tikoga, ni oqo o ira sa via tiko vakalailai e cake, sega ni tiko sara ira. O ira na noda veikorokoro, e levu e ra lako tu qo na SPBD, esa na wavoki tu beka - \$1,000. Koya ya sara ira sara, micro enterprise sara ira. Ia koya qo, sa via tiko vakalailai i cake.*

MR. A. TABACALA.- *Vaka saka tikoga ni se qai toso ka vakacagau tikoga eso na bisinisi, vakataka o keitou eke, e delanivanua saka qo, sa qai dola oti saka tikoga qo na neitou sitoa ni co-operative. E tiko na*



*gaunisala e rawa ni laurai tale mada kina me rawa ni vukei tale mada kina na kena cicivaki na neitou bisinisi e delani neitou vanua.*

HON. P.D. KUMAR.- The Ministry of Trade have different types of funding for different activities. One is the Northern Development Fund, it is for the Northern Development Project (NDP). Under that, even co-operatives have been assisted. A good example of a co-operative that has been assisted by the Ministry of Trade under NDP was the cane farm that we visited. It is a co-operative. That land is owned by the *mataqali*. They have planted acres and acres of sugarcane.

MR. CHAIRMAN.- At Nasarawaqa.

HON. P.D. KUMAR.- Yes, Naisarawaqa. It is looked after with the help of Fiji Sugar Corporation (FSC). So, FSC is assisting them in a very big way and that is one of the most successful co-operatives that we have seen because they are venturing out into other things as well. Just to answer your question. Yes, there is funding and that would be under NDP and you need to approach the Ministry of Industry and Trade.

MR. A. TABACALA.- *Ni tiko saka ga na co-operative, me vaka ni neitou sitoa e tikoga qo i batini gaunisala qo. Se qai dua na yabaki, vula tolu na kena sa duri cake, a davo tu ena dua na gauna balavu. Sa veivuke oti na matanitu. Sa lako tiko mai na nona veivuke e na kena vakaiyautaki, na kena vakataucokotaki na vale, mai vakacacani ka vakarusai ena cagilaba. Alako kina na kerekere, lako mai na veivuke ni matanitu na kena vakavinakataki na vale, na grill ni katuba leka vata kei na dua na deep fridge, 6 feet. Ia, na tuvatuva, na tatadra e tiko, me rabai levu tikoga na veiqaravi e na vuku ni co-operative, era vukei na lewenivanua, e sagai saka tiko e dua na draya ni niu. . Au kila ni dua nai vurevure ni lavo vinaka ina koro na niu. E mai vakarusai talega na draya. E mai vakarusai talega na draya, niu levu e tiko ena koro qo, vaka na veikorokoro era tiko mai ra qo, keitou dau lai kauta mai na nodra niu. Na sasaga kei na gagadre e tiko ke rawa ni dua na veivuke. Sa caka oti saka na quotation kei na ka kece - material list. Sagai tiko qo me laurai dua na fund e rawa ni fund-taki kina, ia ni sa tiko saka na liga ni veiqaravi yaco tiko mai nikua, e rawa ni rogoci tiko na gagadre kei na tatadra qo, ena kena sagai me vukei ko ira na lewenivanua e na vuku ni ka vaka i lavo, na niu. E toka voleka saka talega vei keitou na mill. E sega ni dredre, se yawa ia sasaga tiko vakaukauwa me tiko e dua na draya, mei vurevure ni lavo vei keimami e na gauna saraga oqo. O koya ya na ka ese qai tauyavu tiko kina na co-operative, sitoa, sagai me dua na kenai karua me rawa ni kaukauwa toka na cici ni cooperative. Ni kila ni sitoa e tubu lailai sara. Sa tiko na niu, au kila ni na qai veivuke vakalevu sara na nodra vukei na lewenivanua, na vakailavotaki talega na bisinisi esa cici saka tiko ena loma ni koro. Au saga ke rawa ni dua na kena vakamacala e na vuku ni gagadre sa tau saka tiko yani e na dela ni teveli ni veiliutaki e na siga levu saka nikua.*

HON. T.N. TUNABUNA.- *Au na kerea meu na veivuke na kena vakararamataki mada na veivuke e gole tiko mai vei keda. Na veivuke e gole mai vua na co-operative, a kerei ga vei ratou na Ministry ni Co-operative? A sega ni saumi lesu tale.*

MR. A. TABACALA.- *Na kena mai dolavi saka na sitoa, ni sa oti, mai dolava o Minister ni iTaudaku ni korolelevu. A lako tale tikoga mai kina o Commissioner Northern. Ia na veivuke saka qo, oti na kena dolavi, keitou qai veitalanoa o Minister kei Commissioner Northern, rau qai tukuna kina ke rawa ni volai e dua na quotation, me vakarautaki e dua na quotation baleta na grill ni katuba kece - katuba leka, katuba levu, wili kina dua na 6 feet deep freezer. Au cakava na quotation kece ya, vakau kina vale ni volavola. Koya saka ga ya na veivuke a qai lako mai keitou vukei saka mai kina.*

HON. T.N. TUNABUNA.- *A sega ni dua na i lavo e nomudou cau ina veivuke ni veivakatorocaketaki ya?*

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MR. A. TABACALA.- *E sega saka.*

HON. T.N. TUNABUNA.- *E dua na veivuke e vakaraitaka tiko na honourable Chairman na NDP. Na Vualiku taudua ga e tiko vua na veivuke ya. E sega tale ni dua vei ratou na vei wasewase qo e tiko kina. Me yacova mai na gauna qo, o ira na vo ni veiwasewase era sa vinakata tiko na i walewale e cici tiko kina na NDP. Na gauna ogo, nai lavo ni veivuke e lako tiko mai na matainitu, esa sega ni veiraurau kei na levu ni veivuke eda gadreva tiko yani. Esa na sega ni rawa ni da na vukei taucoko e na dua ga na gauna.*

*Esa mani vakayaori tiko kina eso na mataqali tuvatuva vaka tou veitalanoa tiko nikua. Se da vukei mai na tobu ni lavo ni matanitu, se mai na veivuke era dau yaco tu iliu na vanua ena kere i lavo kina, na baqe se na baqe ni veivakatorocaketaki, e laurai tiko na toso eda vinakata tiko e na MSME, e sega ni veiraurau tiko kei na veigaunisala koya sa da rawa ni vukei tiko kina. Koya sa mani nanumi kina o koya na veivuke qo, me sa dola vei ira e rawa ni ra vukei keda; era tiko i Viti se ra tiko i taudaku kei Viti, ia era sega ni wili tiko mai na matanitu, koya nai lavo dau soli tikoga mai vei keda (grant) se mai va na baqe.*

*Ia, o kedatou i Vanua Levu tou kalougata sa tiko rawa tiko na NDP. Sa vo ga me da sa kauti keda ga yani vei NDP. E dua na ka e sa mai vakadinadinataki tiko ni da lako tiko mai, esa mai levu tiko na noda vakararavi tikoga e na veivuke e lako tiko mai, ka sa mani lai sega ni veiraurau kina nai lavo e tiko e na matanitu me da vukei kina vata kei na gagadre e tiko vei keda me da vukei. E sa ma ni lako tiko mai kina nai tuvatuva, kevaka e rawa nida vakaitavitaki keda me da vukea tiko yani na veivakatorocaketaki ena ka baleti keda. Me dau tiko na ka e da vakaitavitaki keda kina ena veivakatorocaketaki. E dina eso sa cici tiko mai vakabalavu, cicivaki tiko mai na veivakatorocaketaki kei na programme, ia e nanuma tikoga ke rawa ni da vakaukauwataki keda ena noda rawa ni dau soli ka tale tikoga ena veivakatorocaketaki. E wili tiko kina koya vakamacala ena mataka nikua, o ira na noda era tiko mai valagi era dau vakau i lavo tiko mai vei keda.*

*E na yabaki sa oti, e bilioni saraga na levu levu n lavo e vakau mai. E ka ni rarawa ni vakadikevi tiko vakamalu, e dua na kena i wase levu ni veivuke e lako tiko mai qo, e lako wale tikoga mai vua na so na noda oga, e rawa tiko madaga ni da qarava tikoga vakataki keda. Me vakatautavataki kevaka e kau tiko mai na i lavo ya me mai lavo ni vakatubu bisinisi se me qarava na veika me baleta na siga ni mataka, me kakua ni sa mai yaco tikoga e na soqo ga qo, sa oti. Na soqo qo ke sega na bulumakau, na mataka ena cabe ga na kena matanisiga. Na mate qo, ke sega ni caka kina burua, ni mataka e na cabe na matansiga. Eda na madua beka vakalailai, ena oti ga sa nai lai oti tale mai na noda madua baleta na dua tale na oga e tarava, ena baci sega talega kina ni caka na burua. Au tukuna tikoga o au na kena vakayagataki vakavinaka e so na vurevure ni lavo e dau lako tiko mai veitaudaku ni noda vanua vei ira na noda.*

*Na i tuvatuva qo e rawa ni da semati kina vata kei ira na noda. Ka mada o au, e dua na tavalequ sa dede tu mai Merika, e 30 na yabaki vakacaca, mai tukuni tiko me dua na neitou soli. Tukuna mai o koya ni rawa ni solia e \$60,000. Dua na ka na neitou vinakata me vakatotolotaki mai. Au vaqao, “wawa, wawa.” Sa lako tiko mai o koya qo, o koya qori me sa tukuni me sa mai solia ga, baleta esa dua na tamani ilavo levu e solia wale tuga, keimami qo keimami sega ni kila tu na kena ogataki mai na i lavo qori. Vakacava me na caka e dua na ka, kevaka e sega ni suka lesu yani vei iko qo, ia caka e dua na wasewase kevaka e dua na neitou vakatubu bisinisi ke, me sa mai wili tiko me nomu share tiko ni bisinisi koya tubu tiko qo. Kevaka e sega, o ira na luvei keitou qo, esa ra na tuga, “tou qiritaka ga yani i Merika.”*

*Vaka me mai sagai walega na noda vkarau ni rai me da na ciqoma, na veivakatorocaketaki me nodai tavi sara tale tikoga. Na kena vakarawarawataki walega mai na kena vakailavotaki, na kena vakaiyautaki o koya ena vinakati tiko me da na mai veivuketaka na Bill qo. Io, me baleta na co-operative, tadola tu o NDP. Vei yabaki e lailai tikoga, ni keitou dau vakadikeva yani na levu ni lavo e ka tiko, mai vua na levu ni ka e vinakati me rawa ni da cakava, o NDP e vo tu ga na nona i lavo e na veiyabaki taucoko. O ratou na kena vakaillesilesi era nodatou. E ra kila vakavinaka kece sara tuga na ka tou vinakata. O keda walega sa dau levu ga na gauna, “wawa meu se kerekere rawa mada qo” ke sa sega au qai lako yani e yasana qori. Esa na da mai oca tiko kina na laini.*

*Na cava qori? Sa balavu tiko koya na laini koya era kere veivuke ni berabera tiko. O NDP sa tadola tu ga, koya ga e kerei ga ena macawa mai qo, macawa yani ya sa lako saraga mai na veivuke. Ia e va wale toka ga ya nai vakarau ni yaloda. Au nuitaka ni na ka ni vakasama tiko vei keda e na noda veitalanoa tiko.*

*Au tomana wale talega baleta na ka ni vakamamacataki niu (draya ni niu). E ratou dau solia tiko na veivuke qo o ratou na Tabakacakacaka ni Teitei. Au se sega ni raica vakamatailalai sara na ka ni veivuke ena lako na yabaki qo, vaka au vakabauta tiko ni rawa tikoga ni ratou se solia na veivuke ni kani draya ni niu. Me na tarogi vakavinaka wale toka ga na nodratou vakailesilesi liu i Cakaudrove, au na qai vakadewataka tale mai e dua na kena i tukutuku. Ia, o kedatou qo sa voleka sara tuga qo vua na vanua e voli kina na niu koya sega mada ga ni draya taki. Ena mosi walega na dakudratou na lai cola buka tiko mai kevaka me mai draya taki tale tiko na niu, me da raica walega evei vei rau e rawarawa. Kevaka e rawarawa meda sa kauta ga yani na ka, o ratou na mai tomika sara ga ike na niu. Na noqu vakabauta mada ga, e dau levu ga na gauna e qiritaki tale tiko yani vei au, sa kau oti na neitou niu, vei ratou na wekaqu era qo, ia e se bera tikoga mai na kena i sau. Au qai dau qiriti ratou tiko mai. Ia, e va tiko ya. O ratou e rawa sara ga ni kau vei ratou na niu koya sega ni draya taki baleta o draya qai dau rauti koya tuga na draki balavu mamaca, levu na buka, na ka taucoko o ya. Au kaya, o kedatou sa rawa ni vodo mada ga i ke ma na bilibili na kena voleka. Au sega mada ga ni raica se cava. Io, na veivuke ni draya ni niu e tiko vei ratou e Savusavu, meu na lai tarogi ratou. Kevaka e sega, ena caka e dua. Ia me tou raica walega vakavinaka, e vei e rawarawa, na cola buka ni draya ni niu, se me sa lako ga mai na ka drokadroka me kau voleka yani e yasani qori, ni sa voleka tu ga.*

*Meu sa tomana madaga, au sa kerekere saka talega me sa tei tale mada vakalevu na niu. Sa ra niu makawa na niu tou sa vakayagataka tiko qo. Kevaka e lako qo na niu, e dua na gauna balavu e da na sega tiko mada ni se cici niu, se volitaki tiko mada ga na bu, sa tamani lavo levu sara ga. Segale tale ni se yaga na draya ya. Na draya, oti tale keitou sa yali nai taba qo, dou qai kere draya mai. Dou se raboka mada ga i liu na volitaki ka drokadroka, koya na bu.*

**MR. CHAIRMAN.-** *E sega ni macala na macawa vica sa oti, a so a lako mai, e dou mai veitalanoa eke, eso na turaga ni valagi, eso na iTaukei. E ratou lako mai ena dua na veivakatorocaketaki vakarau caka qo i Wailevu, Navatu, Naweni- ono se vitu na tikina.*

*Dua na ka e vakasaga tiko na matanitu me veisautaka mada na noda rai se vakasama. Qo na lako mai na veivakatorocaketaki qo, e da na mai vakavulici tale mada, vuli, me empower-taki mada na lewenivanua baleta sa levu na gauna, sa lako tuga mai na veivuke, se bera ni dua na veisau ese yaco sara vei keda. Vuli kece vakadua na koro - marama, turaga, o ira na tabagone, ya e dua na ka e vinakati tiko vakalevu. Sa da veisau rawa o keda, sa qai rawa ni toso na tei niu, tei tale vakalevu eso tale na i tei e da cakava, maroroi talega na noda veika bula. Oya e dua na porokaramu levu, ena tekivu na yabaki mai ogo. E via \$40 na milioni kecekece na vei tikina qo; vakavulici mada na noda lewe ni koro, yaco sara vakadua i Vatuova, Koroalau, Wailevu West kei na walu na tikina. Ese bera vakadua ni se caka vakadua, sana qai matai ni gauna me caka qo. Ni sa tu vakarau tu kina, na cakacaka vata kei ratou na Roko, Vale ni Volavola ni Yasana, lako vata kece na cakacaka ya. Au a involve tiko kina baleta au a tekivutaka na veitalanoa ni kena caka na veivakatorocaketaki qo; e via \$40 na milioni, yabaki lima. Na kena i balebale ni na raica na veisau sa na qai tekivu. Meda vakavulici mada na lewe ni koro, vakararamataki mada e liu, sa da qai saga me caka tale yani eso na ka me vakatorocaketaki na noda bula; na teitei, levu tu na ka qo e vinakati me teivaki ia me da veisau mada e liu o keda, sa qai muri yani na teitei.*

*Dua tale na taro?*

**MR. A. TABACALA.-** *O koya saka ga na \$100,000, na neitou kerekere saka tikoga na koro ke rawa ni lutu sobu tale. Keitou duavata tiko kei na vo ni noda veikoro ke rawa ni lutu sobu ina \$50,000.*

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MR. I. VONU.- *E sa wili saka tu ga yani vakatutu ni neitou koro saka ga qo, koya vakaraitaka saka tiko na Chairman ni neitou co-operative.*

MR. I. MANEWA.- *Ni tiko saka, kemudou saka na turaga, au via vakuria ga na vkasama ni kena tarogi tiko mai e dua beka na ka e vo? Baleta e kaya tiko o turaga ni koro, keitou qo se qai tekivu tiko eso na bisinisi lalai. O koya ga na ka dina koya tiko qo, oya na neitou co-operative. Sa qai mai tekivu talega na kena lako tiko ni sa cici dede tiko mai.*

MR. CHAIRMAN.- *Io, sa i koya. Sa vakavinavinaka vakalevu vei kemuni, vei kemudou saka na nodatou koro, vinaka vakalevu na nomuni tiko na yakavi nikua. E levu na ka sa da veitalanoataka. Levu na ka dou wasea mai, keitou sa na tara tiko ya, kevaka me tou na qai saga me vakavinakataki na nodatou koro.*

*E dua tale na taro?*

MS. U. NATICA.- *Mr. Chairman, e sega ni dua na noqu taro baleta ni oni vakaraitaka tiko me caka na veisoli vakasama. E dua na i tukutuku dina ni vakaraitaka. E vinakati e na lomanikoro qo, na vakatutu kece qo, e vinakati ga na empowerment workshop me caka. Me ra vakararamataki ga na lewenivanua me rawa ni vukei na kena qaravi na nodra vakatutu.*

MR. CHAIRMAN.-*Donu.*

MS. U. NATICA.- *Baleta na vakatutu kece e caka tiko qo, me veisau ga na rai ni tamata e na qai rawa ni basika eso na ka.*

MR. CHAIRMAN.- *Dina.*

MS. U. NATICA.- *Kevaka ena sega, e na dua tuga mai na vakatekivu, me cava tale na vuravura qo, e na koya tikoga o ya. Na ka ga e vinakati ya, me ra vakararamataki ga na lewenivanua.*

MR. CHAIRMAN.- *Donu, vinaka vakalevu. Me vaka au sa tukuna tiko ya, o koya na veivakatorocaketaki ena tekivu na yabaki mai qo, na ka saraga e cakava ya - na empowerment. Me empower-taki, me veisautaki na rai. Keitou lako mai na matanitu qo, keitou raica e dua na leqa levu e tu qo vei keda mada ga na iTaukei. Sa levu na ka e free, lako na ka qo na \$160, \$360, \$220, ia o keda e dua tuga na noda bula; sega ni dua na veisau. E sagai qo me veisau mada na rai. Lako mai na vuli ya, \$40 na milioni ena pamutaki wavoki e na noda veikorokoro, sa qai lako, sa qai laurai na cava ni tea, sa qau kau mai na makete me link-taki kina. E na tiko e dua na system se na process. E sega ni caka wale tu qo, sa caka mai e so na vanua, vakabibi mai Tonga era sa cakava sara. E vanua lailai, levu na ka e ra rawata.*

*Au dau talanotaka tiko vei ratou na noqu i lala, e dua na marama mai Tonga au raica sa musu tu na yavana, e dabe tiko na wheelchair cavu co tiko. Au tarogi koya, "e vica na nomu uvi?" E kaya o koya ni 2,000.*

*E so na ka va oya eda vuli mai kina. E na qai lako talega mai o ratou mai Tonga mai vakavulici keda baleta qo eda via madua tale ni da lako i Tonga, baleta o keda e sega ni rawa ni da lako i Tonga. Sa rawa ga ni da vakalusi ira ga e na qito, da kua da kuwa ni da lai saravi ira. Au na saga vakaukauwa na manidia ni koya na project tiko mai Tonga ya me na mai manidiataki na nodatou project e ke. Me na base i Savusavu, me na qai raica kece na ka. Ya na ka e vinakati sara tuga vakalevu ena noda veikorokoro. E tautauvata kece na noda koro. Na noqu koro, nomudou koro, koro nei honourable Koroilavesau, koro nei honourable Tunabuna e tautauvata. E da tu ga e na dua na level. Sagai qo meda sa laveti tale, io veisautaki mada na noda rai. Me vakavulici talega o ira na kindergarten. O keda qo e na via dredre toka na veisautaki keda baleta ni sa dua tani toka na level qo. Vakavulici me tekivu mai na kindergarten, koronivuli me lako kina na vuli kece qo; veisautaki ni vakasama. Me ra qai vakavulici, lako kina na bisinisi, maroroi ni veika bula. Ni oti e lima na yabaki ya, sa da raica sa veisau na*

*noda veikorokoro. Oya na ka e nanuma tiko na matanitu. Ni kalougata ni sa nanuma mai na matanitu me na wili kina na nomudou Tikina. E walu na Tikina qo, e nanuma tiko na matanitu me na cakacaka kina. Dou kalougata vakalevu sara ya, baleta sa nanumi kemuni mai na matanitu me baleta na veivakatorocaketaki e na tekivu ena yabaki mai qo. O ya na yavalata vakadua na Tikina kece qo, o Wailevu na Tikina levu taudua i Viti qo, me na yavala mada i liu o koya. Ni sa yavala ga o Wailevu, sa yavala o Viti.*

*Ni mani tiko saka kina na turaga ni noda koro vakaturaga, tiko saka na marama, au mai vakavinavinaka vakalevu ni sa mai rawa na noda veitalanoa ena siga saka nikua, eda veiwasei, me keitou sa na gole tale yani baleta ni dua tale na bose e na yakavi. Vinaka vakalevu na nomuni tiko vakalewe levu me da veiwasei tiko kina. Vakavinavinaka tiko vei kemuni e na nomuni solia tiko na nomuni gauna, sa va saka ya na kena levu*

The Committee adjourned at 2.25 p.m.

The Committee resumed at 5.20 p.m.

**Interviewee/Submittee: Savusavu MSMEs**

In Attendance:

- |      |                                |   |   |
|------|--------------------------------|---|---|
| (1)  | Mr. Jovesa Naqarikau           | - | Provincial Administrator, Cakaudrove          |
| (2)  | Mr. Shiu Shankar Singh         | - | Special Administrator – Savusavu Town Council |
| (3)  | Mr. Nilesh Chand               | - | Acting CEO Savusavu Town Council              |
| (4)  | Mr. Tomasi Mateo               |   |   |
| (5)  | Mr. Ilaitia Mariselo Lutunauca |   |   |
| (6)  | Ms. Sera Sekelaca              |   |   |
| (7)  | Ms. Seini Tinai                |   |   |
| (8)  | Ms. Neomai Aqela               |   |   |
| (9)  | Ms. Mere Macedru               |   |   |
| (10) | Mr. Watisoni                   |   |   |
| (11) | Mr. Seci Ligairi               |   |   |
| (12) | Ms. Sisilia                    |   |   |
| (13) | Mr. Emosi Baravilala           |   |   |
| (14) | Mr. Epeli Ratabacaca           |   |   |
| (15) | Ms. Fulori Saukuru             |   |   |
| (16) | Ms. Mere Sakealevu             |   |   |
| (17) | Ms. Selina Ratuva              |   |   |
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MR. CHAIRMAN.- *Vinaka vakalevu*, welcome again.

As you are aware that the Standing Committee on Economic Affairs of Parliament is visiting the country to solicit your comments on this new Bill that we are promoting, Access to Business Funding Bill. This Bill has been endorsed by Government and we are gathering the comments and any viewpoints that the public will have on the Bill that can be changed or maybe some alterations will have to be done to the Bill. Hopefully when we will receive these comments, during the December Sitting of Parliament, we will be able to introduce and endorse the Bill in Parliament.

*(Introduction of Members of the Standing Committee)*

What the Bill entails is to ensure that businesses have access to financing, making sure that business access financing. As you aware, most of the time as businesses, you do not have access to financing given that the normal facility for financing is very difficult to access, particularly when you go to banks. Banks are very difficult and they pose a lot of challenges. If you do not have any collateral, it is quite difficult to access any loan from the bank. That is the challenge that currently most business people face.

This Bill does not have any financing to give out, but it provides framework whereby businesses can access financing. It has two financing regimes. The first one is peer-to-peer lending whereby if you have a business, you want to access more financing, you can ask some of your relatives or someone that has a lot of money that you can borrow from, as equity to the business, then you will be able to repay on loan but it is one-to-one financing.

As you aware, most of these are being practiced widely through money lending where you are able to ask for funding from a renowned money lender, so that you can finance your business. So, peer-to-peer is just sort of

money lending, but it has some prescribed condition. You must have a gross turnover of around \$100,000. Money lending has no condition. You do not need to have \$100,000. This one has got \$100,000. We have been to some places, they said \$100,000 is too much, but that is up to you. You can inform us what are your views.

Second one is crowd funding where you are able to leverage funding from the public, from people who are interested in what you want. So, if you have a good idea, business proposal, you can contact an intermediary and the intermediary has that capacity to sell that idea to whoever wants to contribute towards that business proposal with the use of telephone and social media to raise capital towards your business. That is the platform which is called crowd funding. It has been done widely in other countries, and has been quite successful. I think for us iTaukei, we are already doing it to some extent - *koya na solesolevaki ga eda cakava tu qo. E levu na gauna eda solevaka tiko na oga, vakamau, na somate, e da saga mada me da solevaka mada na bisinisi. Sa tiko na kena lawa me rawa ni vakalevutaka na noda bisinisi. Ia na bisinisi vei keda na iTaukei e ka dredre toka. E sega ni lako vata na bula vaka iTaukei, eda kila vakavinaka tu. E levu na noda bisinisi e sega ni lako vinaka, baleta na binisini e ka vou vei keda. E sega ni lako vata kei na noda bula vakavanua kei na lotu. Ia, au vakabauta eso vei keda esa rawata ya, e sega ni dua na ulubale me na sega ni rawa kina vei keda, ni da via saga yani na bisinisi ya.*

I think that is all I want to say very briefly in trying to simplify what the Bill is all about. Perhaps if there are any questions, maybe I will ask each and everyone of you just to introduce yourselves very briefly, what sort of business you are doing and anything else you want to raise.

*(Introduction of Submittees)*

MR. CHAIRMAN.- *Vinaka vakalevu*, I think it is good to know your background and perhaps we can provide some information on some of the areas that you represent.

So, for pari you do not have any tax licence. You are just going around picking people. We were discussing this week with someone from LTA about how we can formalise pari, that discussion is still ongoing. Perhaps after this, then we talk about what are some of things that we are planning. This is something outside of the Bill. We are here to discuss the Bill and perhaps pari also, if people are interested to acquire one car, these are the sort of things that they use. You can ask someone to support you in buying another car and you will be able to pay them back with some sort of interest that you have to incur.

On the market vendors, I was in Lautoka on Wednesday and talking to one market vendor. This lady brought *kumala* from Nadarivatu and she was selling it. I asked her, “why are you not selling plenty?” She said, “I have a problem, we have a lot of wild pigs attacking the *kumala*. I asked, “What do you need?” She said, “I need goat fencing.” I went inside the market and I met another Indo-Fijian man who is supplying root crops also to Lautoka and I asked him if it is possible for him to fund this lady, the lady can provide him with all the *kumala* and at the same time he can pay back whatever he got. So, those are the sort of things that can be achieved with this Bill.

*E levu na ka eda rawa ni cakava o keda. Eda rawa ni veitalanoa vata kei dua. E tiko qo na Bill. E rawa ni na vakarawarawataka na noda veitalanoa vata kei ira tale eso me vakailavotaka na noda bisinisi. Ko ya koya tiko kina na Bill qo. Kevaka e dua o kila ni na rawa ni vakailavotaka mai me solia mai vei iko, iko rawa ni qai vakalevutaka na nomu makete, se lai tukuna tale vei dua me teitei, seo teitei tiko, me vakalevutaka, me qai lako tale mai vei dua. Esa so na ka va qo e caka tu e na gauna ogo, ia e sega tu ni dua na lawa ni matanitu me vakaukauwataka. Na Bill qo e rawa ni na vaqacacotaka eso na mataqali veiwekani va ya.*

*Dua na taro, any questions?*

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**RATU. I.M. LUTUNAUCA.-** Koya na vakasama ga ni solesolevaki. Au a cicivaka tiko e dua nai soqosoqo ni tabagone e na dua na gauna. Na kequ karua ga e dabe tiko e yasaqu, keirau veitacini tikoga. E via rauta ni lewe tini vakacaca. E dua na ka na noqu raica na kena vinaka. E liu, au a dau cicivaka tu na ka ni youth, advertisement kei na veitabana tale eso me vaka na mataveitokani. Au raica ni lai yaga tikoga vei ira eso. Na ka au sa qai cakava vei keirau vakaveitacini, keirau vakarautaka nai tei, keirau vakarautaka na ka ni kana, keirau sa qai kacivi ira na vei cauravou kecega na vei vanua, koya ga e makutu, me leweni soqosoqo ogo. Na ka au sa qai cakava vua na soqosoqo ogo, me soqosoqo ga ni teitei se na solesolevaki. Ia na ka e laki tei e nodra yadua ga na gone ya. Keimami sa qai cawiri vaka me 1,000 dua na tamata. E via taura toka ni dua na yabaki na neimami cici tiko mai. E levu sara na gone era sa rawati ira, koya nai cicivaki ya. Au vakasamataka tiko na nomudrau tukuna tiko na solesolevaki va nakoro, o koya qo sa vinakati me da mai solesolevaki ena yasana ni bisinisi. Au raica ni vinaka sara. Sa qai vo walega, e sega ga ni keitou qai vakacavara na neitou fill-taka na form ni neitou group. A sa fill- taki na form, e sega ga ni qai yaco vei koya na kena i liuliu, asa cegu koya na kenai liuliu keitou a veovosaki eke, na gone ni Tunuloa. Sa mani keitou cegu tale tuga na noqu kauta mai na form ya. Sa gauna tale tikoga ni neitou cegu. E levu sara vei ira na gone qo ra sa rawati ira, sara vakavale, eso era sa va motoka sara, eso sara gole sara i valagi e na yaga ni kena caka na solesolevaki. Au vakadinadinataka na ka o ni kaya. Au vakabauta ke rawa walega ni keirau vukei wale tokaga, cava na gaunisala me muri me rawa ni veivuke kina na matanitu, e na vuku ni nodra o ira na i soqosoqo koya ra sasagataki ira qo se na commercial.

**HON. T.N. TUNABUNA.-** Na vakaisoqosoqo, vakabibi mada nai teitei, ea lako tiko mai na vakaisoqosoqo ni veivanua eda dui tu kina, ena vakatau tikoga na mataqali i tei e da teivaka. E ra vaka cluster-taka tiko o ira na dau tei dalo, o ira na dau tei yaqona. A caka tiko mai me rawa ni da register kina ena registry koya tiko mai vei ratou na Crop and Livestock Council, ka tiko vei ratou na Tabana ni Teitei. E muri sa qai lako tiko mai na veivakasalataki ni da curu na co-operative. E tiko na kedrau duidui. Koya e register ena cluster, era register wale sara tikoga ena kena kilai tikoga vei ratou na tabacakacaka ni vakayagataki qele. Ia, na co-operative, o koya e lai curu sara ga e na kena vakalawataki tu nai soqosoqo e da sa curu tiko kina. O koya, e ratou lai register vei iratou na co-operative, elako muria mai na vuli, na veika taucoko ogo. Ia na gauna qoka, na veivuke e lako tiko mai, e tiko koya se lako tikoga mai va na Ministry ni Vakayagataki Qele, e lako tiko mai vei ira na cluster, sa tiko sara tale tikoga koya na veivuke e lako mai vei ira na co-operative. E kilai sara tikoga mai vale ni volavola vei ratou na co-operative mai Suva.

E levu na veivuke lelevu sara e tiko vei iratou na co-operative, e wili kina koya na voli misini koya sa da raica rawa ni lako tiko qo na kena dau, e lako ena co-operative baleta ra register sara tuga vakamatanitu, e kilai tu na nodra i tuvatuva; one-third, two-thirds. So vei ira na grant, e lako wale tuga, na gauna ga e lai oti ga kina na grant koya dau lako va na clusters, era lai oti. Ena vaka tale tikoga kina na co-operative, ni sa lai oti ga na allocation koya a soli mai me kani neitou voli katavila, sa na lai oti tale tikoga.

Na gaunisala ni kena vukei na vakatubu bisinisi koya e veitalanoataki tiko nikua, e tiko e taudaku ni kena dau soli na veivuke mai na grant se na veivuke mai na NDP koya tiko mai Labsa, o koya qo e tiko saraga na kena, e rawa nio ni semati vei ira, va taka beka na dau tara vale. Ke dua tiko na nomu kabani ni tara vale, e rawa ni dua tale tiko na kabani levu sara ni tara vale e rawa ni veivuke mai na kena vaka i yau taki mai, sau yaya taki mai na nomu kabani me toso cake kina na vakatagedegede o ni vakayacora tiko ena gauna ogo, se na veidinadinati beka na nodra vakasarasarataki na lewe ni vanua vei ira na dau veiusa vei ira na saravanua, e rawa ni tiko kina na nodratou veivuke o ratou na otela vaka taki koya e veivakasasarataki. E rau na veisolitaka na nodrau veidinadinati, ia ena dua e na raica tiko na bisinisi e vinakati yani koya na veivasasarataki na saravanua, e sa cici tiko mai, ena rawa ni cici vakataki koya vakabisinisi. Sa vakaraitaka oti mai na kena i vakadinadina, ni kevaka e dua e via vakailavotaka mai, e na rawa ni na vakasukai lesu take vua nai lavo e a vakayagataka mai, vakasukai vata tale beka talega kei na tubu se na veidinadinati na nona cici tiko na kabani me na yaga lesu tale tiko vei koya e vakailavotaka mai. O koya beka ya koya e veitalanoataki tiko ena lawa koya caka tiko qo.



*E viavia lai va tiko ya na kena roka; sega walega ni o ira na kabani ga era tiko i Viti, eso sara tale madaga na noda koya e vaka esa vosa oti kina na honourable Chairman na noda veisemati vei ira na noda, se o ira era tiko mai valagi e rawa ni ra vakailavotaka mai na ka baleti keda. Koya sa vakaraitaki oti tiko ya, e levu na gauna eda sa kerea wale tuga yani na ka ni veivuke koya lako tu ga mai, sa levu ga na oga koya sa oti ga nikua, sa mai oti vata tu yani. E sega ni mani tu sara tu vei keda, vakabibi o keda na iTaukei na nodra rawa ni vakayagataka mai nai lavo era sa lai rawata tu me na mai tosoi cake kina na noda rawa ka vaka i lavo, na noda vakatubu bisinisi. Se tiko ga na noda vakasama, o ira qori e ra lako, dou raica tiko mai na oga e caka tiko yani qo. Kedatou na cici vakabisinisi, e rau sega ni cici vata tiko kei na caka oga koya e da kila vaka raba i levu sara tiko. Me sa tukuni, “segai, dou biuti ratou qori lai valagi, eratou lai cakava mai na ka me da mai vakatubu bisinisi kina. Dou kua mada ni vakasagai ira tiko yani vua ena ka ni noda oga madaga qo. Ke sa sega ga na bulumakau, sa rauta. Tou sa kua madaga ni burua na bulumakau, na cava ga sa tu qori, tou sa buta yani se sa cegu mada na vabogi va.*

*Me da raica e dua na kena gaunisala e rawa ni vakayagataki kina vakavinaka na i lavo koya sa dau rawa ni mai vakatuburi kina na noda rawa ni qaravi keda vaka i lavo e na veigauna ni mataka. Ia na veivuke se lako tikoga mai, koya vaka au tukuna tiko ya, e lako tikoga mai na veivuke ni Tabani ni Teitei, veivuke ni kena soli tiko yani na i tei, veivuke ni kena lai vakarautaki na vanua ni teitei, eso na misini era voli, eso beka na ka ni vanua ni vakabatabataki kakana draudrau, se so na vanua ena soli tikoga kina na veivuke ni kena voli na nodra lori koya e rawa ni kauta na, ese lako tikoga mai ya. O koya qo sa nomudrau qito sara ga vakadodonu vata kei na dua tale e rawa ni vaka i lavotaka.*

MR. CHAIRMAN.- *Se toso tikoga na nomudou soqosoqo qori se sa oti?*

RATU. I. M. LUTUNAUCA.-*Sa mai cegu e lewe vica, koya ya era sa lako, ia keitou toso tikoga o keitou.*

MR. CHAIRMAN.- *Na qele mai vei? Nomudou qele ga?*

RATU. I. M. LUTUNAUCA.- *Neitou qele ga. Keitou a sikova na Tabana ni Teitei. Na yabaki sa oti kece, o ratou na Tabana ni Teitei e ratou kauta tiko vei au ni dua na nodratou lako e via 6,750 nai voli ni dalo koya mera deliver-taki e veiyanuyanuu. Keitou provetaki keitou kina va na teitei.*

*Na kena i karua, dau fill-taki e dua na form vei ratou na Tabana ni Teitei, na cava me da rawata ena loma ni vei macawa, vula me yacova ni oti e dua na yabaki? Keitou cakava kece. Au vakabauta ni rawa ni vakadinadinataka na watiqu ga e dabe toka qo, o rau na taci qu vaveiwatini e rau dabe yasana qo. E midramidra ga na kakana e logana. Na meleni e sega ni qai caka rawa. E ratou yaco ga yani, e ratou lai caka kakana tale. Oqo na ka au vaqara tiko, na marketing.*

MR. CHAIRMAN.- *E tiko na makete se sega?*

RATU. I. M. LUTUNAUCA.- *E leka ga na makete tu qo. Era sa solia mai nai tukutuku me keimami cakava, ia na makete sa lai va tu ya na kena i rairai.*

MR. CHAIRMAN.- *Au vakabauta e dua na i vukivuki ni teitei me da cakava, se bera mada ni da tea dua na ka, me da sa kila rawa tiko na makete.*

RATU. I. M. LUTUNAUCA.- *E ka dina taucoko.*

MR. CHAIRMAN.-*Kua ni da teitei tu, sega tu ni kila na makete. Oya e dua na style ni teitei me da sa vakasamataka tiko ya. Qai se bera nio tea na meleni, mo sa kila tiko, ena vica na vula mai qo sa na matua na*

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*meleni, e vei na vanua me volitaki kina mai va na teitei tu ga, matua, da qai vaqara makete. Esa via oti toka vakalailai na gauna ya. Me oti mada ga qo da qai veitalanoa, ia dua na veivuke vakarau cakava tiko na matanitu, tekivu na yabaki mai qo, dua na veitalanoa ratou cakava tiko macawa rua sa oti na vica vata na tikina e Cakaudrove qo me na lako mai kina na veivuke ni teitei vata kei na kena maroro talega na veika bula tu qo.*

RATU. I. M. LUTUNAUCA.- *Vinaka vakalevu sara.*

MR. CHAIRMAN.- *Ena vakarau tekivu mai Savusavu, Naweni, Navatu, Wailevu, Koroalau kei Vaturova, e vica vata na tikina ya. Matai ni ka madaga me na caka me veisautaki na vakasama. Oya na lako mai na vuli ya, me empower-taka na community. Oti ya sa qai vaqarai na ka mo ni teya. Na yabaki mai qo, ena dua na nodratou office na tiko e Savusavu, na qai tekivu kina na cakacaka ya. Oti mada ga qo qai solia tiko mai na nomuni contact, keitou qai veitaratara vata kei kemuni.*

*Dou bau veitaratara kei na Agricultural Marketing Authority?*

RATU. I. M. LUTUNAUCA.- *Io.*

MR. CHAIRMAN.- *Qai cava? Nai sau e tiko i ra?*

RATU. I. M. LUTUNAUCA.- *E sega. Qori saraga koya na ka ratou bolea mai, na makete.*

MR. CHAIRMAN.- *Io.*

RATU. I. M. LUTUNAUCA.- *E sega ni rawata. Keitou sa tini ga ina makete i ke, Labasa, vei korokoro, keirau bau tini ena vei otela era tiko qo.*

MR. CHAIRMAN.- *Eso tale na meleni mai so na vanua e lako mai ke se o kemuni ga tei meleni tiko?*

RATU. I. M. LUTUNAUCA.- *Na gauna ya, au vakabauta ni keitou tikoga vata kei ratou na gone ni Idia. Qai o ratou dau levu na luvu. Keitou tei kakana draudrau kece vata kei ratou na kai Jaina e tiko ra qori, ia na gauna ni luvu, o au duadua saraga au cicivaka. Oya na ka keitou sotava.*

*Kenai karua, o ira na noqu crew e ra sega ni crew ni dua ga na koro. Na noqu crew e ra tekivu mai Wailevu ike, gole cake vaqo i Naidi, keitou gole cake sara i Nawi, Buca Bay. Na nodra lako veipasiyaki kece na gone qo, keirau saraga keirau cakava tu na transport. Na noqu vakasama ga na kena vukei ni dau kacivi na soli va nakoro se cava ga eda via cakava, e sega tu baleta ni sega ni support taki o ira qo. Ni sa tawa ga na vuvale, sa na qai rawa ni drodro na cava soti. Oya na vanua au qai veitokiyaki kina vua nai soqosoqo ya. Ia, sa yaco mai na gauna vinaka. Eso sa ra rawati ira sara. Keitou lewe vica qo, keitou se lako tikoga qo.*

MS. N. AQELA.- *Da tikoga ena vakasama ni kena introduce-taki tiko mai na Bill na noda veivukei ena vuku ni lavo. Koya na peer-to-peer se na grant qori sa yaco tu na gauna qo, e sega ga ni vakalawa. Vei au mada dua na marama dau bisinisi dede vakalailai toka e Savusavu, niu raica, na noqu vakasama kevaka vakabisinisi, kevaka sana vakalawataki, sana daumaka sara. Na kere i lavo, vei au, e dua na dau ni bisinisi o ira na dau voli yaqona. E levu na dau volivoli e ra lako mai taoni, sa lailai na nodra i lavo, era sa mai kere i lavo rawa me ra qai lako ra lai kauta mai na i voli. Eso na nodra lako ya, eso e lesu mai, eso sa sega. Koya na lawa ya, ke tiko na vauci ira na daumaka. Ia, e levu ga vei kedatou na iTaukei. Vei ratou na wekada na vasu, e levu tu na nodra i lavo. Ia, o ira e ra lakova yani na veikorokoro. Ni da rai e na yasana vakaitaukei vei kedatou na iTaukei, au mada noqu tu i Savusavu qo, na wekada sa dua na ka vakalevu na gauna eda bisinisi kina ena nodra mai kerekere. Kevaka sana vakalawataki na lawa ya me ra sana lewai ni ra mai kerea nai lavo ni ogaoga se cava soti, niu raica vakabisinisi, e vinaka.*

MR. CHAIRMAN.- *Me vaka niu sa tukuna oti, na Bill ena kena sagai me vaqacotaka na noda vakarawarawataki ni noda lai tara tale mai nai lavo vei dua, eka saraga ni bisinisi. E sega tale ni ka ni oga se dua tale na ka va oya. Na leqa vei keda na iTaukei sa da mosoya vata kecega i loma. Eso lako mai, na nodra oga sara via mai kaya, "na qai lai cavu mai ya me qai lako mai." Ia, kevaka me lako ga mai na yaqona ga, volitaki, tara na i lavo. De dua tale beka ga na ka, na veivakararamataki tale beka na qai vukea nai lakolako. O koya na project vou koya me caka qo, dua na ka me cakava mada ga na veivakararamataki vei keda. E dodonu me dau dina. Na dina me tiko vei keda, vakabibi o keda na iTaukei. O ira na na noda vasu qo, sara sega sara tuga ni vakabauti keda; sega saraga. Me qai lako mai va qo mo qai via raici ira, sa sega tuga ya. O koya ya e dua na ka keitou na via saga me dua na vuli madaga valevu vei keda meda vakararamataki na noda dau dinata na ka e da tukuna, da dau vinakata me da cakava.*

HON. P.D. KUMAR.- Thank you very much for being here. I know most of you are market vendors. I have heard from honourable Chairman that the conversation that was going on, there was one question, not really a question but a concern raised by you on dishonesty. You know you give the money and then the products are not given.

Let me share with you. In any business there is an unwritten rule, honesty.

Honesty is extremely important, that trust. If that trust is not there then you cannot do business. Trust is very important. That is how in the Indo-Fijian community, a lot of things are based on trust. People can give a lot of money but they trust that person to return and they do get it back. And it started from many years ago when our grandparents, great grandparents were doing business or they wanted to build a house, et cetera, they used to borrow money from their relatives and they used to return that money. But if the trust is not there then it becomes very difficult to do business.

I would say that, you deal with people that you trust. For any new person, you have to do all the vetting checking. Check with other people whether this guy can be trusted or not, or this lady can be trusted or not, some background information is very important. Without background information, it will cause a lot of problem for you. These are the things that you need to keep in mind when you are doing your business. Sometimes it is hard because we are human beings and we have got people who can talk very smoothly to come and convince you, as if everything is above board but you realise very soon that things are not what they said. Do not forget we live in a country where recently there was a scam of over \$3.2 million. You remember that scam? Ebay scam. So, you can see if people can fool the rest of Fiji by \$3.2 million, then what is your \$500 or \$1,000. You know what I am saying? Unfortunately we live with people whom you cannot trust. That is the main problem. When it comes to Government grant, we have often come across people who do not need the grant, they are also in the line, they will provide wrong, false and incorrect information, all kinds of information just to get that money. You have to have your guard always up to be sure whom you are dealing with.

I can also tell you that in our community, people might think that we do not give money to people, in charity work we do not give that kind of money, but we do things in a secret way. We do not believe in when we give any donation, we don't believe in showing everyone how much money we are giving. We do not do that because we feel that it is not the right way of giving money when it is a charity. You are donating, so it is between you and God what you are giving. Not anyone else should know what I am doing. So, that is how our system works.

Even for the shopkeeper, when you go into a shop because my parents used to run a shop and sometimes we had to look after the till as well. So, when we were running our business, if any relative comes into the shop, small children come into the shop, my mother used to say, "give them ice cream, bongo." You know that was not free. Whatever we gave, I had to enter it into our home account. In other words, we had to pay for that, not the business. So, we always kept the business separate and our relationship separate. So, if some relatives come,

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my mother will give \$10 for the bus fare but that \$10 (because the money came from the till) will go into the family account. That goes into my mother's account, she has to pay back. That is how we do business.

Business is separate, our personal life is separate. We do not mix the two. I thought I just share it with you and that is exactly how you have to do business. If you are not going to do your business that way, your business will not succeed, believe me because there will be a lot more people asking all the time. But very few will come to you when your business is almost kaput. They will not come and say, "your business is not doing well, my brother, let me help you with \$200." No one will do that. You have to look after your business. I just wanted to give you that advice.

MR. CHAIRMAN.- Those people will come and say, "okay it is good, your business is closing" particularly for *iTaukei*.

MS. M. MACEDRU.- I am a market vendor for just more than two years now. I had a brother from America, his a British Army Officer. In August last year, we were planning with one of my cousin sister from Nadi and he was willing to sponsor us to go to USA. We planned, we gathered as a family, I called my uncle and cousins if they can help us with finance. My uncle, cousins and brother uproot their *yaqona*. They dried up the *yaqona* and I had to take the *yaqona* to Labasa *meu lai dabe*. My brother is there, he is also selling *yaqona* there. I managed to collect more than \$7,0000. I deposited it in my bank account. We were supposed to go in December. Something went wrong and our plans failed. My uncle is a pastor, so I asked my him, "do you want me to do the paperwork, we go to a JP or one lawyer - everything to be in black and white?" He told us, "when we go, then will pay back the money to him and whoever supplied the *yaqona*." He said, "no, I trust you."

I am sharing this because I use this strategy that you are coming up with to startup business. I told him, "since our plan has failed, if you can just give me the permission to use that money to startup the business." That time my mother was a market vendor. I asked him if I could use some of the money as my working capital to expand the business with my mum. He replied, "okay, that is good." I told my mum, "you can stay home since you are getting old, my sister and I can operate the business." We can carry on from here. My uncle *koya sa qai vakacegu na talatala na yabaki ga qo*. Now he has started his house on my my uncle's freehold land up in Nakoba. He needed money that time to complete the house. He came back to me and asked, "can you and your cousin sister can give him \$2,500 each." I agreed, withdrew the money and gave it to him to complete his house. That is how the strategy that you are coming up with, that is the strategy I used. I borrowed the money from my uncle, through trust, I managed to operate my business until now – borrowing money from relatives. That is how I managed to start my business, and it is still going on now.

HON. P.D. KUMAR.- With your strategy, that is commonly used. What we are trying to propose through this Bill, the strategy you have used should be somehow legalised so that if you do not pay back all those people, then they can also be quite disappointed because you have not paid. But by having an intermediary who is going to assess your business and everything, the person who is going to give you money will give you that kind of money because they know your business will do well and you are going to pay them back. As I said previously, we live in a society where, you are damn lucky your family is supporting you, there is a lot of trust, but many families, there is no trust. And when you do not pay that money for some reason, then you have very bad relationship. Fiji is a small place. We are all related to one another. We cannot be enemies to everyone. So, a better way of doing business would be through this Bill where when you raise your money, it might not be just your relatives, it can be from anyone because they know that your business will grow. It legalises the legal way of doing it.

MR. E. BARAVILALA.- Last year the same thing that you are putting out now in the Bill, I had already been brainstorming with some of my friends from USA, Europe in doing something in Fiji and they were ready to invest. I told them, "hold on!" Some people came and said, "we will partner with you, we want to buy a resort." Some of them were ready to invest millions of dollars. Just last week, another businessman from the US wanted

to invest in buying a property and then doing Airbnb and I told him, “just wait, we will see what the Government is doing, maybe some Bill will come up, something that will help.” It is good that this has come up so I can forward it to them and they can see so that they know they are secured in doing business in Fiji. It was in the back of my mind like 2 years ago that I wanted to start a liveaboard business in Savusavu because there is no one in Savusavu that does liveaboard diving. I am also a dive instructor. There was one that was here. It started and then TC Winston took the boat down. So, from 2016 till now, I have been in the tourism industry especially the dive industry for 33 years. I know what is the need for Savusavu. I proposed to a bunch of friends, “hey, put it up on your network for a person to invest \$10.” After six months they told me, “we are able to invest with our network, able to collect \$5 million.” That is as far as it had gone. I told them, “just wait, we will see.” I do not want to burden myself into doing all these things. We will see what the Government is doing with a Bill that will help support or safeguard this kind of investment.

MR. CHAIRMAN.- Thank you for those enlightening comments. As I have said, there is so much potential with crowd funding. It is not only for locals but mostly overseas investors. We have so many relatives overseas, and if you have a business in the village, these are the opportunities where they can leverage funding to be used for the business, particularly located in a village or *tikina*, a good business proposal and they can provide funding as a share to this sort of business. This is not the first time this has been done, and I am sure that it will take off in the years to come.

MR. CHAIRMAN.- *Vei kemudou ga na qai muri tiko mai qo, keimami sa veitalanotaka tiko qo e dua na Bill vou o kaya e saga tiko na matanitu me na vakalawataki na Access to Business Funding Bill, me rawa ni vakaukauwataki na vakarawarawataki ni rawa ka vaka i lavo vei ira na bisinisi. Na lawa vou qo e rua tiko na kena vanua e rawa ni da rawa i lavo kina. Kena i matai na peer-to-peer, rawa ni da kerea nai lavo vei dua tale na wekada, veiwekani se dua na turaga vailavo me fund-taka kina na nomu bisinisi Koya kevaka mo via register e kea, me nomu gross me tiko e na \$100,000.*

*Kenai karua na crowd funding, tiko vei iko e dua na proposal, dua na vakasama ni bisinisi vinaka mo qai saga moni solevaka na vakasama ya, na kena solevaki ga na vakasama ni bisinisi. E rawa ni vakayagataki na i lavo mai valagi vei ira na wekada ga i Viti, ia sa tiko na kena lawa qo me na vauca na i lavo, kevaka me soli me vaka me share equity, se me saumi lesu tale, sa tiko kece vua na lawa kaya e sagai tiko qo. Oya ga vakarawarawa sara na ka kaya sagai tiko qo. Lawa vou ni vakarawarawataki ni vai lavotaki na bisinisi. Keitou tiko kina na komiti ni Palimedi qo me keitou wavoki, veitalanoa vata kei ira era vaka bisinisi, mera rawa ni ra kila, kevaka eso tale tuga na ka era vakasamataka me vakavinakataki kina na lawa qo, keitou tu vakarau talega me ra solia mai na nodra vakasama, me keitou na take note taka tiko. Kevaka oni lako ina Parliament Facebook, e tiko kina na copy ni lawa oqo.*

Dua na taro ni via taroga? Dua na ka oni vakasamataka?

MS. N. AQELA.- *Baleta ga na peer-to-peer, ni rawa ni vakamacalataka ga vakalekaleka.*

MR. CHAIRMAN.- Na peer-to-peer, *mai dua ga e tiko vei kaya e dua na vakasama ni bisinisi, rawa ni lako tale o kaya vei dua me qai solia mai o ka ya na i lavo. Na Bill e vakamatailalaitaka na cava e tiko e na peer-to-peer, vaka na small offer. Clause 6 of the Bill states and I quote:*

“(1) A private company (the offeror) may make an offer fo the issue by it of equity securities if the offer is a small offer.

(1) An offer is a small offer if –

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- (a) it is a personal offer;
- (b) it does not breach the 48-investor limit;
- (c) it does not breach the \$2 million limit;
- (d) it does not breach the retail investor limit;
- (e) the offer document complies with section 9;
- (f) the offeror has filed a basic information package under section 19(1).

- (2) An offeror must not make more than 1 offer, including an offer through an intermediary under Part 3 in any 12-month period.”

*Kena i balebale keo sa small offer, sega ni rawa o lako tale mo lai cakava tale na crowd funding; dua ga vei rau ya mo taura.*

Clause 7 of the Bill states and I quote:

“For the purposes of section 6, an offer is a personal offer if it is an offer that is made to, and may only be accepted by, an offeree who –

- (a) is likely to be interested in the offer...”

*Sa na qai vakamatailalaitaka tale ya.*

Clause 7(b) states and I quote: “... has an annual gross income of at least \$100,000...” *Ni qai raica toka ya, kevaka oni vakasamataka sa rui sivia, dodonu me toso sobu valailai, eso ra kaya me \$50,000 baleta ni sega ni levu vei keda e tu vei ira na \$100,000. Me \$2 na milioni na kena limit. Kena balebale me \$2 na milioni lako sobu na ka o rawa nio cakava. Rawa me solia tale mai e dua tale vei iko.*

Crowd funding e yacova na \$5 na milioni. *Kena i balebale e rua tiko na limit e tiko e kea.*

*Na peer-to-peer ya, koya na small offer ya, koya ga na money lending e lako tu go. E dua e solia mai na i lavo, tara o iko, ia koya ga qo sa biu tiko kina me tiko vei iko e \$100,000 na nomu gross. Na money lending e sega ni tiko kina e dua na specification vei koya me vinakata nai lavo. Tiko kina koya na lawa ga ya. E vakarawarawataki tuga me dua ga o vinakata na dinau mai vei dua, koya ya rawa ni o tara mai vei koya na i lavo oya.*

HON. S.T. KOROILAVESAU.- *Au tomana mada ga na ka e vakaraitaka tiko o honourable Chairman. Na kena varaitayaloyalo madaga, o iko sa cicivaka tiko e dua na bisinisi, o iko qai vinakata mo vakalevutaka na bisinisi ya. Mo qai vakaraitaka o iko, na nomu turnover sa sivia tiko na \$100,000 dua na yabaki. Sa qai o biuta o iko na nomu foresight and concept ni bisinisi o cakava qo e na vakalevutaki me rawa ni generate-taka nai lavo me turnover me lailai mai na \$2 na milioni, but increase from \$100,000, below \$2 million.*

*O koya na nomu plan ya, o iko qai volitaka vua e dua na turaga vaka i lavo. O koya me qai invest mai, me solia mai nai lavo ya mo vakayagataka, kila tiko o koya na nomu busines plan e na vakalesuya vua na i lavo. Sa qai tiko o koya na Reserve Bank of Fiji vata kei koya na intermediary koya me raica me caka vakavinaka na kena veisolisoli go. O sega ni lako vei ira na baqe baleta ni restrict-taki na condition vei ira na baqe, development bank, commerical bank. O koya qo na nomudrau veitalanoa ga, drau sa veivakadonuitaka na condition kei na interest rate, vakadonuya o koya, kila o koya keu biuta ike e \$1 na milioni, oti e dua na yabaki, e rawa ni solia mai vei au e \$1 na milioni, \$50,000 me nona tale o koya with that return. Koya na vakasama ni peer-to-peer. O iko ga vata kei dua tale na investor, o kila tiko o iko ni levu nona i lavo, ia o iko sa cicivaka tiko na nomu bisinisi, \$100,000 na turnover, o kila ni na solia mai nai lavo ya, o iko na vakalevutaka na nomu bisinisi,*

*o rawa ni sauma lesu tale na i lavo o ya vei koya, ia na matanitu ga qai vakaivolataka, vakamatanitutaka me rawa ni make sure ni transaction e above board.*

MS. N. AQELA.- *Na taro, kena i balebale ya, o iko e dua na dau ni bisinisi mo vaqara ga na nomu investor se na matanitu na nona i tavi, na biuta cake mai na yacadra o ira ko rawa kerekere kina?*

HON. S.T. KOROILAVESAU.- *Ke dua e sa lawaki, e qai tara mai koya nai lavo koya a tukuna o honourable Premila Kumar, iko vakayagataka sara ga na gaunisala ga ya mo volitaka kina na nomu project. Na investor koya doudou me lako mai, o keda madaga eda nanuma ni dua e lako ga mai me biuta e dua na vakasama, da naulu kece kina o keda me da lai solia tu e dua na i lavo levu vava, e tu na gaunisala na gauna ogo (electronic communication) iko rawa ni biuta kina na vakasama qo. E rawa ni rua se tolu ena bole mai baleta ni tu vei ira na i lavo. Koya qo nai lavo sa sivia tu vei ira, ra sega ni vakayagataka e na dua ka, era na solia mai na i lavo qo me vakatubu i lavo vei ira. E sega walega ike, i valagi talega e rawa ni ra bole me ra solia mai na i lavo me ra vakatubu i lavo. E kila tiko ke o biuta, ena gauna qo, au kila FNPF kei Kontiki e via about 7 percent interest.*

HON. P.D. KUMAR.- *Kontiki is around 15 percent.*

HON. S.T. KOROILAVESAU.- *E 15 percent koya nai lavo e rawa ni vakalesuya mai vei iko. Kena balebale, o iko compete tiko vei ira na investor ni o rawa ni solia e dua na return vinaka vei ira. So, you have to be conducive. Au tukuna tiko mai Labasa e nana, vaka tiko koya na veivoli ni o iko volitaka na nomu product. It looks so attractive, the people will jump on board because they know it will be a success.*

MR. CHAIRMAN.- *E dua beka na ka oni taroga tiko mai ya, o cei ena digitaka mai vei iko o ira mera lako mai vei iko. Na crowd funding, sa qai tiko tale e dua me vaka me dua tiko na kena agent, intermediary. . Iko volitaka vei koya, o koya qai kauta o koya na vakasama ya, qai lai volitaka o koya. Lako wavoki o koya, raica mai o koya o ira na vabisinisi, sa qai kauta tale mai o koya vei iko, “raica qo, au sa raica e lewe vica qo. O ka qo via tamata vinaka beka vei ratou qo.” O koya e rawa ni solia mai na lavo qo, na interest beka ena qai tiko, ke sega ena volia talega o koya na share ni bisinisi. Ia na dua na sede ya, ena qai soli vei koya na agent. Na yacana tiko ena Bill na intermediary. Ia koya saraga ya na nona i tavi o koya ya, me vaqara mai ya.*

*Ena sega ni rawa ni vaqara mai na matanitu baleta qo na private sector, e ka ni bisinisi. Au a tukuna tiko mai dua na vanua, na vanua e involve kina na matanitu, na vanua qo e leqa sara ga, e sega ni dodonu me involve kina na matanitu baleta qo na deal ga e rua na dau ni bisinisi. O biuta vau e dua na intermediary, o intermediary lai vaqara tamata mai, kauta tale mai vei kemuni, ogo drau sa qai veitalanoataka ike. O koya talega ena tiko ike na agent se o koya na intermediary ya me raica me sa tekivu na bisinisi me na follow-up taka tale tikoga o koya. Me raica o koya mo drau na meet-taka tiko na condition ni kena soli na i lavo kei na ka lalai kece va ya.*

HON. S.T. KOROILAVESAU.- *Au qai vakasamataka qo, e dua na sala ni vacuru i lavo na Unit Trust of Fiji (UTOF). Na UTOF e solia e 7 na pasede keo vacuruma kina na nomui lavo. Ia oti e tolu na yabaki qai o tamusuka na 3 na pasede. O koya qo na alternative, e rawa ni dua ga na yabaki, e dua na investor e vinakata, sa rawa ni lako vau na rerturn ya, sega ni waraka na tolu na yabaki. So, you have to be on that platform and be competitive vei ira na via invest e na nomu bisinisi.*

MR. CHAIRMAN.- *E dua tale na taro? Ke oti qo da qai veitalanoa tale tiko. Ke so e via taro, ni qai veitalanoa vata kei ira na tabana ni youth lako tiko qo. Kau tukuna tiko ya, ni kalougata qo, na veivakatorocaketaki ni matanitu e na tekivu e na yabaki vou. Na so talega na grant na tiko kina, na ka ni bisinisi. Lako tiko mada ga o koya ya, na lako tiko na grant, e via sivia e \$20 na milioni na i lavo ni Merika. E lako i Wailevu kei na 8 na tikina ya. Na kena balebale, ni sana kalougata sara baleta ni tamani ilavo levu e na sovaraki mai ke vei kemuni.*

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I think we should be rounding up the discussion this afternoon.

MR. E. BARAVILALA.- One question, let us say, I get hold of three investors tomorrow before this Bill is passed and they want to go ahead to do the project that I propose to them. They still have to go through the procedures like coming to invest in Fiji?

MR. CHAIRMAN.- For the Bill, the Bill has to be passed in Parliament first, then following that there has to be regulations also enacted and it will take a bit of time to be effective. Hopefully, by next year we should have it operational. For that, if you have investors who are interested to come in, there is nothing stopping you from getting them through Investment Fiji because it takes time also to get everything in order. By the time you have the Bill enacted, at least you have done all those preparatory work from the investment side.

*Vinaka vakalevu.* Once again I would like to thank you all sincerely for coming this afternoon and availing yourselves despite of your busy schedules. It is not easy to be inviting people to attend but we really appreciate your time and commitment to discuss with us plans in terms of gathering and soliciting the comments from the public in relation to this new Bill that we are proposing. Our meeting is now closed.

The Committee adjourned at 6.30 p.m.



# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC AFFAIRS**

### **ACCESS TO BUSINESS FUNDING BILL 2024 (BILL NO. 18 OF 2024)**

**SUBMITTEE:** Taveuni MSMEs

**VENUE:** Taveuni Central School

**DATE:** Saturday, 16<sup>th</sup> November, 2024

**VERBATIM REPORT OF THE MEETING OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS PUBLIC CONSULTATION HELD AT TAVEUNI CENTRAL SCHOOL ON SATURDAY, 16<sup>TH</sup> NOVEMBER, 2024 AT 6.10 P.M**

Interviewee/Submittee: Tavenuni MSMEs

**In Attendance:**

- 1) Mr. Michael Prasad
- 2) Mr. Davendra Kumar
- 3) Mr. Suresh Lal
- 4) Mr. Anil Shankaran

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MR. CHAIRMAN.- Once again I would like to thank each and everyone of you who have come this afternoon. We know that Saturday is not an easy day to have public meetings. People have their own commitments and they might be occupied with those. I welcome each and everyone of you to this public consultation. We are the Members of the Standing Committee on Economic Affairs of Parliament. Our objective is to come and solicit your comments on this new Bill that is being proposed, Access to Business Funding Bill 2024 (Bill No. 18 of 2024). Actually the previous Government had started off with it and we are continuing with discussions in ensuring that businesses have more innovative ways of accessing and financing.

By way of background, as you are aware when most businesses want to start business, and it is quite a difficult task given the challenges that they have in terms of having collateral, et cetera to access loans. Financial institutions require a lot of information and unfortunately most of them do not access any finance from existing business houses particularly, commercial banks.

This Bill has two funding regimes. From the outset, I wish to make it clear that no financing is being provided through the Bill, but the Bill is a legislation which provides an overarching framework in ensuring that the regimes identified under this Bill are effective in ensuring that businesses have access to finance.

The first financing regime is the peer-to-peer exchange. It means businesses who want funds can sell their ideas to, maybe a colleague who has significant savings or capital to finance this business proposal. As you are aware, most of these have already been practiced. When you want some funds, you go to your relatives, friends, of course, money lending is also being accessed by most people where they can get financing from money lenders. This one is just a scale of financing, you must have a gross profit of about \$100,000 before you can be involved.

Perhaps you can have some sort of documentation to show that you have that and this will be also regulated through the Ministry of Trade and Commerce, before you undertake this small offer. Of course, the interest rate also has to be determined if you are going to take funds from your colleague.

The second one is crowd funding. This is when you can leverage funding from the public. Once you have a proposal, you can take that proposal and through an intermediary, which is also in the legislation, the intermediary's role is to sell this idea across to interested people in the private sector with the view of accessing more funds. The limit is \$5 million. Peer-to-peer, the limit is about \$2 million.

In terms of gross income of at least \$100,000, that is what is in the legislation. We have been going around and people are saying, "it is a bit high, maybe reduce it to \$50,000" where people can access more financing because if you have \$100,000, maybe those are people who are already benefitting by going to the banks, maybe the more upper scale businesses.

Crowd funding is already being practiced overseas and for some have been very successful. We have had some examples, case studies from New Zealand and other countries that have widely practiced crowd

funding. Those are the two regimes that is covered under this Bill. To get a copy of this Bill, you can go to Fijian Parliament *Facebook*. You can access and perhaps give it out to your colleagues so that they can read and send us any comments that you might have on the Bill. That, very briefly is the objective of why we are here. Once again we thank you for your availability despite your commitments. We would welcome any comments or questions that you might have on the Bill or any other issues that you wish to raise if not covered by the Bill which the Government has to look into.

MR. D. KUMAR.- Sir, I have a question. When you say accessing funds from peer-to-peer or crowd funding, is it the bank you are talking about or the Government to look for a loan or something, where we will go to.

HON. P.D. KUMAR.- Sir, let me just give you a background. If you look at MSME, they faced a lot of difficulty in getting funds from the traditional sources which are the banks, credit institutions like Merchant Finance or even Fiji Development Bank. They will say, "alright, you need it, great what is your security?" What collateral do you have? And as soon as they talked about collateral, and if you are going to start a business, there is no way you can provide. That is one scenario.

The other scenario is that you got the loan but for some reason your business like COVID came or a cyclone came, something happened, and you do not want to just let your business die out but you want to try again and revive and take it to another height.

In that situation, again if you go to the bank, they will tell you, "no way - you have already taken loan, why will I give you more?" What you can do, you can access funding and this is purely people, public and private businesses. So, peer-to-peer here means that you can raise money from the public, friends, relatives but then you will say this is what we have been doing for years, is it not? You are were doing it for so many years, it was just you and that person. Sometimes they do not pay you, something happens. There is no one who is vetting. We get emotionally tied-up because that is my relative and you are trying to help.

But, peer-to-peer lending here in this Bill simply says that whatever business you are doing, it will be vetted. You have to prove that your business has been doing well or even if you want to diversify your business, again your proposal will be there. They will crunch the numbers to ensure that it is profitable. Once that package is prepared, then they can float it. For example, I read your story and I am saying, "alright, I have got \$2,000 which I can invest in your business." I will invest, but the question is, what is there for me? I am giving my money, what do I get? So, as an investor, you can give the money, you will earn interest just like the banks so you can get your interest.

For crowd funding, that is even more interesting and exciting. Crowd funding as the term says, "crowd" is anyone, anywhere can bid in, but to prepare all the documentations, it has to go through an intermediary. Even crowd funding is an app. So, we will need overseas companies to come and register here with the Reserve Bank of Fiji who will allow that platform for us to use for crowd funding. So, in crowd funding when I put in my money, I can say I want to have shares so the shares can be given. A good example would be, you got an Airbnb next to a beautiful ocean and you change your mind and you say, "alright I have been in Airbnb, I have been making some profits, let me convert this into a boutique hotel." So, then you do your proposal. You can do crowd funding. Through crowd funding, you can develop that area. It can be in agriculture or any business. It takes away the burden from the Government, also it takes care of the very traditional approach the banks use. It is simply a new product in the markets to funding because according to the research that was undertaken in 2015 by the Asian Development Bank, they said that the demand for financing for MSMEs is around \$2 billion.

Currently, our traditional banks are only giving up to half a billion dollars, so there is a gap. How can we fill that gap? Generally people look at the government for assistance. For how long can the government provide that assistance? So, we thought that something innovative which is also quite appealing to young people. You know traditional ones like us who were born in those yester years, we only know our traditional method but

young people are very innovative. They have got good ideas, so they can use that mechanism to raise funds so that is what it is all about. There are some very good examples of how crowd funding has been used in Australia, New Zealand and also in other developing countries. So, there is a business but the shareholders are the people or the public. They all have their shares. It just changes the dynamic.

MR. D. KUMAR.- (Inaudible)

HON. P.D. KUMAR.- For example, if I am a founder of a business, I can always say, “I still want to have 51 percent shares”, so, I am going to float only 49 percent in the market.

MR. D. KUMAR.- (Inaudible)

HON. P.D. KUMAR.- And there can be another type of business where it can be just community. In one centre, the honourable Chairman was sharing this case in Dunedin. They had this Cadbury chocolate factory and they wanted to pull out of the market, but the community decided that they will raise funds and they want the factory to continue. They raised millions of dollars for that factory. Now, they are the shareholders of that company and they are all getting dividends.

So, these are the different mechanisms. We strongly believe that there will be a momentum. As we go along, momentum will be there with more understanding of what this Bill can do and once the regulations are drawn by RBF then more awareness can be created and people who are financially savvy, they will understand; money makes money. They will use this mechanism - it is not your money but you can make more money out of it. They will use this mechanism to do more business.

MR. D. KUMAR.- Use someone else’s money to make your money.

HON. P.D. KUMAR.- Absolutely.

MR. CHAIRMAN.- What do you think of these ideas? Do you see potential for people to take it up?

MR. D. KUMAR.- Sir, what honourable Kumar has just said about starting a new business, like when you go to a bank, of course, if you do not have any assets and your only asset would be your stock or whatever you started with, no bank is going to give you a loan and that is very true.

The peer-to-peer one will work very well if one is starting a small business because your family might help you, or your uncle or aunty might help you, but definitely not a financial and commercial bank unless you have some good assets like land, et cetera.

I think this is a great idea because there are lots of people out there who want to start businesses, they do not have the cashflows straight away and they do not have that funding to start off but if people do put in to help them start their business, as long as it is good idea, and you said, it will be vetted and seen that it is going to be profitable then I think it is a great idea. Then you can get funding, you do not have to run to the commercial banks. Maybe the interest rate could be lower than the commercial banks’ as well.

HON. P.D. KUMAR.- That will be decided between the two parties. Let me just say to you that at the moment, the Bill does not cater for the startups. What the Bill is saying that your turnover should be \$100,000 for two years. That is another level of discussion we had in other places whether we should include startups. If we do include startups, how do we ensure that it is a viable business.

MR. D. KUMAR.- Good point.

HON. P.D. KUMAR.- In Fiji's situation, the beauty is that we have seen it with our own eyes, when we had this eBay scam. The eBay scam we raised more than \$3 million, that money wasted. Imagine you raise \$3 million for some business, it will flourish. At least you will get your dividends, interest and what not.

So, that is what some Chamber of Commerce has requested us to look at. Like Labasa, they requested that we should look at startups. Tavua has requested that we reduce it to \$50,000 so that more smaller businesses can get involved and they can grow their business, and of course, there is no comparison between the traditional mechanism of financing and this modern method of financing. Remember, we know that when businesses start growing, the banks will give them loan at a very reduced rate. Big big companies like Punjas and Tappoos, 1 percent or 2 percent, even 0.5 percent because the volume is big; volume-based.

Here the interest will be decided but as a Committee, we can have further discussion with the Ministry of Trade and Reserve Bank of Fiji to see if we can cap the interest rate. If we cap it, that means the negotiation can happen within that cap, unlike what we see with money lending. Moneylending, the law is very clear. It is 12 percent per annum but money lenders interpret it differently. They apply 12 percent per month.

MR. D. KUMAR.- So, 12 percent for every \$200 loan.

HON. P.D. KUMAR.- Correct. So, they take advantage of it.

MR. D. KUMAR.- Especially the people who take loan. I have seen moneylenders bring ....

HON. P.D. KUMAR.- Mr. Chairman, I wanted to say to you that Mr. Suresh Lal is here. He is from Savusavu Chamber of Commerce. He could not make it yesterday, so he is here today. Suresh you got anything to say on this one?

MR. S. LAL.- Yes, Madam. I really appreciate your invitation today. I was supposed to meet you yesterday but due to work commitments, I could not make it, so unfortunately I missed it. I think I was keen to meet you here today.

For this plan, I am a building contractor. We do buildings for commercial, residential and resort development. I am planning to do an Airbnb and I have an eight-acre land. I have my master plan ready for this business. I want to do crowd funding like you said. So, what is the procedure? We prepare our master plan. We collect everything and do the submission to the Government or how does it go?

HON. P.D. KUMAR.- At the moment we do have an issue with startups because you are starting your Airbnb, you are not diversifying or growing. That is something that we would like to have further discussions with RBF and the Ministry of Trade to see how we can include startups. Say, for example, if we do allow that. Yes, we are allowing startups. In that case, my understanding would be that you have to have your proposals passed, your plan passed, et cetera and ready to construct phase. You have done your quantity assessment, you know what is the total cost, you will look at your financing and then you will say, because if you are going for crowd funding, you have to give shares in that Airbnb. So, you will decide how much – what percentage you want to put out for crowd funding. Say for example, if you put out 48 percent or 49 percent, that become the shares that the public can buy. The process would be, once you have prepared your documentation and everything, you go to an intermediary.

An intermediary would be a person who is in between, meaning that this person is helping the borrower and at the same time linked with the Ministry of Trade and RBF. He or she needs to understand all the requirements and he or she will be licenced by RBF. Once everything is done, vetted, et cetera, my understanding would be, then the crowd funding platform will be used where normally at the moment people use to raise funds for people who are sick and for other purposes as well. How your proposal will sell is the vetting this person has

done. They will show the projection – how many people you are anticipating, room rate, how much revenue you are going to generate, et cetera. All that information will be there.

Based on that information then I can make an informed decision. I can say, “alright, you are trying to develop Airbnb, an area where tourism numbers are picking up, there is less competition.” Then I will say, “alright, I can spare \$20,000.” So, that is how it works. These are all legal documents, it is legally done.

MR. S. LAL.- I was thinking, if I have my master plan ready, for the development I have 50 percent of funding ready and I am going for another 50 percent from crowd funding. For some reason, we assume if an investor invested with me, and then suddenly he wanted to pull out and wants his shares back, what do I do in that case?

HON. P.D. KUMAR.- For that, the regulations will come up later on. You have rightly pointed out that someone wants to pull out. There will be also many other situations. Once the regulation is drawn, it will take into consideration all that. Currently in the Bill, we are just talking about the restriction that there can only be 48 investors at one time, maximum set for crowd funding is \$5 million you can raise, nothing more. If I am an investor, I can participate only once a year. So you can do crowd funding not just one year but the following year as well. The details will come with the regulation. You get the point where I am coming from, how it leverages the financial difficulty and provides that avenue for alternative sources?

MR. S. LAL.- I think it is a very good plan. It will help and promote other businesses to develop and for your young people as well. Suppose you have good income, if you invest in a business you will also become a partner there, a shareholder and that share will benefit you in the long term, like how Commonwealth shares work.

MR. CHAIRMAN.- Sir, perhaps you want to say something.

MR. A. SHANKARAN.- I am retired school teacher. I have been doing a little bit of business here and there like drafting and pounding. Like Madam had earlier told me the things that I wanted to know, exactly what Mr. Suresh Lal had asked. I do understand all these and it goes to show, yes, there is an initiative and people should know more about it and take part. They can see also the way they can benefit from this initiative. I think at this point in time, there are so many people, as you go around, you will see so many people who want to do business but then they are not able to sustain it because along the way they get lost. They get sort of choked in by some other people, whereas having this idea, you have other people sort of contributing to your business then the other people will also support this particular person to see that he does not fall because if he falls, his money also falls.

I think it is a very good idea and it should be really advocated well for people to participate. Unfortunately, there are not so many people here, perhaps this meeting was not advertised well. I suppose, if there happens to be another, there will be people who will be interested to come and listen to this. The livelihood will be better for everyone.

Just one more clarification, this is targeted for people who are already in the business. For instance, if a person wants to take up doing business, what would be the advice to them? How do they proceed to acquire this sort of initiative?

MR. CHAIRMAN.- For the peer-to-peer, he has to have a gross income of \$100,000 if he wants to raise funding. Through an intermediary, any type of business can access crowd funding. For crowd funding \$5 million is the maximum.

HON. P.D. KUMAR.- You can raise up to \$5 million.

MR. CHAIRMAN.- It is mostly targeted towards those who already have some business or operating to some extent. Not so much for those who are just coming in and want to have a business. This is mostly for those who already have experience with some sort of business skill and undertaking some form of entrepreneurship.

We were in one village yesterday and telling them this is for someone that has already got a business, particularly for *iTaukei*, it is very difficult. The first thing they were asking was if there was any grant. I was telling them that to start a business on grant, that is not possible in this world. When you start off with grant, then grant continues forever; that is my personal idea. Even I do not have a business but if I want to have a business, what this has taught me, you cannot start a business on grant. It has to be a sustainable business and those that already have a business. For *iTaukei*, it is something that we will need to learn. I was telling them that it is not in our culture, it is new thing. Only one in ten *iTaukei* can have a successful business. Once you are successful, everyone will come and ask for money from you.

MR. A. SHANKARAN.- I was earlier sharing with Madam, it so happens that there are some people who will support a person to be sustainable, but in the back of the mind of that particular person is that he is going to get his share back again. If that person is not able to sustain the business, it collapses because he is careless, overspending - would there be any sort of guide to support these people who are supporting? Would there be any government assistance provided?

HON. P.D. KUMAR.- One will be the regulations that will guide that on how it will be done, but remember in a real business world, if you are a shareholder, you are entitled to all the results of the business, how it is progressing so you will have different benchmarks, that as a shareholder you will be able to gauge and give your viewpoints because will be having shareholders meetings, etc cetera, because We are talking about big businesses.

There will be opportunities for corrections and appointments, like appointing the right person for the job. You may have an idea but you may not be able to deliver. All these big businesses that are run around the world is not done by the owner. They recruit CEOs and the management team. So, you have to have the best people. It will be just like the Dunedin case I was sharing earlier on. The company has moved out, but who is running the company? It is the same thing but the shareholders are not the Cadbury firm, it is the public. I understand where you are coming from because cautious steps needs to be undertaken and that is why we have the intermediary, we have the Ministry of Trade for the enforcement and we also have RBF to regulate the intermediary. There are different people involved because we strongly believe that for the success of this particular Bill, once it becomes an Act, we have to have some good successful case studies because that will then motivate others to come forward. There has to be a high level of handholding. I expect that handholding will be done by the Ministry of Trade.

MR. CHAIRMAN.- Yes, there will be a lot of handholding and also public relations exercise to ensure that more people are aware of what is being offered by the Bill. There will be massive PR exercise using social media and other mediums so that people are aware of what are the benefits, et cetera. There will be a team established and they will have to travel around the country intensifying awareness of this Bill. I am sure with the business expertise that we have in this country, it is going to take off. There are lots of people and opportunities out there and it will just take off with existing businesses, new people wanting to come into the business, they will have to learn how to operate. New potential entrepreneurs, of course, the government is doing some more exercises in establishing incubators, et cetera. These are the pipelines for potential businesses and entrepreneurs.

HON. P.D. KUMAR.- There is also opportunity to create jobs for intermediaries. Intermediaries will come in and even as I was saying, the app GoFundMe. If that company comes into Fiji to establish their business, it is a foreign company, they will also employ the local ones. There is going to be employment generation. Say, for example, in a very rural setting, if you do not have an intermediary, who is going to assist the businesses, it will be very difficult for them to really do this work. We do have MSME Council and one of their suggestions to us was that we have to be involved in awareness raising. So they can be involved in awareness raising because

when we talk about medium size businesses, it is about \$1.2 million. It is not small and for that reason, if all other parties come in and do that awareness raising, et cetera, it should work out.

MR. CHAIRMAN.- There is a lot of grant being provided also by the government and maybe this is a way of ensuring that these grants are better and effectively utilised. We were just talking with honourable Koroilavesau, iTLTB giving grants to *iTaukei* businessmen. I look at some of those proposals, I am not very supportive. If it comes through this facility where it will be verified adequately and you can raise capital from other sources like *iTaukei* Trust Fund which also has funds, Fijian Holdings also wants to come on board to assist *iTaukei* businessmen. It is a process. It is not an overnight thing. To become a successful businessman, it is a different thing.

MR. S. LAL.- Sir, what I was thinking, it is really a good plan for business startups and ongoing businesses. But first of all we have to teach and explain to the investors that once you invest, the return will not be overnight, it will take time. With the ebay investment, why it was a hit was because of the overnight return. You invest today and two to three days after, you get your money back. That was the reason. I think if we teach our youths and the working people and we train them nicely, this will really steer our country and youths to something in a business where they are not heavily and actively involved in business but they will have a business. First we have to train them. I think this is a very good opportunity for young people and hopefully it works.

MR. A. SHANKARAN.- I also support the idea of what Suresh has said. I think to some extent it should trickle down to the school level. There should be a curriculum, I remember when I was a teacher, my motive was to teach students to get a better job. I would say that, that was a wrong direction I was giving my children at that point in time. After coming out from the school system, now I have come to learn that it was a wrong direction that I personally gave to the children. I should have told them at that point in time, “you work hard in school, you learn how to run your own business” rather than getting a better job somewhere. At this point in time, can I also ask if there is some sort of help in supporting established co-operatives?

HON. P.D. KUMAR.- In fact I forgot to mention this when this question was asked at Urata Village yesterday. In the Budget that was announced in June, there is \$1.5 million available for co-operatives. So, there is a grant of \$1.5 million with the Ministry of Industry and Trade and they are in 15 different sectors. I am not sure which 15 sectors they have chosen. But there is a specific grant for co-operatives and the maximum a co-operative can get is \$100,000. You might like to explore that further with the Ministry of Trade. I have not seen the advertisement coming out in the papers inviting expressions of interest from co-operatives, so something that you might like to pursue with the Ministry of MSME because they also look after co-operatives. This is a new funding they have introduced.

MR. A. SHANKARAN.- I cannot remember what was the grant that was offered to our co-operative when we had acquired for the solar-drier. We did get it on a one-third, two-thirds basis and we had very successfully completed the project but unfortunately people here are not using the facility at the moment. Perhaps they do not really know about the solar-drier facility and how important it is, how it can help in the food chain market. I was wondering, if there is another one in the cooperative, we can also apply for it. I think it was IHRDP.

HON. P.D. KUMAR.- Yes, there are two - IHRDP and the one is Northern Development Programme (NDP). When it comes to one-third, two-thirds it is NDP where you have to take certain loan as well. Those two programmes are still under the Ministry of Industry and Trade. But the one I am just telling you about, co-operatives this is a new programme for co-operatives only.

MR. A. SHANKARAN.- I will talk to you regarding that sometime.

HON. P.D. KUMAR.- Sure.

MR. CHAIRMAN.- Any other comments?



This is a side comment. See in Taveuni, no problem. They have money. They do not need financing. We are in the wrong forum.

MR. CHAIRMAN.- If there are no other comments, I would like to sincerely thank you for coming this afternoon and meeting up with the team. We sincerely appreciate your time, valuable input and comments. We know that you have a very busy schedule, but for you to avail yourself to meet with the team is appreciated. We thank you once again and our meeting is adjourned.

The Committee adjourned at 6.10 p.m.

# **VERBATIM REPORT**

## **STANDING COMMITTEE ON ECONOMIC SERVICES**

### **ACCESS TO BUSINESS FINANCING BILL (BILL NO. 18 OF 2024)**

**SUBMITTEE : Sigatoka MSMEs**

**VENUE : Sigatoka Town Council**

**DATE : Tuesday, 28<sup>th</sup> January, 2025**

**VERBATIM NOTES OF THE PUBLIC CONSULTATION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD IN SIGATOKA TOWN COUNCIL ON TUESDAY 28TH JANUARY, 2025 AT 6.00 P.M.**

In Attendance:

- 1) Mr. Anand Sami Pillay – Acting Chief Executive Officer
  - 2) Mr. Aminio Nabuveitau – Manager Public Works
  - 3) Mr. Ravineshwar Dass – Assistant Finance Manager
  - 4) Mr. Joseva V
  - 5) Mr. Saiyad Shah – Sigatoka Town Council
  - 6) Mr. John Ah Tong – District Advisory Councillor
  - 7) Mr. Darren Grant – Country Manager, Haggard Mines
  - 8) Mr. Arvind Mestry – Chairman, Nadroga/Navosa Advisory Council
  - 9) Mr. Roneel Kumar – Nadroga/Navosa Chamber of Commerce
  - 10) Mr. Suresh Naidu – Nadroga/Navosa Chamber of Commerce
  - 11) Mr. Navind Chand – Market Manager, Sigatoka
  - 12) Mr. Pranil – Sigatoka Council Office
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MR. CHAIRMAN.- First of all, I would like to welcome each and everyone of you to this public consultation relating to the Access to Business Funding Bill, which is currently being formulated with the view of being enacted in Parliament, hopefully in March.

The Economic Affairs Committee is a Standing Committee of Parliament and has been travelling around the country basically to solicit the views of interested stakeholders and medium and micro enterprises to provide feedback on the Bill.

*(Introduction of Committee Members)*

MR. CHAIRMAN.- We will provide a brief background of this Bill and following that, we will ask for your comments and I ask that you use the mic given as the proceedings this afternoon will be recorded.

As you are aware micro and small enterprises face quite a lot of challenges when accessing finance and government particularly has thought that a new framework be developed to facilitate access to business financing. I would like to thank the previous government, they were instrumental in getting the consultations undertaken and the Bill formulated and this new Government also recognizes the challenges faced by micro and small enterprises.

There was a study undertaken and a figure of around \$2 billion in terms of shortfalls in financing medium and micro enterprises. Sir, \$2 billion which is quite a significant amount which can be met to some extent, leveraging more finance and of course an inducement for economic growth for the country. So that is why this Bill has been formulated, with a view of being enacted to assist medium and small enterprises. The Bill has three major financing platforms.

Firstly, I would also like to highlight that there is no provision in the Act for finance because there is quite a lot of finance available, but the Bill is just there to facilitate access by medium and small enterprises.

In terms of providing you with some background, the first one is a small offers made by private companies. They are to some extent already being undertaken now where people want someone to provide them with finance and this will be catalyzed through this Bill. If you read through the Bill, there are small offers. There

are specific elements to it - 48 investors with a total of \$2 million can be leveraged, minimum of 20,000, one offer in 12 months. Those are the basic things about small offers - small and medium enterprises, private business who want to access business can use small offer from other interested enterprises and investors that can help them.

The second one is called crowd funding, in terms of equity to a business, which is crowd funding equity. The second one is in terms of the debt equity which is called peer-to-peer but this is access through an intermediary, there are specific laws relating to the intermediary. It has to be registered with the Reserve Bank, et cetera. Crowd funding leverages funding from those who want to have equity in the business. This has already been undertaken to some extent in some cases like online mechanism, but I think this will be quite beneficial for the *iTaukei* communities, particularly when we have people who want to invest in *iTaukei* businesses, cooperatives, et cetera in a village setup. This can be leveraged through equity and crowd funding. There are opportunities for people overseas if they want to buy equity in a business. These are the sort of mechanisms that they can access particularly in an *iTaukei* village setup. But of course, this has to be through an intermediary and intermediary also will be the ones that will be doing the planning and management of funds.

One of the risks for *iTaukei* people from overseas in sending money, the risk they are being exposed to in terms of who will look after the management of the business. That sort of factor when you include an intermediary to mitigate against such risks.

And of course, there is a crowd funding in terms of debt that is called peer-to-peer. Also, through crowd funding, you can leverage crowd funding for debt and that is accessed through peer-to-peer. So, those are the funding platforms that could be accessed through this Bill. As practitioners you might have a better idea of what needs to be done and your comments will be very valuable to us in terms of trying to amend or make some changes to the Bill before us, before it is being passed in Parliament.

I thank you once again for your availability this afternoon and I will now give this time to anyone who wants to make any comments. I suggest that you use the mic so that we can all hear what you are trying to relate to us. Perhaps you can also introduce yourself so that we know who you are.

MR. A. MESTRY.- Good evening, ladies and gentlemen. Firstly, I would like to thank the Standing Committee on Economic Affairs for being in Sigatoka despite the unfavourable weather. As the Deputy Chairman of the Nadroga/Navosa Advisory Council and Commissioner of Oath, ladies and gentlemen, I would like to say thank you very much. I also am appreciative to the Coalition Government with the help of the Opposition team in what you are doing for the betterment of our country. God bless our country and our children.

HON. P.D. KUMAR.- I would like to talk about this Bill because this Bill was finalized in 2019 when I was the Minister of Trade. I know the background of this Bill as to why there was a need for this Bill. When it comes to micro, small and medium-sized businesses, the biggest challenge for any business is to get a loan from any financial institution when you do not have a collateral; you are about to establish a business, you have nothing to offer. That is when the banks start playing their games and they make you run around, very high interest rate, they will have their own insurance companies through which you have to go through and there are many hurdles.

To overcome that, the idea was to come up with this Bill because there are individuals as well as other businesses that have surplus money. They want to invest this money but there is no mechanism through which they can invest this money. We have got our own traditional method where when you are short of money, you go to your brother, you go to your uncle, you go to your auntie and they will give you the money but it is based on trust. There is no paperwork, nothing. If they pay you back, great. If they do not, too bad and that can also bring about family disputes.

The better way of managing the informal mechanism that already existed was through a Bill, where any individual as the honourable Chairman has explained, peer-to-peer lending and small offers. For example, if someone is running a tyre business and it is doing very well and they want to expand, they want to open more of those businesses around the country, they are looking for money and if I have surplus money, I can make that offer. When you make this offer, one of the responsibilities of these companies would be to provide you with accurate information, and that information will be vetted by FRCS. This is for small offers. In other words, FRCS will go through their books, they will confirm that the financial situation is healthy or not. So you can make an informed decision.

And for the other one as the honourable Chairman had explained, for crowd funding. Crowd funding mechanism, we are using it in our lives, particularly to raise funds for sick people. Generally, that is how crowd funding has been used - to help someone. So, through crowdfunding, when you want to raise money through crowd funding, that App needs to be developed. In other words, there has to be an organisation or body that will setup this crowd funding App for Fiji? Already, Australia and New Zealand have this mechanism and we call them intermediaries. In other words, they are the ones who will be preparing all the documentation, basically the marketing material, what the business intends to do, whether the business has been profitable or not, what is the forecast for the future, say another five years or 10 years? Then you can be part of that business through two mechanisms.

First, you will say alright, I am going to give \$50,000, but you have to pay me back. I am not interested in equity and when you say you pay me back, which means it has to be at an interest rate which you mutually agree. So that is one mechanism.

The other mechanism is, as honourable Chairman explained is equity. You will say, “okay I am giving \$50,000, but I want share in your business.” That is another mechanism. This particular Bill is all about that. It is more of a business amongst businesses, amongst individuals and businesses so that MSMEs do not rely only on the formal financing model that we have and that is through our traditional banks, et cetera. We are trying to come up with more innovative ways of doing business. That is precisely what this Bill is all about.

For MSMEs, unfortunately, this Bill starts with 100,000. In other words, the size of the business is 100,000 and anything below that is not covered and as a Committee, we have been noting the concerns raised in other consultations where they feel that although we saying that it is for businesses, we want to include micro businesses. Micro is below \$50,000 but it is not covered. There has been some discussion around the table whether we should include \$50,000 and below or not because of the nature of fundraising. It is basically fundraising, so the nature of raising these funds or capital for the business because as an investor you need protection and you cannot hold FRCS responsible. It is all about the papers that are submitted.

So there is some discussion along that line, how far should we go; should we say \$40,000 and above, should we say \$50,000 and above or should we stick to \$100,000 and above? But that is a discussion that we need to have with the Ministry of Trade as well as with the Reserve Bank of Fiji because these two organisations are very much involved in the finalising of this Bill. We have also been consulting ADB. Sir, ADB has been the partner doing all the research work and providing various input in the formalisation of this Bill based on models that exist in Australia and New Zealand. There are some very successful models that exist in New Zealand through crowd funding. They were able to save the chocolate factory. They have gone into other farming activities because of crowd funding and in a small community, they basically own this chocolate factory. There are some successful models around, obviously when the Bill is passed, then the regulations will be developed and that will mean the discussion on finer details. So, currently what we are looking at is just the overarching, but details will be filled by Reserve Bank of Fiji and Ministry for Trade at a later stage.

MR. CHAIRMAN.- I just have a comment to what has been raised by honourable Kumar with regards to crowd funding. Yesterday we visited a poultry farm right in the interior of Ba and basically the project is run by a church group called United Pentecostal. They had some grant from government, some loan from FDB, but I understand also that the church members also raised funds in order to have the project implemented. One of the things we noticed when we there yesterday was the mismanagement of funds and the management acumen is not there and they are facing problems. With this one, we have intermediaries. Intermediaries are the ones that are going to mitigate those sorts of risks in terms of the management of the project, et cetera. So it has to be independent, the funds have to go through the intermediary and the ones who will be doing the management and of course the control of the resources. I see that in a way, it is also going to assist the *iTaukei* who want to be in business. One of the highest failure rates in managing business are the *iTaukei* because it is quite distinct and different from the *iTaukei* way of life. However, when you have someone doing the management and control, that will mitigate against those sorts of risks.

MR. R. KUMAR.- Good evening everyone. I am Ronil Kumar, a member of the Chamber of Commerce. A question - like in a village where you do micro-financing, do you have to do a plan for that or give it to anyone because if they want to open a shop or canteen in the village or one village with four businesses will that be okay? Like micro-finance, you can give it to all or only one? In one village, maybe there are four shops, so that might affect the business because they will do the same thing. Will micro-finance finance that, all of them or just one in the village?

MR. CHAIRMAN.- A business has to be established on business principles and if you have competitors in one village, four people doing the same thing, it is how you decide which business to do, that is up to those that will be operationalising the business. A decision has to be made by the community or whoever is doing the business because if he wants to give the business to one of them, he has to check the cash flow.

MR. R. KUMAR.- What business do they want to do in the village? Some will want to do pig farming and there are many kinds of businesses in the village. I just want to ask, maybe four canteens in one village so competition is there.

HON. P.D. KUMAR.- When you talk about business, competition is part of business. There has to be.

MR. R. KUMAR.- Madam, I am talking about a small village.

HON. P.D. KUMAR.- Yes, even a small business, you see on the roadside when they start selling corn, how many more people are selling corn? Rivalry has to be in business, that is competition. You will have to outsmart your rival by improving your product, reducing the cost and whatever you need to do. From our perspective, from a business model perspective, obviously, if you want to do something, go ahead and do it, but then the consumers will make the decision whether they want to buy your product or not. So automatically you will be wiped out. You cannot make money, you have to close your shop.

MR. R. KUMAR.- That is the point I am talking about. If I am a bank, and I want to give the money, so I have to think, the money should come to the village, to expand things not make it flop.

HON. P.D. KUMAR.- This is where the banks will not fund such projects.

MR. R. KUMAR.- Bank never fund that.

HON. P.D. KUMAR.- Yes, because they will be looking at collateral. What is there for you to show? What we are suggesting is, say for example, with this business financing, maybe you want to start a business in the village, of course you have to do your homework, you are not just going to get up and....

MR. R. KUMAR.- That is the thing I just want to now. I am asking, if they want to do the same business and micro-finance is do give the same funding to the same people to do the same thing.

HON. P.D. KUMAR.- So, when it comes to fundraising, the one who is going to prepare all the information for me to make a decision, and I want to put my money into your business, obviously my first question would be, “okay, you are opening a shop in the village, how many more shops are there?” And if the answer is, “there are already four shops?” I will say, “no, I do not want to give my money.” That is how this Bill will operate.

MR. R. KUMAR.- Okay, thank you.

HON. P.D. KUMAR.- But very good question.

MR. R. KUMAR.- I am just asking from a business viewpoint, competitors are there because big businesses can compete but with small businesses they cannot compete.

MR. D. GRANT.- *Bula vinaka.* Darren Grant from Magma Mines, fairly new-ish, explorer in the Sigatoka region. Just a bit of background though I am a chartered accountant by trade, been accounting for nearly 35 years. I have run organisations that have had turnover of \$75 million and assets of half a billion dollars, government type of organisations, schools that rely heavily on public funding and funding that needs heavy accountabilities.

I suppose this is more of a comment and a question really, I like the fact that there is the opportunity here to facilitate investment opportunities for small organisations. It is great that they are there, but it is really important and I use this term “trust” and it is about how do organisations establish trust particularly investors have the trust that they are going to get the return that they are expecting, and how are they going to be able to ensure that along the way, I suppose everyone is winning, they are winning and the person that they are investing with is winning as well.

One of the things that I have always been interested in is, I love the term “accountabilities” and the ability to acquit on a regular basis and ensure that where there has been an investment, that there is regular review of the financial performance and even the social performance. It does not have to be financial performance; the performance of organisations. The fact that there is going to be the initial assessment of an organisation’s capabilities is there, but it is about also ensuring that there is going to be ongoing, not overly rigorous, but there needs to be some rigor in the unregular assessment. That is where, I think, this is what is good about this government is they are always talking about financial literacy, economic literacy, business literacy for all people but in particular business operators and ensuring that the businesses that are needing money have access to smart people, advisory people to help them manage their businesses, but also that they are comfortable being held accountable and can demonstrate that they are doing the right thing with the funds that they are receiving. That is more a comment than anything and I suspect that will be more in the detail with the future legislation.

HON. P.D. KUMAR.- I just wanted to comment on that because if you go through the Bill, I am sure most of you did not get the time to go over it. But there is a provision which talks about regulations and it talks about how the intermediaries will be regulated by the Reserve Bank of Fiji. So, if you are the main key person or the middleman or the matchmaker between the investor and the business, then that matchmaker will be regulated by Reserve Bank.

The intermediary needs to work under certain terms and conditions, and they will be held accountable because it is a question of people's money, investor's money. I am sure, of course, when you put your money,

you will want a return. You do not want that company to go belly-up, So, that protection, I am sure will come from the Reserve Bank of Fiji when there will be developing the regulations.

Can I start the discussion? Just a question, what are your initial thoughts on this Bill? Do you think it is a good idea? Can it happen in Fiji or it is something not practical or you expected something else for today's discussion but we are telling you something else. We just want to hear that.

MR. J.A. TONG.- It is a very good idea, because I already went to the bank and they needed a lot of things and have had to run around for nearly one year. I have a business, Bank of Baroda helped. I am really happy with how the business will grow. A lot of people can come to Fiji as the wage rate is \$5.50 and that too is good. It is a very good idea. A lot of people go to the bank and there are a lot of problems as the interest rate is very high. So now I know what changes and what needs replacing. It is very good, I am very happy.

MR. S. NAIDU.- Good evening everyone. I am Suresh Naidu, President of the Nadroga/Navosa Chamber of Commerce. Firstly, thanks for the initiative to be here today despite the weather conditions plus unforeseen circumstances. To my understanding of this Bill, it is like a production - investor wise or financial wise. I think it is just like a small home office operation or a new starter. I think a little bit of awareness has to be created. It just becomes a new knowledge situation in many parts of the country. Create more awareness and as the honourable had said, the involvement in community projects, some companies go bankrupt, some companies mismanage money.

There has to be these kind of regulations, like an umbrella that monitors, et cetera. So, in this way, I commend the team for coming up with these things and with a little bit more awareness through the Ministry of Trade Ministry, like advisories and more awareness by the advisories and the District Office and even the hamber of Commerce and market vendors, et cetera. So, that will be a big plus in this initiative.

MR. CHAIRMAN.- Thank you for those comments. I totally agree with awareness on the Bill when it will be enacted in Parliament. It will be the responsibility of the government ministries that will be responsible to ensure that it disseminates this information to all the interested stakeholders.

There has been some work done in the past by the ministry, but I think when that gets enacted then of course they will be going out and informing those that will be interested and particularly the medium and small enterprises. Even I was thinking, the provincial councils should know about this Bill and how the Bill will affect them. You will be surprised, they have the resources, but how can they turn the resources into much more lucrative opportunities?

HON. P.D. KUMAR.- Just for your information, this Bill also covers co-operatives and sole traders. So, it covers co-operatives and generally in a communal setting, co-operatives work much better, but it also has its positives and negatives. As the honourable Chairman had shared the example of that Ba poultry business, it is run by a co-operative and we crunch the numbers while they were talking, we can see that the business is profitable. It is not that it is not, it is. How do you expand the business further because they mentioned that they produce 30,000 birds every five weeks. So, it is not a small number, it is a vast number, but then they by-products like waste, chicken manure, et cetera. Can they go into other forms of farming? Can they package chicken manure for other farmers? What else can they do? This is where innovation is required and critical thinking and how can you work with the co-operatives so that you can change the direction as opportunity knocks on the door?

HON. A. BIA.- Just to add on in terms of one might ask. Who are these intermediaries? What is their work? As already been explained by the honourable Chair and honorable Premila, in hindsight if you look at the Bill, as much as Government wants to assist MSMEs, the most important work, too, is being done by



intermediaries. So with intermediaries, training will be done by RBF and there will be licensed intermediaries located maybe decentralizing the work of intermediaries in cities and towns.

So, if you know that you have experience in terms of running a business, providing sound business policies in terms of advice and helping MSMEs, I think the work of intermediaries is much more important, relating to what my friend have said in terms of knowing that businesses are on good foundation, know that they can access funds to grow their business. That is where the work of intermediaries is very important to ensure that when you bring in your proposals, intermediaries have the capacity to explain and provide advice as well to MSMEs in order to access those funds.

MR. CHAIRMAN.- Are there any other comments?

On behalf of the Committee, I wish to sincerely thank you for availing yourselves to meet with us this afternoon. I know that it is not an easy day, it has been raining, but for you to come this afternoon and to be able to make a presentation and hear from us on what the Bill entails is appreciated.

We would like to thank each and everyone of you and we would like to ask you to, maybe through your friends, continue to spread the information about this Bill, what it entails and how it will assist small businesses, small and micro enterprises to achieve the required investment. The outcome we need is economic growth and this is the building block for better economic growth of the country. On behalf of the Committee, I would like to thank each and everyone of you for your availability this afternoon.

The Committee adjourned at 6.49 p.m.

# **[VERBATIM REPORT]**

## **STANDING COMMITTEE ON ECONOMIC SERVICES**

### **ACCESS TO BUSINESS FINANCING BILL (BILL NO. 18 OF 2024)**

**SUBMITTEE : Nausori MSMEs**

**VENUE : Nausori Town Council Hall**

**DATE : Monday, 3<sup>rd</sup> February, 2025**

**VERBATIM NOTES OF THE PUBLIC CONSULTATION OF THE STANDING COMMITTEE ON ECONOMIC AFFAIRS HELD IN NAUSORI TOWN COUNCIL HALL ON MONDAY, 3<sup>RD</sup> FEBRUARY, 2025 AT 6.00 P.M.**

**In Attendance:**

1)	Ms. Lavinia Vunivalu	-	Market Vendor
2)	Ms. Vani N	-	Market Vendor
3)	Ms. Nioni T	-	Market Vendor
4)	Ms. Nita S. Devi	-	Senior HRO
5)	Ms. Joshika Chand	-	CRO
6)	Mr. Rajesh Kumar	-	MCS
7)	Ms. Ulamila N	-	Market Vendor
8)	Mr. Denn Kumar	-	Businessman
9)	Mr. Alipate Valetin	-	
10)	Mr. Mosese Halofaki	-	Council Staff
11)	Ms. Sereima Kidia	-	Market Vendor
12)	Mr. Tevita K	-	Taxi Driver
13)	Ms. Arieta Namoto	-	Market Vendor
14)	Ms. Liku Radau	-	Market Vendor
15)	Ms. Viti Daunibau	-	Market Vendor

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MR. CHAIRMAN.- I welcome each and everyone of you attending this consultation this afternoon.

*(Introduction of Members of the Committee)*

MR. CHAIRMAN.- Just for your information, the Standing Committee on Economic Affairs is currently visiting stakeholders, particularly those MSMEs, small businesses and interested stakeholders who are operating in this space like small businesses and entrepreneurship to solicit their comments with regards to this new Bill that is being proposed before Parliament and we are expecting the Bill to be enacted during the March sitting.

This Bill is to facilitate the accessing finance by medium and small enterprises to ensure that they receive more financing. This work has been undertaken previously by the former government under the leadership of honourable Premila Kumar and we are just trying to continue this to ensure that this Bill is formulated. This is in recognition of the enormous gap that is there which constraints businesses to access more finance, particularly through the formal financial institutions.

Trying to get a loan through a financial institution is quite a challenge and most of the time it becomes a hindrance also to businesses, particularly the medium and small enterprises. There was a study being undertaken which calculated that approximately \$2 billion is the financing gap that needs to be fulfilled if we are to have thriving small and micro enterprises in this country. So \$2 billion is quite an enormous amount and that is why the Bill is being formulated. You must have seen a copy of the Bill, you can access it through the Parliamentary website and if you need a copy, you can ask our staff who are there.

Basically the Access to Business Funding Bill (Bill No. 18 of 2024), has three major finance platforms which are being included into this Bill. The first one is small offers. Small offers as you can see in the Bill basically allows private companies to raise limited funds from investors who wish to invest into that company. That is included as small offers particularly for people who have adequate funds, if they can borrow some funds from wealthy individuals, they can provide funds to that private company. That is called small offers.

The second one, which is in the Act is through an intermediary. One is crowd funding - crowd funding for equity and crowd funding for debt which is also called peer-to-peer. Crowd funding for equity, is mainly if you ask people to invest into your business as shareholders in your business. There is a lot of crowd funding already happening in our society, particularly in the iTaukei community where we work together, we solesolevaki for a particular project, but this is more in line with business principles.

And of course, crowd funding has to have an intermediary. An intermediary has to be established through the Reserve Bank of Fiji and their role is to manage this crowd funding. First one is for equity, when you need people to be investing in your business to have shares. And the second one is peer-to-peer, where you also work through an intermediary, but to pay off your debt. In case you have debt, then you will be calling people also to leverage funding, then you can pay off through that, peer-to-peer.

*Ena via matata toka vei kemuni na marama ya. E tolu nai walewale ni cakacaka qo ni ka ni Access to Business Funding Bill e tolu tiko na kena platforms. Perhaps I will ask honourable Premila to also explain in Hindi as some of you will not understand what I am saying.*

*Kenai balebale, matai, koya na small offer. Small offer talega esa lako tuga na gauna oqo, so na moneylender, so eda vinakata eso nai lavo mai vua e dua, e soli mai vei keda, ya ga na small offer. Ia sa sagai qo me vakalawataki. E sa tiko talega na kena lawa, keo ni raica na small offer qori, na cava na kenai balebale ni tiko talega na kena lawa.*

*Kenai karua na crowd funding. Crowd funding, kena matai me so mera invest ena noda bisinisi. Ya e rawa ni finance-taka na veimataqali bisinisi ga - co-operative, se cava e tiko ena nodatou koro. Ke da vinakata dua na bisinisi me so tale mera invest mai kina, rawa ni tou na qai kacivaka ya. Sa qai tiko e dua na intermediary me qai kacivaki me so mera invest mai ena bisinisi ya. Ia eda kila vinaka tu o keda nai taukei, keitou via saga talega qo, rawa ni o ira na wekada era tu mai valagi, rawa talega me ra sagai mera invest mai ena noda bisinisi.*

*Vakabibi e dua noda koro, tiko dua na bisinisi via caka kina, me ra kua ni vakau ilavo ga mai ni dua na oga, vakau ilavo mai me lako talega ena ka ni bisinisi. Ya na ka e vinakati tiko ena crowd funding. Na kenai balebale me solesolevaki ga, na kenai vosavosa rawarawa ga na solesolevaki. Solevaka e dua na bisinisi me caka, ia koya ga qo sa vakalawataki, sa nanuma na Matanitu me na vakalawataki. Sa lako tu qo, da cakava tu qo, sega tu ni dua na ka e vakalawataka, ia koya qo me vakalawataka, meda vinakata na vabisinisi vakoro se vabisinisi va mataqali, ya na ka e rawa ni caka kina. Ke so via voli share, rawa ni voli share.*

*Kena i karua na equity, peer-to-peer, ya kena i balebale, kevaka eda via buturaka e dua na bisinisi meda sauma na kena dinau, rawa talega ni keda cakava ya. Ya peer-to-peer, e rua tiko na kenai walewale keda vakagataka na intermediary. Na intermediary e dua ga me vaka tiko me facilitate-taka ga na cakacaka ya.*

*Koya na vuna au na via vakarawarawa sara na kena vakamatataki vei keda, io e sega ni dua na ka e tiko ena Bill qo me solia e dua nai lavo. Segai ni dua na vanua ya me soli kina e dua nai lavo. Ia na Bill qo e facilitate-taka ga na access ga ni finance, koya na tolu na kena platforms koya tiko ya. E sega ni dua na vanua e lako mai kina nai lavo. Eso sa kerekere tiko mai, eso era biuta mai nodra kerekere, io me sa tiko rawa tu eso na vanua qo e tuga kina nai lavo. Ke da laka madaga ena baqe, sara bini tu ikea nai lavo. E levu na tamata e biu tu mada e kea na nodra deposit, deposit tu nai lavo, interest tu, etu sara tu e ra. Ke ra raica o ira ni dua na bisinisi vinaka eda vakasamataka yani qo, rawa ni ra kauta mai nodra ilavo ya me rawa ni mai vakailavotaki kina na bisinisi ya. E va tiko ya na vakasama ni bisinisi qo. Au vakabauta sa via koya beka ya vakacaca sara na kena i tuvatuva ni ka au via vakaraitaka me baleta na tuvatuva ka me baleta*

*na kena sagai me na vakamatataki yani vei kemuni, moni vakararamataki, koya na Bill qo, na kena vakarawarawataki na kenai vakailavotaki ni ka vabisinisi.*

Perhaps I will ask honourable Kumar just to explain in Hindi, if some of the participants may not be clear.

HON. P.D. KUMAR.- Thank you, Mr. Chairman. Before I switch into Hindi, let me just make a few comments on the Bill itself and then I will explain that in *Hindi*. The purpose of the Bill here is to make financing available to any business person who is owning micro, small and medium-sized businesses, not through banks and not through government. So this Bill does not cover government or the banks because that is where you can get your funding regularly, but this is more to facilitate individuals who may have extra money, who want to invest in your business, or other businesses who may feel the need to invest in your business and be a stake, have a stake or you can say a share, they can have shares in your business. It is purely for personal investors and business investors.

In case we have this idea that it involves government. Government is simply trying to put up a legislation with the Reserve Bank of Fiji who will be the main regulator and the assistance in delivering or implementing this Bill will be done by the Ministry for Trade. These are the key players with this Bill. This Bill started in 2015, the study was undertaken in 2018 and during that study it was revealed that for small and micro-businesses there is an urgent need for about \$2 billion in the market.

That is what people want but the banks will not give you the loan because you do not have a collateral, you cannot show how you are going to pay it back and this is what we call the “traditional system”. They are providing about half a billion dollar, so there is a gap and we want to close this gap purely from business to business or business to individual investors. So that kind of arrangement we want to bring in. Now in a normal life when you run out of money, you will go to your uncle, you will go to your relatives, you will go to your neighbor if the banks are not giving. And because they are your relatives, they happily give you the money with no security. So under this Bill, your brothers, your sisters, your neighbors can also help you but there will be a high level of security for them.

This is what the honourable Chairman explained as small offers. So that is a small offer one can make and when you make a small offer, you give the loan and you will get your loan back with interest. However, the that was explained earlier, intermediary is the middleman and you have to go through this middleman. The middleman is the one who will try and arrange the funds for you by creating these documents and market these documents saying - this is your business, this is how much you have been making, your turnover has been and what are the potential of your business. If I read all that information with all the facts and evidence, then I will say, “yes, there is a lot of potential.” So might as well my money sitting in the bank, my personal money, which is barely generating any interest, 1 percent and even less on my savings, I would rather put that money in your business because in the long term, I will get better returns. So, that is what this Bill is all about.

*Ab hum mangta hai Hindi me explain kare agar aap log kuch extra mangta jaane, tab hum sakta bataye aap ke. Jon ee Bill hai, isme teen provision hai, ek hai small offer. Uske matlab hai ki aap sakta hai ek business mein invest kare up to \$20,000. Usse jyada nai aur ek time khali.*

*Fir aawe hai, we have got Peer to Peer lending, aur Crowd Funding. Jaise abhi aap dekhta hoga agar koi bimaar padh jaye hai, then you go to this particular site, usmei Crowd funding mei people log pledge kare ki hum itna sakta de, tab uske paisa collect hoy hai uske help ke liye. So similar concept hai ki agar apke ke business hai, toh Crowd Funding ke dwara aapke paisa collect hoi, so that aap apna business sakta run kare.*

*Usme dui portion hai. Ek hai aap khali sakta loan dewe aur jab loan dega tab tumme interest mili, plus your loan. You recover dono cheez, jon paisa de hai plus the interest. Aur the other one is ki aap sakta usme shares lewe, ki huma*

*paisa nai lautaro, but humme 20 percent, 10 percent, five percent shares do. Yane ki business jitna paisa banayi profit, toh five percent of the profit tumme mili, ya 10 percent, jitna tum shares liya hai.*

That is what ee Bill is all about. *Uh try kare hai facilitate kare ke funding bank ke dwara nahi, but agar aapke uncle hai, kaka, hai ya mama hai, ya bhaiya- bhaini, koi bhi hai, jon sake tumme loan dewe. Lekin normally family mei agar aap paisa leta hai, jon bhare nahi hai toh family mein feud hoy jaye, jhagda hoy lage. Toh ee way se agar aap jayega, proper way se, toh usme problem nahi rahi. Because aap bhi uske baat pe nahi jayega, jon person karja maange hai, lekin sab documents check karega, sab verify karega tab aap sakta apan paisa dewe.* So that is the level of security that will be given.

This Bill has nothing to do with moneylenders. Moneylenders is a separate matter and it is covered under Money Lending Act.

MR. CHAIRMAN.- Are there any questions? *E dua vei kemuni via dua nona taro?*

MR. D. KUMAR.- My name is Dewan Kumar, I stay across the road. For example, if I take a loan or borrow money, what percentage of interest will be charged to me?

MR. CHAIRMAN.- The loan in terms of the interest still has not been ....

MR. D. KUMAR.- Maybe like 2 percent, 5 percent, is it up to the borrowers?

HON. P.D. KUMAR.- There is no cap. There is nothing in the Bill that says how much interest can be charged, but that will be decided by the two parties. At one time, the Committee was thinking that we will make a suggestion that there should be an interest cap so that they do not take advantage of your situation, but that will come under the regulations, not in the main Act.

MS. L. VUNIBOLA.- Just wondering about the small businesses that you are talking about. Does it have a criteria for small businesses or does it include a small canteen, selling suki, et cetera at home? Does it include small businesses? Is it included in the small business?

MR. CHAIRMAN.- Under the Act, like MSME there is a definition of small business, medium enterprises and large enterprises. There has been some inconsistency in that and one of our suggestions is also to look into the definition of small businesses and of small and micro enterprises. If you have a small canteen which you would like to maybe get some funding from someone. *Me vaka ni lai kerea tale mai edua nai lavo tale vei dua. E rawa ni lako mai kina, ia me tiko na nomu gross turnover e \$100,000. Koya keitou raica tiko, vaka e via tiko vakalailai e cake ya. Ya sa sega tale ni small, sa via tiko vakalailai e cake. Koya ya rawa ni tukuna mai, e vacava na \$100,000 ya, sa rauta tiko?* Na \$100,000 is too much or you want it to be reduced baleta na noda gross turnover with the businesses that we have is much smaller than that. We might not be able to get to that. The Act might to some extent will not be able to facilitate or cater for those sort of things.

HON. P.D. KUMAR.- Let me just explain this bit. Micro business is too small, micro is below \$50,000 and for a micro business to meet all the requirements because you have to make sure that your bank statements are there, proper record of your business, all that information needs to be gathered. So \$50,000 and below is too small. What the Committee has been thinking, we should include at least \$50,000 and above. Currently, the amount is \$100,000 which again leaves a lot of people out of this legislation, it will be of no use to you. Is it not when you are a micro-business? We want to include at least \$50,000 and above (reduce \$100,000 to \$50,000) and that is the discussion we are going to have with the Ministry of Trade and the people who are drafting this law. That would be the first thing that we want to do. Having said that, this particular Bill covers co-operatives, partnerships and sole traders if you are an individual person running your own business, but in the long-term, it can also help a very big business.

For example, you have Pacific Foods. They need *duruka* for canning but you can say that I have a farm, I can produce *duruka*, but you do not have the money, not to that level but you know how to do it, you have been producing. Maybe Pacific Foods can sign up with you all through the intermediary, they will approach and might say, “okay, I will buy shares in your business but on one condition that you must supply all *duruka* to me.” Or they can say, “I can give you loan.” There can be some condition but they will do a thorough assessment of your farm, your lease, your production over the five years and whether you have been producing any *duruka* or not. This Bill does not cover start-up, that you want to start a business, because it is the people’s money. So, the Government wants to be sure that people should be able to invest in your business provided you have a good track record so that is what it covers.

Do you have any other clarifications that you would like to seek? If you want some clarification, you can also make your suggestion. You can write it down in your own language, you can submit it to Parliament and we will consider that. If you think that this Bill is not good, you can also explain to us why this Bill is not good or why it is good or what needs to be changed, why it needs to be changed, because at the end of the day, this Bill is for the people. We are trying our level best to come up with a legislation that will help our businesses and not rely on only one source or two sources of funding which is the traditional banks and the other one is government. When you want money, you want the government to give you money or you take money from the bank, but there are many people who have extra money, they do not know what to do with their money so they are looking for business opportunities. This Bill tries to facilitate that.

HON. T.N. TUNABUNA.- *Au na via kuria wale tale tikoga vakalekaleka na vakamacala ni lawa koya vakatututaki tiko qo. Oqo na kena vinakati ga me vakarawarawataki vei keda na kena rawa ni noda veisemati vata kei ira e tu vei ira nai lavo, me rawa ni mai tubu kina na noda vakatubu bisinisi o keda na vakabisinisi lalai. E levu na gauna eda vakararavi tikoga ina loan beka dau caka na bage se na grant dau solia na matanitu ka da sega tiko ni kila, i taudaku taudaku ni rua na vurevure ni lavo levu ya era tu kina o ira e tu na nodrai lavo se ra vakabisinisi se ra vakacuru ilavo tu se rawa ni ra kumukumuni vata mai mera qai vukei keda na vinakata meda vakatubu bisinisi.*

*Au vakabauta ena bolebole tiko vei keda baleta ni se bera ni da se ciciva sara yani vakavinaka na bula vakacicivaki ni bisinisi, eda na sega ni na matata tiko vei keda e vica na tikina koya e mai talanoataki tiko nikua. Dua na tikina ya na micro vata kei na small enterprises. Na lawa qo e volai tiko kina na \$100,000 nai lavo me rawa ni noda turnover tiko ena veiyabaki me rawa ni da qai vakaivotavota kina. Keitou nanuma tiko ni sa rui tiko e cake ya. O kemuni ga na dau cicivaki bisinisi, au kila ni na kila vinaka tiko ni na lakolako, e levu vei keda ena sega ni rawa ni lai yacova yani na \$100,000 eda cici lalai tiko kina ena loma ni yabaki. E na tiko nomuni via vakatutu kevaka e rawa ni tosoi sobu ya, kena gauna tiko keitou veitalanoataka tiko ya, e rawa ni oni vola yani na nomuni vakatutu me na lutu sobu nai lavo koya tukuni tiko qo mai na \$100,000 kina \$50,000 me rawa ni da vakaivotavota ena veivuke eda rawata mai na tolu nai walewale ni rawa ilavo mai me ka ni vakacici bisinisi se na platform koya vakaraitaka tiko qo.*

*Na kena vakamatailalaitaki ni kena lawa ena qai muria mai na lawa ena qai vakaturi me kovuta. Na Bill oqo e vinakati tiko me sa na dolavi vei keda, e rawa ni noda vakaitavi o ira na vo tale ni investors se tu vei ira nai lavo, se so e rawa ni ra vakaitavitaki ira kina mai tuba me ra vakailavotaki keda na vakaduri bisinisi. Sa vakaraitaki tiko na nodra rawa ni ra vukei keda mai o ira sara madaga na lewe ni noda matavuvale era tu mai valagi. E levu na gauna era dau vaka ilavo mai vei keda, e sega tiko beka ni ra lai vakaitavitaki ira sara mai na vakau ilavo mai na vakatubu bisinisi. E na vinakati kevaka ena rawa ni ra vakaitavitaki ira mai na vakaduri bisinisi, me rawa ni da qai qarava tiko na noda oga mai nai lavo eda rawata vua na na noda bisinisi, me vakatautauvatataki nai lavo era dau vakauta tiko mai o ira me sai ilavo tikoga ni mai qarava na oga. E vakanananutaki tiko ni rawa ni ra veivuke mai o ira ga na lewe ni noda matavuvale era cakacaka tiko ena taudaku kei Viti, ni sa laurai tiko na levu ni lavo era vakauta tiko mai ena veiyabaki, ke rawa ni mai vakayagataki nai lavo ya me ceguva na kena vakailavotaki o ira na veibisinisi lalai eda taukena se da cicivaka tiko me rawa ni vakatoroicaketaki na rawa ka vakailavo mai na bisinisi, me toso cake kina na levu ni rawa ka ni Matanitu se bula vakailavo ni Matanitu. Koya ya e nanumi tiko kina*

*me sa kakua ni sa tikoga ena grant vata kei na bage nai lavo e rawa ni da dau vakailavotaki kina na vakatubu bisinisi, me sa toso yani e taudaku vei ira e tiko vei ira nai lavo. Na kena lawa koya vinakati tiko qo me vakalawataki.*

MR. CHAIRMAN.- Are there any questions or any clarifications that you may require, we are here to assist. Please do take this time to ask any questions or any doubts that you may have. Try not to make any suggestions that the Committee can consider. We are now on the final stage of our consultation and we are going to finalize this Bill in another two weeks or so and we expect to pass this Bill in the March sitting.

MS. VANI.- My name is Vani. I just want to clarify on \$100,000 turnover. For example, in one year, we are not able to meet that target, what is the possibility?

HON. P.D. KUMAR.- So, \$100,000 is the start-off, like what you have said, and as a Committee we also feel that \$100,000 is too much. It should be reduced to about \$50,000. What are your thoughts on that? Now, you tell me \$50,000 is good enough or not?

MS. VANI.- Yes, \$50,000 will be a good amount. If you can reduce that amount because at the moment it depends on the prices of goods in the market. When we want to start a business, we are signwriters, we have to buy the ink and buy other things to start our business and the price is high. We will try to meet that demand and the prices that they have. It is like the amount of money that we make at the end of the day.

HON. P.D. KUMAR.- I think that is something that the Committee will definitely consider. Same views were expressed in many other places, that \$100,000 is too much. When we are saying that this particular Bill covers micro businesses and micro is not \$100,000, micro is below \$50,000. Thank you for that and the Committee will consider that.

MR. CHAIRMAN.- Just a question, do you consider more capacity building be done as part of training? Because one of the things that I have noted is record keeping, particularly with the *iTaukei* where you do not keep business records. Maybe that could be an area, once the Bill is passed, that could be intensified whereby more trainings will be undertaken, particularly for market vendors and ladies selling at the market. Record keeping is very important because then you can estimate how much you are making, but sometimes we think that we are operating below, we do not have sufficient funds with the very small amount we are making. We always assume but when you look at your record, the amount of money you are making, you will be quite surprised that you are making a substantial amount. Those are the benefits of having proper records. You can show that you are making more than \$60,000 in terms of the gross turnover. That is quite a lot of money. Do you think that a lot of training needs to be undertaken?

MS. VANI.- Yes, definitely, we need a lot of training on how we can do our cashflows. For example, how we use our money everyday. Keeping a record book and having a lot of training because most of our market vendors are over 50 year olds. They need to be educated because everyday we buy goods, the main thing is how to do cashflows and recording.

HON. P.D. KUMAR.- Any training being provided currently by any organisation?

MS. VANI.- MoneyMinded from New Zealand where only a few of us participated. We can have small business trainings. They have the mind to do it but no resources like computer knowledge to do all that.

MR. CHAIRMAN.-Any other comments?

If there are no other comments, on behalf of the Standing Committee on Economic Affairs, I would like to thank you very much for availing yourselves and attending the meeting this afternoon. Of course,



your contribution is appreciated. We look forward to any other comments where you are also requested to write and make any comments that you see will be necessary to improve in the formulation of this Bill.

The Committee adjourned at 6.57 p.m.

## Individual Name

Artika Lal & Ravin Lal

Daniel Jason Sovatabua

Satish Chand

Edward Hoerder

Meli Rabele

Naheed Maqbool

Rajnesh Singh/Taslim Ali

Penioni Kinilovo

Aileen Burness

Micheal Dennis

Anand Kumar

Maria Eferemo Vuaviri (Liaison person)

Meena Goundar [Manager]

Hirday Kumar Gupt

Jitendra Lal

Madhuwan Reddy

Anil Prasad

Business Name	Phone
Lomaivuna Poultry Management	7072028
Namosi Eco Retreat-TRUS UP	7779099
Koronivia Farmers Cooperative	9497810
Lami Kava Limited	9982851
Silana Eco Tourism/Silana Village Youth Accomodation & Transport Pte Limited	2580006
Zonah United	9483632
Greenfield Mechanical Harvester Cooperative Limited	9243235/8490567
Vueti au Cooperative	8330117
South Sea Orchids Pte Ltd	9929209
South Pacific Coffee Company	9991166
Star Hospitality Company Ltd	7992382
Tavoro Forest Park Co operatives Limited	9507476
Meena Goundar Farming – Poultry Project	8625363
Nabonu Land Purchase Cooperative Limited	9754504
Tabia Poultry	9941754
Labasa Farm Fresh Packaging	8818091/9917775
AJ Kava Limited	9733978

Email	Business Address
	Lomaivuna, Naitasiri
	Navunikabi Namosi
	Koronivia road Nausori
	Lot 5 Qaraniki Subdivision Veisari
	Silana Village, Dawasamu Tailevu
	Laucala Beach
	Maro Settlement (Machine is located) Lomawai Road - President Residence
	Waiwai Road Ba
	Nasau Road, Nadi
accounts@spccfiji.co	WHL business Warehouse, Nadi back road
hospitality@connect.com.fj	65 Vunavou St, Nadi Town
tavoroforestpark@gmail.com	Korovou Village, Bouma
	Coqeloa, Labasa
	Vunivau Circular Road, Dama District, Bu
	Soisoi Tabia, Labasa
	Namara Labasa
	Vunikoka, Savusavu

Division	Programme
Central	IHRDP
Central	IHRDP
Central	IHRDP
Central	NES
Central	IHRDP
Central	NES
Western	IHRDP
Western	IHRDP
Western	IHRDP
Western	NES
Western	NES
Northern	IHRDP
Northern	IHRDP
Northern	IHRDP
Northern	NDP
Northern	NDP
Northern	NES



# CASE STUDY

Ethique

Total Raised: \$200k (Round 1) & \$500k (Round 2)  
Number of Investors\*: 410  
Age of company: 7 years  
Annual Revenue: \$1mil in FY2017 (Round 2)  
Sector: Natural Beauty and Household  
Country: New Zealand



Pledge Me

# BACKGROUND

## How Ethique started

Brianne West started Sorbet in 2012 with the vision of creating the most sustainable cosmetics company in the world. From her kitchen in Christchurch, she created solid shampoos, conditioners, cleansers, and other cosmetic products through cruelty-free means, ethically sourced ingredients and compostable packaging. The support she received was overwhelming, and it inspired her to pursue Sorbet's next stage of growth.

In 2015, Sorbet ran their first equity crowdfunding campaign. The funds raised went toward a complete rebranding of Sorbet to Ethique, and enabled the company to pursue global market expansion. The campaign was 24% funded on the first day and reached the maximum goal of \$200,000 within two weeks.

In 2017, Ethique decided to seek investment again, this time sourcing 50% of the funds through crowdfunding and 50% through angel investors. The goal was further global expansion, more working capital, and further research and development of their products and processes.



Pledge Me



**“We want our crowd of customers  
owning a piece of us. To keep us to  
our values (and) to come along for  
our journey”**

**- Brianne West, 2017**

**Pledge Me**



OCT 2012



Sorbet (later rebranded to Ethique) is founded by Brianne West.

NOV 2014



Brianne makes her first contact with PledgeMe after legislation is passed to allow equity crowdfunding in Australia.

JUN 2015



Ethique runs their first equity crowdfunding campaign, reaching their minimum target of 150k within 9 days, and their maximum of 200k 3 days later.

OCT 2017



On the verge of their next stage of growth, Ethique embarks on their second equity campaign, reaching their maximum goal of \$500k in 90 minutes!

Sept 2019



Ethique had a goal of preventing 1 million bottles from going to landfill by 2020. To date, Ethique has helped 4.2 million bottles avoid landfill. Their annual revenue was \$10mil at the end of last financial year.

**“Knowing that  
(these) people don’t  
know you, but still  
believe in your vision  
and are willing to  
back you, is  
amazing.”** - Brianne West



# WHAT WORKED WELL

## Recommendations for future campaigners.

- **Supportive crowd** - Ethique ensured they had a dedicated and engaged crowd before they launched their campaigns.
- **Good media coverage** - Ethique hired a PR agency and had local media coverage for their launch. Later, they were featured in publications such as [Forbes](#) and [Huffington Post](#), and got a shout-out on Social Media from celebrities who liked the products.
- **A well thought out launch plan** - Both campaign launches were carefully crafted for their specific audiences (pledgers versus angel investors).
- **Listening to their crowd** - One of the objectives of the first crowdfunding campaign was to deliver on their number one customer request at the time (a storage container for their Ethique products).

Pledge Me





# WHAT COULD BE IMPROVED

Recommendations for future campaigners.

- **Stressful final push to launch** - As the campaigns was in the final preparation for launch, there was a bit of back and forth around the content. This is normal, but campaigners should be aware that edits may be made up until the day before launch.
- **Not aiming high enough** - Based on the success of their first campaign, the significant media interest generated in between campaigns, and the overwhelming support of their customers and network, it could be argued that Ethique could have set a higher maximum target for their second campaign.







# CONCLUSION

Ethique raised \$700k and has 410 shareholders.

Pledge Me

Going into both of her 2 equity crowdfunding campaigns, Brianne West was fully aware that she had a crowd of customers who were willing to back Ethique's growth. She fostered the relationships with these supporters and built new ones by generating media interest and tailoring her campaigns, [pitch video](#), and launch events to them.

Ethique reached the maximum goals of both campaigns, raising a total of \$700k to go towards their global expansion plan. Today Ethique is New Zealand's highest rated B-Corp company and has forecasted \$25mil of revenue for 2020.



# YOUR ACTION PLAN

## Putting it into practice

### Build anticipation before you launch

Start a newsletter for interested investors. Post about it on your socials. Set up a page on your website.

### Get prepared

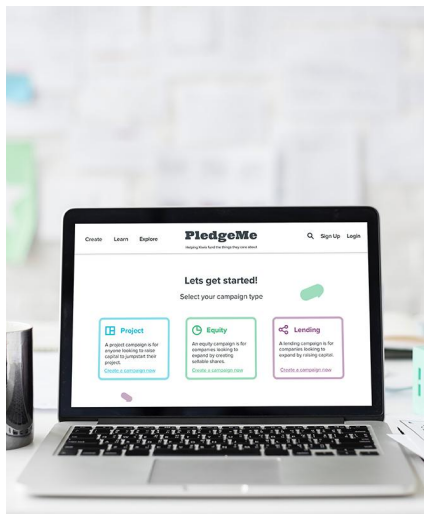
Make a plan. It doesn't have to be day by day...but you should generally know who is doing what and when.

### Pull your docs together

This can take longer than you think. Even with expert help, it's still up to you to understand everything and commit to everything your offer document says. If it's all done early, you can put it to your potential investors.

### Get in touch

If you're considering an equity crowdfunding campaign, we're ready to help. [Contact us for a chat](#). You can also learn more about creating a [crowdfunding campaign in New Zealand](#) or [Australia](#) on our main website.



**Pledge Me**

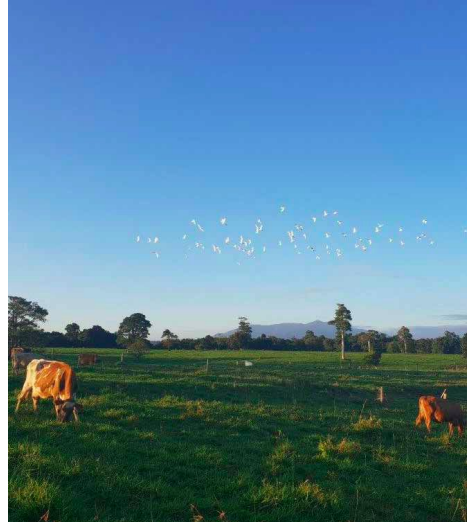
# CASE STUDY

## Mungalli Creek Dairy Pty Ltd

Total Raised:	\$771,000
Number of Investors:	411
Age of company:	19 years
Annual Revenue:	\$10.6 million in FY2018
Sector:	Agriculture
Country:	Australia

Established in 2000, Mungalli Creek Dairy produces dairy products biodynamically.

They provide a fair price for the farmers they work with and aim to demonstrate best practice regenerative farming as a solution to environmental issues – their motto is “regenerate the earth one farm at a time”.





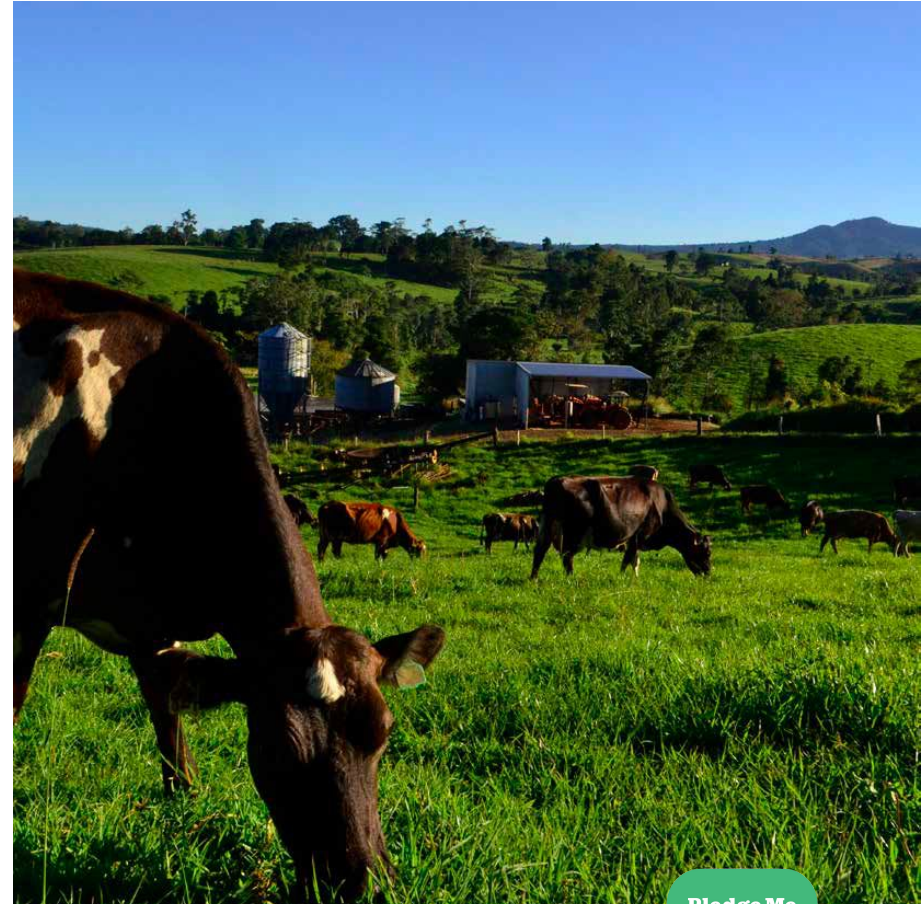
# BACKGROUND

For the past 30 years, family-owned Mungalli Creek Dairy has been producing its dairy products bio-dynamically (one of only two milk processors in Australia to do so).

Their aim is to sustain good health and vitality in all that they do - across their farms, production and community. Over the years, they built up a community of supporters who loved their products and what they did.

In 2015, they purchased more farms to convert to biodynamic farms, increasing the amount of milk they could ethically and sustainably produce (which had been limited up until that point).

Customer requests for more sustainable packaging and new products, in addition to the costs of a new processing facility made founders Rob and Dan realise they needed more working capital to fund it all. They decided to turn to their crowd and offer them company ownership through an equity crowdfunding campaign in April 2019.

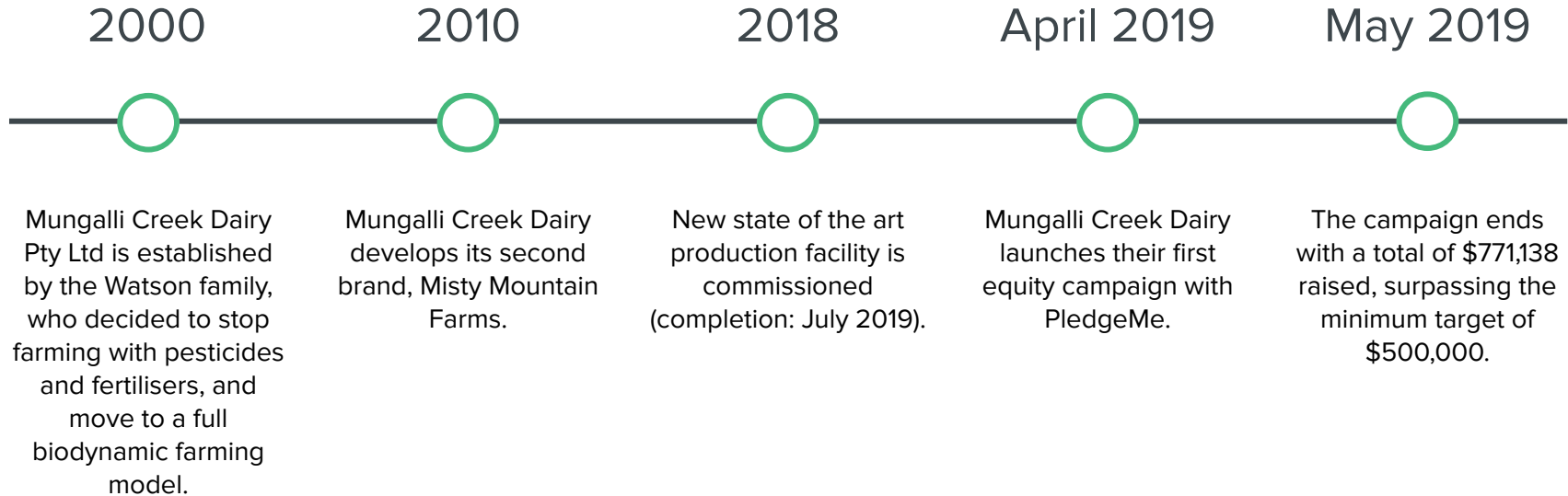






**“Our success has always been a result of the support of our customers and community, our greatest advocates, so it makes sense to bring our crowd along on the journey.”**     - Rob and Dan, Mungalli Creek Dairy

# TIMELINE



**“The core of our business is happy cows, healthy earth, great-tasting food and sustainability way into the future.”**

- Rob and Dan, Mungalli Creek Dairy





# WHAT WORKED WELL

Recommendations for future campaigners.

- **Diverse skill sets in the team** - with a big team, and passionate supporters, Mungalli were able to activate the skills they needed - from their daughter Beth writing documents, a local colleague making their pitch video, and another contact designing up the offer document.
- **Great at getting local media coverage** - another team member, Michelle, is great at making friends with media and was able to get a lot of local press coverage for the launch of the campaign as well as articles throughout.
- **Sweet sweet cow pictures** - throughout the campaign, the team were able to share funny images and on their social media. They tried to keep a balance of campaign related posts and fun company aligned jokes.
- **Crowd came on board** - they had everything from an old school teacher pledge, through to Rob's mum, through to an ice cream producer in the Daitons.

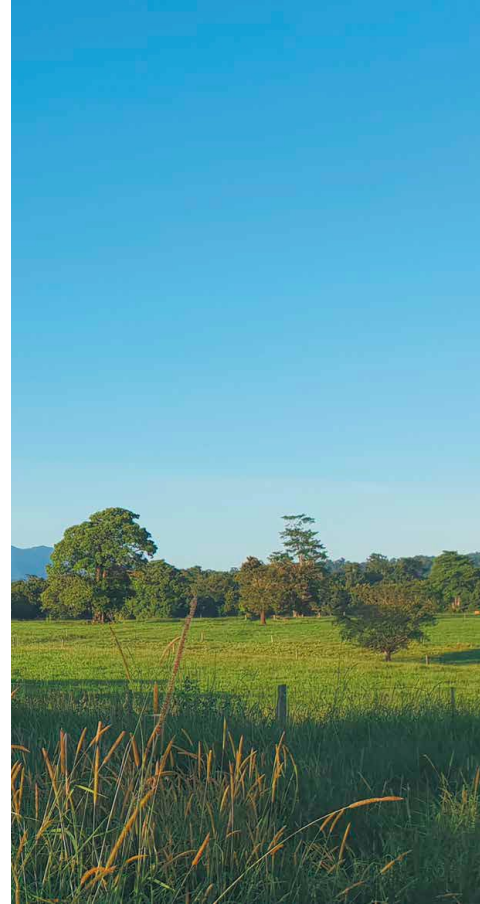
Pledge Me



# TO KEEP IN MIND

## Recommendations for future campaigners.

- **Took a while to start First 50 conversations** - some of the team jumped into their “First 50” conversations with their close crowd. However Rob, the founder, didn’t really start his conversations until the final week. He later told us that he should have started those sooner, and that it was great going to the markets and chatting to customers!  
Rob and his partner Michelle would highly recommend getting out to see your crowd in person and at events both pre launch and at campaign.
- **Pre-Education of Crowd is Key** - a lot of people still are new to the concept of ECF so talking pre launch in person to create understanding is critical to success.
- **Deadline magic hit again** - despite us telling folk that this might be a thing, it is still scary when most of the funding comes in the final few days! Mungalli hit their goal three days before they closed, and ended up raising 35% more than their minimum goal in the final few hours. People really do need a deadline!



# CONCLUSION

Mungalli Creek Dairy raised \$771k and has 411 Shareholders.

Mungalli Creek Dairy was able to mobilise their crowd of supporters to raise the funds they needed to grow their business and expand their biodynamic farming practices. They did this by reaching out to their closest supporters (friends and family) to help with the campaign, communicating well with their crowd through their channels and in person, and reaching out to local media.





# YOUR ACTION PLAN

## Putting it into practice

### **Cultivate the relationship with your crowd**

Without a dedicated crowd, you cannot crowdfund your business. Engage with your clients and supporters in a genuine way, and gauge their interest before you create your campaign action plan. Make sure you really go out to your crowd and make yourself available for questions before the campaign goes live.

### **Communicate well with your crowd during your campaign**

Prepare content for your channels that will be engaging and targeted for your audience. Don't go silent at any point during your campaign.

### **Use your Network**

If you are connected with people who possess skills who could help with your campaign, reach out to them!

### **Get in touch**

If you're considering an equity crowdfunding campaign, we're ready to help. [Contact us for a chat.](#)

You can also learn more about [creating a crowdfunding campaign in Australia](#) or in [New Zealand](#) on our main website.







# CASE STUDY

Ocho

Total Raised:	\$2 million
Number of Investors:	3549
Age of company:	7 years
Annual Revenue:	\$443k projected in 2018
Sector:	Food and Beverage
Country:	New Zealand

Ocho is a community-owned chocolate company in Dunedin, New Zealand.





# BACKGROUND

## How Ocho became community owned

In July 2017, Mondelez announced the closure of its Cadbury chocolate factory in Dunedin after almost a century of making chocolate there. It was a massive blow to the close-knit community of Dunedin, as many livelihoods and much of the town culture revolved around chocolate. Dunedin was a chocolate town and had been for more than a century. The community and city councillors decided that wasn't about to change. They came together to buy a chocolate factory, ensuring Dunedin would remain a chocolate town for many generations to come.



**“A group of local citizens decided something must be done to keep chocolate making skills and jobs alive in the city”** — Jim O’Malley  
(*Own the Factory* campaign) and Liz Rowe (Ocho chocolate company)



# TIMELINE





**“Investors were not looking to make a fortune off it. They were investing because they felt Dunedin was a chocolate town and they needed to keep chocolate and jobs there”**

— Anna Guenther, PledgeMe  
Founder





# WHAT WORKED WELL

Recommendations for future campaigners.

- **They got really good media coverage** - The story was very timely and newsworthy. It was a story of David versus Goliath, and something people could really get behind.
- **They built up excitement before the campaign** - Before the campaign, they offered people the opportunity to pre-pledge (without actual money being pledged). They posted regular updates as the pre-pledge number grew (eventually reaching more than \$5 million!), which showed the community this could actually happen.
- **They had a very passionate crowd**- The people of Dunedin got angry, and that anger was channelled into something productive (keeping Dunedin a chocolate town).
- **Great investor perks** - Pledgers got, amongst other things, a lifetime chocolate discount of 20%!



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# WHAT COULD BE IMPROVED

Recommendations for future campaigners/our learnings.

- **Preparing for the unexpected** - The Ocho campaigners were perhaps a little too optimistic about the timings and costs of the campaign, and didn't leave a lot of room to move in case unexpected things came up. Campaigns almost always take longer to prepare for than expected, and can sometimes cost a little more than expected too. That's why it's recommended to factor this in and set aside more resources than you may think is needed, just in case.
- **The PledgeMe platform could have been quicker** - Ocho's campaign had the most pledgers in PledgeMe's history (more than 3500!), and our processes and tech were put to the test (which have been improved since). As a result, it took longer than usual to process all the pledges.





# CONCLUSION

Ocho raised  
\$2.mil and has 3549 shareholders.

Dunedin is a chocolate town, and has been for a very long time. When Mondelez announced that it would close its Dunedin-based Cadbury factory, and by doing so jeopardise the chocolate making jobs, skills and culture in Dunedin, the community refused to take it lying down. They came together for the 'Own the Factory' campaign and purchased Ocho, an existing ethically practising chocolate company in Dunedin. As a result of their passion and collective determination, Dunedin will remain a chocolate town.



# YOUR ACTION PLAN

## Putting it into practice



### **Gauge the interest of your crowd**

Without a dedicated crowd, you cannot crowdfund your business. Test the waters with your crowd by having some sort of pre-campaign, or 'pre-register your interest' form, to see if they would get behind you if you decide to crowdfund.

### **Create a media storm**

If what you're doing is newsworthy and something people really care about, get the word out! Use your own resources or get some professional PR people on board.

### **Keep your crowd updated**

Involve your crowd every step of the way, from when you decide to crowdfund to when you hit your campaign milestones.

### **Get in touch**

If you're considering an equity crowdfunding campaign, we're ready to help. [Contact us for a chat.](#)

You can also learn more about [creating a crowdfunding campaign in New Zealand](#) or in [Australia](#) on our main website.





# CASE STUDY

## Angel Food

Total Raised: \$385,000  
Number of Investors: 194  
Age of company: 13 years  
Annual Revenue: \$1.6 million (FY2019)  
Sector: F&B  
Area: Vegan food  
Country: New Zealand

*Community ownership of a company championing the plant-based food movement, creating a more planet-friendly diet for Aotearoa.*



Pledge Me



Pledge Me

# BACKGROUND

## How Angel Food started

Alarmed by the climate and environmental crisis, Alice Shopland went vegan in 2004 and loved its far-reaching positive impacts for animals, people and the environment. Whilst able to shift most of her diet to plant-based sources, she was still searching for a good non-dairy cheese option. A search for vegan cheese in her beloved Aotearoa turned up only dire choices. Alice wanted to help veganism become mainstream and she knew that great vegan cheese alternatives would be a key part of this, because it is in so many of the comfort foods and other familiar favourites which bring us so much pleasure. And so, Angel Food was born in 2006.

It wasn't long before her efforts were paying off and it wasn't just vegans that were getting on board. Alice remembers a woman shedding tears of joy when recounting how their cheese sauce allowed her to make macaroni cheese for her dairy-allergic child — a childhood favourite that she hadn't been able to share until then.



**“Angel Food’s community focus felt aligned to PledgeMe’s ethos, so it felt like a good fit for our crowd and those we wanted to attract”**

Alice Shopland, Angel Food

# BACKGROUND

## Angel Food and PledgeMe

Angel Food have just finished their fourth campaign with PledgeMe.

“I felt PledgeMe was really approachable, user friendly, had a strong sense of fun and challenging the status quo...It’s been great to work with PledgeMe over the years, their processes and support model have really matured and improved in the time between the two equity campaigns we ran.”

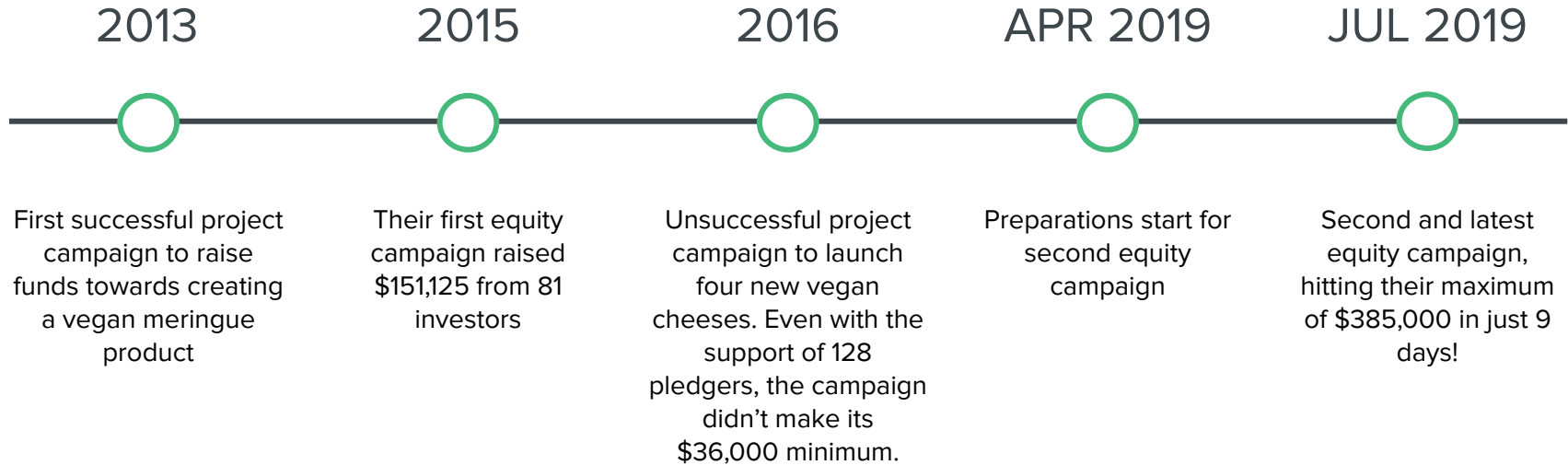
Her most recent campaign was a fast success.

“We had spoken to our crowd beforehand so were confident we could do it within the three-week campaign timeframe, but we were pleasantly surprised that we did it in 9 days,” said a delighted Alice.



Pledge Me

# TIMELINE





# WHAT WORKED WELL

## **Time and space to prepare and stay on track**

Alice freed up time and space to study IMs from past successful campaigns. The team also had a dedicated time for weekly campaign check ins, which helped to keep things on track and ensure accountability for everyone involved.

## **Linking in their wider network for support and social proof**

including a private preview. Existing shareholders were integral in creating momentum for the public launch. Existing relationships with NZTE and Ākina for advice and support also gave credibility to the company and campaign.

## **Activating a new crowd**

83% of the \$385,000 raised was from 173 new shareholders! The campaign was terrifically placed to deal with the newly widespread awareness and interest in plant based options in NZ.



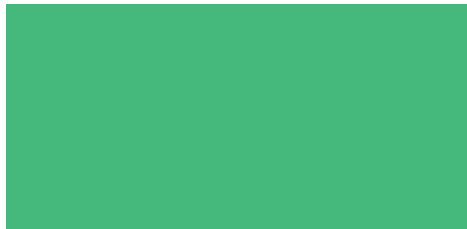
Pledge Me



# WHAT DIDN'T WORK

## Crowdfunding tools are new to many pledgers

In hindsight they would have gotten more familiar with the tools and processes involved. This would mean they could make it even clearer and simpler for people to pledge to the campaign.



Pledge Me



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# THE SILVER BULLET

How they got the word out to reach their max in 9 days

A core part of what worked well was having **a disciplined and coherent comms and social media strategy**.

*They were prepared* with a dedicated comms and marketing resource to support the campaign and a strategy to find new investors.

*They prepared their crowd* by promoting the campaign through their June and July 'Recipe Club' newsletters and announcing the campaign 1-2 weeks before launch on social media. As a teaser, they also shared their campaign video a week before launch.

*They followed up in multiple ways.* Throughout the campaign they used Facebook to nudge people and remind them to pledge. They individually emailed the pre-registrants that hadn't yet pledged. They used paid promotion and active engaged on socials throughout the campaign.



# CONCLUSION

Angel Food raised  
\$385k through 194 Shareholders.



Pledge Me



# YOUR ACTION PLAN

## Putting it into practice

### **Carve out the time and space to prepare and stay on track**

Before the campaign starts, give yourself the best chance possible by researching what worked for others.

### **Create ways to stay on track**

Throughout the campaign, figure out a dedicated time for weekly campaign check ins.

### **Linking in your wider crowd for support and social proof**

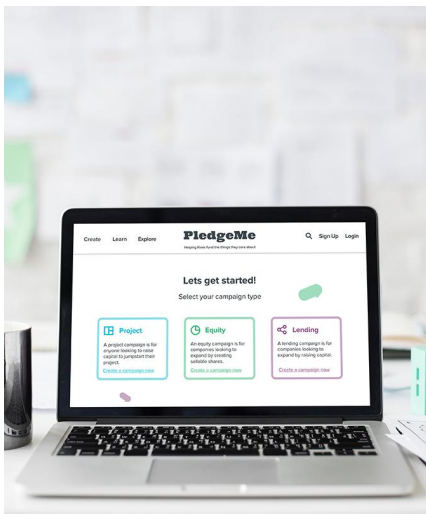
Write emails. Hold events. Help the people who already love your brand to amplify the news about your campaign.

### **Create a solid comms and social media strategy**

Prepare yourself, prepare your crowd, and follow up!

### **Get in touch**

If you're considering an equity crowdfunding campaign, we're ready to help. [Contact us for a chat](#). You can also learn more about [crowdfunding in New Zealand](#) or [Australia](#) on our main website.



Pledge Me



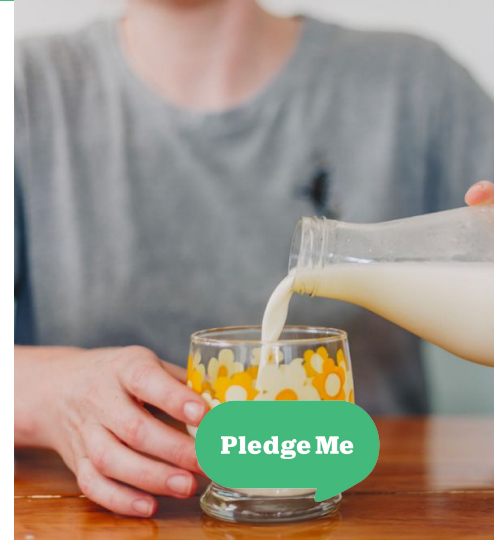
# CASE STUDY

## Happy Cow Milk

Happy Cow Milk is a dairy company which strives for more ethical dairy practices by operating with kinder, greener, fairer dairy principles.

Total Raised:	\$400,000
Number of Investors:	557
Age of company:	5 years (Happy Cow 1.0 and 2.0 combined)
Annual Revenue:	Projected to \$299k in FY22
Sector:	Agriculture
Country:	New Zealand

Happy Cow Milk



**Pledge Me**

# BACKGROUND

The founder of Happy Cow Milk, Glen Herud, walked away from dairy farming in 2004 because of the industry's damage to the environment and cruelty to livestock. In 2015, he returned to dairy farming and founded Happy Cow Milk 1.0, which was a kinder, more sustainable way of dairy farming.

Unfortunately, the model was not as profitable as he'd hoped. In 2018, he reluctantly announced to his customers that he would be closing up shop.

Messages of support and donations from his customers came pouring in; his customers were refusing to let Happy Cow Milk close. This inspired Glen to reinvent the Happy Cow Milk model through a new piece of technology that would facilitate both kinder, more sustainable dairy and profit. To fund this technology, Glen turned to the people who backed him and who showed they love what he does: his crowd.





**“Happy Cow Milk  
exists today  
because of our  
crowd - people who  
refused to give up  
on the idea of  
kinder, greener,  
fairer dairy.”** — Glen

Herud, Founder of Happy Cow Milk



# TIMELINE





# WHAT WORKED WELL

Recommendations for future campaigners.

- **Being sure that the Happy Cow Milk crowd would get behind them** - Glen's crowd had already shown him that they were willing and able to support him in growing his business (emotionally and financially).
- **Being open-minded and willing to learn** - Glen was open to advice and ideas throughout the process, taking full advantage of the know-how in his own team and the PledgeMe team.
- **A good team** - Copywriting, social media, advisors, design: all aspects of the Happy Cow Milk campaign were covered by experts who worked hard together.
- **Good Comms** - They kept their crowd in the loop throughout the process and had a clear communication plan.
- **It was a great redemption story**- Happy Cow Milk 'rose from the ashes' as [Stuff.co](https://www.stuff.co.nz) put it. They had a heartwarming story that included admitting failure, and they weren't afraid to tell it.



PledgeMe

# WHAT DIDN'T WORK

Recommendations for future campaigners.

- **The Information Memorandum (IM) should have had the founder involved from the start** - While the first drafts of the IM were adequate, the personality and passion of Happy Cow Milk really came through when the founder Glen got involved.



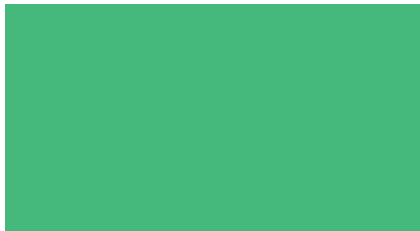


# CONCLUSION

Happy Cow Milk raised  
\$400k through 577 shareholders.

Happy Cow Milk had a vision for kinder, more ethical and sustainable dairy. They are inventing and testing a technology that could solve the issue of the scalability of their ethical, sustainable model of dairy farming. In order to fund this new technology, they turned to the people who love and support what they do the most: their crowd of customers, friends, family and fans.





# YOUR ACTION PLAN

## Putting it into practice

### **Cultivate the relationship with your crowd**

Being open and transparent with your crowd is a great way to foster your relationship with them. Sometimes, admitting your failures can be just as important as touting your successes. After all, they love what you do so they'll support you!

### **Have a clear communication plan beforehand**

Be prepared with a clear calendar for all campaign dates and deadlines: social media campaigns, media releases, team check-ins and related events. Talking to your crowd is key for crowdfunding success.

### **Tell your story; get the media involved**

If you have a great story to tell, tell it! People love hearing about how a crowd of people got together to make magic happen. Be prepared to spend money to market and run your campaign.

### **Get in touch**

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