

Cottage Industries for Rotuma

by Henry Enasio

Although it bugs me a lot to say this, most of us weren't taught at school how to make money for ourselves and to be free of debt. Rather, we were taught to slave for eight or more hours a day making money for someone else.

Like the majority, I was programmed to work for someone else without any questions asked. Therefore to get an education and a job were the obvious priorities then and still are now. If only we were taught how to make money for ourselves. Therefore an alternative path has to be created for the proper use of the land and sea to help combat the high unemployment rate amongst the youths, and to alleviate poverty.

But being employed gives many of us a sense of joy, dignity, and security as well as opportunities to afford and share material things with family and friends and to indulge in the frills of a social life. Employment also often involves a sense of obligation and loyalty to one's employer, especially if our performances, hard work and the worth we bring to the organisation are appreciated. Alternatively, to be unemployed often results in a sense of hopelessness and depression since there's no perceivable alternative. For society stigmatises such a person as lazy, with drastic consequences in the pecking order to be heard at community meetings.

Perhaps these are the reasons why we have a hangover mentality to be an employee, from which it is hard to break free. We prefer to be managed and told what to do rather than to be self-employed and masters of our own destinies until we realise that it's too late to change.

I have on several occasions mooted in my letters to the Forum about cottage industries that I believe will work in Rotuma.

Bear in mind that wages for labour on the island is only \$20.00 a day, and that only a few years ago the average annual income was \$500.00. This average income has been inflated to approximately double that in the last seven years, mainly due to the influx of remittances ranging between \$1.2 - \$2m a year. Besides these, there's also the fiscal transactions generated by civil servants and non-government workers on the island. Furthermore and except for the non-Rotuman families, everyone owns their home on the island. Also, almost all the families live on the abundance of the land and the surrounding ocean to supplement their incomes. Therefore, whatever income is generated locally by any venture will almost certainly be in the form of disposable income.

Disposable income sounds intriguingly positive to me. But I can see a downside that can result in a cascading effect similar to that of the influx of remittances, which has resulted in a shift away from our traditional diet towards a processed one of bread, biscuit, noodles, tin

corn beef and tin fish that has led to obesity, hypertension and diabetes. All you see is the crowd moving from the Post Office to the Postshop to spend the money they've received. But that's a choice for each individual to make and not the purpose of this essay.

I am aware of the fact that there are many other Rotumans who can contribute to the table below. Hopefully they will help to create a pool of ideas to assist islanders in making informed decisions that will result in better outcomes for their respective families. Such a resource could go a long way towards alleviating poverty, which Gagaj Maraf already called for when Government's national policy on poverty was first launched.

However let me say at the outset that the contents of this posting are the writer's personal opinions. It's only intended as food for thought to stimulate and generate ideas for those living or contemplating to permanently reside in Rotuma. Also, these ideas must not be taken literally as a recipe for success in the island. One should always first seek appropriate advice and do the necessary research before any decision is taken to venture into business; otherwise it is definitely a recipe for failure, and a cop out, too.

1. Categories

These are resource- or generic-based opportunities encompassing education, entertainment, finance, hospitality, land, manufacturing, retail, sea, service, sports and transport where a venture can be generated.

2. Modus Operandi

Is the operational basis of a venture based on the type of commodities used and the targeted audience within the confines of the local context.

Though these categories may not be in the order an entrepreneur will expect to see, for our purposes it succinctly covers the relevant elements for ease of reference and quick comprehension by local users; hence:

a. Venture

There are many family-oriented businesses that can be extricated from the core categories for a specific niche, as outlined in the tables below. Also identified are ventures that are not dependant on boats for operation.

b. Aim

The aim is continuity. A going concern that will either generate or be able to provide a supplemental income, based on quick turnover and liquidity. But the key ingredient is to always keep the clientele in mind, the size of the island's economy, and the surplus cash that seems to circulate around the island, for capitalisation.

Also ,overhead should be kept to a minimum, given the free rent and the abundance of the land and sea to depend on. Thus there's a need to contain expenditures to a maximum of 70% of income. But wherever possible, a 60% of income is preferable to counter act any competition and adequately provide a reserve for future expansion.

c. Venue

The venue is the place of operation at which the business will be conducted. Common sense dictates that a good locality will always attract more business.

But most cottage industries are home based and the sale of specific goods depends a lot on the clientele or the targeted niche, such as students, women, youth, groggers (kava drinkers), smokers etc. And though I don't drink or smoke and therefore don't encourage the consumption of *kava* or cigarettes, it's a free economy and there are plenty of consumers on the island who chose such an unhealthy lifestyle.

d. Goods

These will depend on the type of venture and such external considerations as the supplier and the regularity of boat service.

e. Processing

There are some goods that can be refined into other forms such as oil, cream, ham, salted meat, cheese, butter, juice, soufflés, jams, pickles, chips and biscuits by using recipes or known and simple methods, to add value to the original substance. See the table below for some details.

f. Preservation

For those who are dependant on community electrification for a few hours of electricity a day, it may be worthwhile to preserve meats such as beef, pork and fish by means of salt, the sun, and smoke.

Also, fruits in season such mango, pawpaw, pineapple, etc can be juiced, pureed, made into jam, and pickled rather than letting them rot into a habitat for flies.

Furthermore, certain root crops can be dried, buried, soaked or covered in wet sacks and put out of the sun to prolong their use for more than a week.

But breadfruit can be picked, peeled, thinly sliced and sun dried for storage in dry containers which can be kept for weeks to be eaten mashed, pancaked, or like dried biscuits.

g. Costs

For convenience I've calculated estimated costs shown in the table below based on labour costs and commodity prices by using certain actuarial, cost accounting and economic principles viz:

- The actual labour cost of \$20 a day.
- The average remittance of \$1.6m (according to the Post the remittances range between \$1.2 - \$2m for the past 7 years).
- The assumption that the total wages on the island is around \$1.5m. This is based on RHS teachers' salaries that I used to calculate for the Board the annual Government funding for the High school. Incorporating the rest of the teachers from the four primary schools and the estimation for civil servants based at Ahau. The EV is then scaled up to include the CPI and annual wage increases for each prevailing year.
- The cost of a cow is \$700-\$800, a goat \$50, an average size pig \$100, and 10 layer chicks plus feed \$100.
- The price is \$10 for a bundle of fish and a bundle of basic agricultural produce.

h. Capital

The average amount of capital needed for most of the ventures listed below ranges from F\$50 - \$500, unless the venture is animal husbandry, which can cost up to a \$1,000. But the best strategy in Rotuma is to start small and build up, because there's going to be a steep learning curve before a stable operational pattern can be established.

For those with provident funds or superannuation raising the capital shouldn't be a problem. Of course, it is always advisable to first borrow from family members who can afford to spare the money free of interest. To borrow from banks involves 8% interest on loans up to \$10K and 15% in excess of this amount. Banks will also require a proposal detailing the venture's purpose; your experience, cash flow, financial security; how the venture will be monitored and reported, etc. in order to help the lender assess the likelihood of success.

A good rule to follow if the capital is borrowed from a bank is to pay more than the minimum required monthly payments and to repay the debt as quickly as possible. Doing so will save the borrower a lot of money; otherwise, at the end of the term the borrower would have paid up to two-and-a-half times the principle of the loan.

i. Clientele

There are several types of clients, including children, students, women, youths, family, smokers, groggers and functions in Rotuma to target.

j. Risks

For a venture to be successful on Rotuma one must always require cash on delivery (no tinau) unless clients have a regular income and can be relied on to make payments when due. Do not allow credit on an unsecured basis. Otherwise the venture won't work and it's going to be a total waste of effort, time and money.

k. Financiers

The Government's Micro Finance Department usually helps to expand a venture that's already in operation. But banks such as the Fiji Development Bank and the Bank of Baroda do have such schemes for micro financing. Their interest rates are therefore high, as mentioned above under capital. For a venture to be considered by a lending institution, the borrower needs to be able to demonstrate the ability to meet the schedule for repayment, as assessed by the Agriculture Officer on Rotuma or a bank officer.

There is also the Rotuma Development and the Rotuma Agricultural Funds, which are intended under the Rotuma Act to assist farmers and aid development in Rotuma. Therefore, it is worthwhile to find out about the availability of such assistance.

l. Profits

For those contemplating retail ventures, the mark up percentage should be at least 33.3% of the costs. But for the type of ventures envisaged here, that is supplemented by free rent and living off the land and sea, so the profit made is there to spend. There may also be a need to pay an employee a fixed wage, relative to the income earned. But because overhead is likely to be little, the total expenditure should be no more than 70% of income. Given the extent of remittances, an average income of \$50 - \$100 a week is not impossible to earn.

m. License

A license from the District Office is required for retail ventures like a shop, cigarettes, alcohol, DVDs & CDs. Approval is also required for an organised dance party.

n. Supplements

All Rotuman families in the island own their homes and have an abundance of the land and the sea to live on. With such abundance, these can easily supplement any venture in the island.

p. Boats

Some, but not all, the ventures mentioned below are dependant on boats for goods to succeed.

q. Advice

Seek advice and Government assistance from the Agriculture Officer Rotuma if the venture involves crops or animal husbandry, and from others who are knowledgeable. Also see the Micro Finance Department for advice and assistance regarding expansion.

The Table

Category	Venture	Aim	Goods	Process	Pres'd	Clients	Capital	Risk	Finance	E
Edu	Trainer	AA	Mobile IT	NA	NA	Users Students	\$1K	Exp Fees*	FDB BoB	M
Entert	Dance	AA	Women*	Kava Fekei Roti	NA	Men *	\$300	Low	Family	M
	Dinners Drinkers	100Hs	Food Kava	BBQ Mixed	No No	Youths Users	\$100 \$100	Low Low	Family Family	M M
Finance	Lend	AA	Money	Chqx C	NA	Workers	\$1K	High	FNPF	M
	Trade	Spec	Shares	Sell P↑ Buy P↓	NA	NA	\$3K	High	FNPF	M
Hospit	Tour'm	AA	Accom	B&B	NA	Visit's	\$1K	High	FNPF	Y
Land	Farm	AA	Cows	Meat Milk	Butter Cheese	Families	\$1K	Low	FNPF RDF	M
			Fish	Ikou	NA		\$1K		FNPF	Y
			Goats	Meat Milk	Butter Cheese		\$100		Family RDF	M
			Pigs	Pork	Ham		\$100		Family	M
			Poultry	Eggs Chicken	NA		\$200		Family	Y
			Crops	Fekei	NA		\$100		Family	M
			Coconut	Copra	Oil		\$100		Local Tuvalu	M
				Fans	NA		\$20		Families	M
				Brooms	NA		\$20		Families	M
				Sauce	Taroro		\$10		Families	Y
	Fruits	Juice	\$100	Families	Y					
	Jam	NA								
	Pickle	NA								
	Vegies	NA	NA	Families	\$100	Low	Family	M		

Retail	M'fact	AA	Soap Milk	NA Butter Cheese IceCream		Candles	Families Families	\$200 \$1K	Low Low	Family FNPF RDF	Y N N Y
	Shop	AA	Clothes General Stat'y	S/Hand	NA	Family	\$1K	Low	FNPF	Y	
				NA	NA	Families	\$1K	Med	FNPF	Y	
				Mags	NA	Students	\$1K	Low	FNPF	Y	
			Kava M/Grog	Mix	NA	Drinkers	\$200	Low	RDF	N	
				Kava	NA	Drinkers	\$500	Low	FNPF	Y	
				Beer						Y	
			Lingerie	Bras	NA	Women	\$1K	Low	FNPF	Y	
				Undies							
				Pads							
			Stat'y	Perfume							
				Makeups							
				Mags	NA	Students	\$1K	Low	FNPF	Y	
			Sweets	Comics							
N/Papers											
Sweets	NA	Children		\$100	Low	Family	Y				
Tailoring	Cakes										
	Bickies										
	Juice										
Toys	Lollies										
	Clothes	NA	All	\$200	Low	Family	Y				
	Uniforms	NA	Students								
Sea	Fishing	AA	B/D'mer Fish	F&CH	Sun	Asians	\$100	Low	Family	Y	
				Ikou	Sun	Families	\$20	Low		N	
			Lobsters S/Weeds	Cooked	NA	Families	\$20				
				Cooked	NA	Buyers	Nil	Low		N	
				Weeds	NA	Families	Nil	Low		N	
	Farming	AA	Weeds	NA	Sun	Asians	\$20	Low		Y	
				Oysters	Pearl	NA	Buyers	\$3K	Low	FNPF	Y

Service	House	AA	Build'g	Ext Repairs Reno Rent	Maint'e	Families	\$50	Low	Family	N
			Vehicles	Repairs	Maint'e	Owners	\$200	Low	Family	Y
			Eq	Repairs		Owners	\$200	Low	Family	Y
			R/Iron	Hire	Paint	Funct'ns	\$800	Low	FNPF	N
			Apei	Hire	Sun	Funct'ns	\$500	Low	FNPF	N
Sports	Tour'ts	AA	Prized B/V'ball	BBQ Fekei Food	NA	Youths	\$50	Low	Family	Y
			T/Footy	Juice		Youths	\$50	Low	Family	N
			Sevens	C'nuts		Youths	\$50	Low	Family	N
Transport			Bicycles	Hire	Maint'e	Travel'rs	\$500	High	FNPF	Y

Legend

Edu	Education
Entert	Entertainment
Hospit	Hospitality
Tour'm	Tourism
Tour'ts	Tournaments
AA	As Above
100Hs	100 Heads
Spec	Speculate
M/Grog	Mixed Grog
Women*	Women to Enter Free as an enticement to attend
Men*	Men attracted and pay to enter
Stat'y	Stationery
B/D'mer	Beachdemer
S/weeds	Sea Weeds
Eq	Equipment
R/Iron	Roof Iron
B/V'ball	Beach Volleyball
T/Footy	Touch Footy
ChqxC	Cheque Cashier
Sell P↑	Sell when Prices goes up
Buy P↓	Buy when Prices goes down
B&B	Bed and Breakfast
S/Hand	Second Hand
N/Papers	News Papers
F&Ch	Fish and Chips
Ext	Extensions
Reno	Renovation
C'nuts	Coconuts

Maint'e	Maintenance
Funct'ns	Functions
Travel'rs	Travellers (Visiting Government Officers)
FDB	Fiji Development Bank
BoB	Bank of Baroda
RDF	Rotuma Development Fund
