



May 2009

## In Brief

- An FNZBC networking & presentation evening was held at the Fiji Club in Suva recently. Guest speaker was Ken Chambers, senior lecturer at the USP's land management department. The Events Committee are organising the next gathering in June and will invite a speaker from the RBF. Stay tuned.
- Fiji Industries Limited (FIL) has opened its first cement distribution centre in Apia, Samoa. The move is part of the company's expansion strategy into the Pacific.
- Fiji Sugar Corporation Limited has appointed Annamale Naicker as general manager operations. Naicker is a former executive and has over 20 years experience in Fiji's sugar industry.

## 2009 Annual Conference Update

The NZFBC and FNZBC annual conference will be held on 11 June at the Ellerslie Novotel in Auckland. This year's one day Conference 'Getting on with Business' reflects the desire for companies to maintain their trade in both countries.

The conference committee has arranged a number of interesting speakers. The conference will be opened by the Rt. Hon. Sir Don McKinnon. There will be an address from Peter Thomson, author of "Kava in the Blood" and Michael Field, a Fairfax reporter. A number of speakers will be presenting on trading between the two countries.

The conference will finish with a dinner and a highlight will be the dinner speaker, Wayne Pivac.

## Foster's in 'largest' Fiji stock purchase

**F**oster's Group Limited (Fosters) purchased Fijian Holdings Limited's (FHL) 29 per cent shareholding in Foster's Group Pacific Ltd (FGP) on the South Pacific Stock Exchange on 14 May.

The transaction is understood to be the largest ever for the SPSE. FGP announced earlier in May its intention to purchase the shares in the company following FHL's intention to sell it for an estimated F\$40 million, which is planned to be re-invested in new opportunities.

On the SPSE trading floor, 3,017,500 FGP shares went through a special crossing from FHL to Foster's Australia Limited, a wholly owned subsidiary of Foster's, at \$13.26 per share. "This values around \$40 million and increases Foster's ownership interest in FGP to 89.6 per cent," FGP director Ross Shaw said in a statement. He said the transaction did not affect the current market price of FGPL shares, which stands at \$13.77 per share.

FHL managing director Sereana Qoro confirmed the company had completed the sale of its holdings in FGP with a gross cash inflow of \$40,012,050 to FHL. As a result of the completion, Qoro and Jaaji Koroi, being FHL's representatives to the FGP board, have resigned from their roles as directors of Foster's Group Pacific.

## Radisson appoints internationally acclaimed Kiwi chef

**R**adisson Resort Fiji has appointed internationally-recognised New Zealand chef Richard Cross as the resort's Chef Maestro. Cross is one of New Zealand's leading culinary exports and has catered for Queen Elizabeth, the Duke of Edinburgh, Richard Branson and the past President of the United States, Bill Clinton. Cross' most distinguished position to date has been as executive chef at the Sheraton Hong Kong Hotel & Towers. His presence at Radisson is expected to further elevate cuisine services at the resort.

## Kontiki eyes alternative revenue stream

**F**iji's equity-investment management company Kontiki Growth Fund now has its eyes set on exploring new "revenue streams" as it aims to boost the performance of its six investment portfolios. While not much has been revealed on what these "revenue streams" would be, the Fund revealed that it was now in talks with potential investors for some of its investment products. At its annual general meeting in Suva recently, it was revealed that the Fund recorded a net loss of \$293,146 for the 2008 financial year end - a 37 per cent improvement over 2007. Shareholders were also informed that no dividends would be paid out this year because of the loss status. Kontiki boss Griffon Emose while highlighting the performance of the various investment portfolios admitted it had been a tough trading year for Kontiki citing the difficult economic climate experienced in Fiji and yet unfolding abroad.

## Future Forests Fiji project receives Ozzie govt grant

**A**teak plantation project by Future Forests Fiji has been awarded a F\$307,399 grant under the Australian Government's Enterprise Challenge Fund. The grant will enable FFF to expand and modernise its seed germination and nursery facilities on Viti Levu. The project will create long-term employment and training opportunities in teak seedling production and management for landowners and their families in six rural villages in the south-eastern Ra province.

## **FNPF backs tourism through Natadola resort**

**T**he chairman of Natadola Bay Resort Limited, Felix Anthony, says the Fiji National Provident Fund's confidence in the tourism industry is amplified with its investment in the Natadola Beach Resort.

Speaking at the opening of the first phase of the Pacific's largest development, Anthony said the tourism industry continues to make significant contribution to Fiji's economy. "With the uncertainty surrounding the prices of our primary commodities, Fiji needs to maintain a strong and vibrant tourism industry for growth and to sustain the economy in the medium to long term. The FNPF recognises this fact and the opportunity this presents and has invested substantially in the industry. Our confidence in the industry is amplified with this investment."

The hotel opened to the public for business on 18 May. The second stage of the resort opens for business at the end of July with 55 more villas and a presidential suite. Anthony says further development and a shift in focus to land sales will mark the transition into Stage two. "The project will graduate in scope from a guest-based tourism venture to a full-on residential community that will quickly be the pride and joy of the country, showcasing the most beautiful sea, terrain and man-made development that this country has yet to produce."

"This development also boasts of a world class 18 hole championships golf course. The golf course is ready for play. The Club House will be completed in the next two to three weeks. The Natadola Bay Championship Golf Course will host the Vodafone Fiji Open Tournament from 11 June 2009."

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## **RBF: improvements in foreign reserves and liquidity**

**M**r. Sada Reddy, Governor of the Reserve Bank of Fiji, recently announced that the devaluation and related measures put in place since 15 April have brought about an immediate improvement in the level of foreign reserves and commercial banks' liquidity.

In making this announcement, Mr. Reddy elaborated that foreign reserves which were \$441 million prior to devaluation, had steadily increased to \$591 million on 28 April 2009. At the same time, there was a rapid improvement in the liquidity of banks i.e. the amount of money available for the banks to lend. The current level is about \$102 million. The banks' liquidity reached a critically low point of \$15 million in late March. Governor Reddy said, "The policies put in place recently to preserve Fiji's foreign exchange, together with the commercial banks' support and cooperation in lending to priority sectors, will ensure further improvements in the Fiji economy".

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## **RBF foreign exchange preservation policies**

**T**he Reserve Bank of Fiji announced further policies to safeguard Fiji's balance of payments in light of the deepening global crisis and its lagged effect on South Pacific Island Countries including Fiji.

At the Pacific Central Bank Governors' Conference held in Nadi from 15-17 April, the Governors agreed that their small island country economies were still to face the full impact of the global crisis.

The Governor of the Reserve Bank, Mr Sada Reddy, who chaired the Conference, said the Pacific Island Countries and Fiji must take heed of the assessment by the Governors in terms of the possible adverse effects on their economies.

In light of this Governor Reddy announced the following additional policies to support the policies announced on 15 April which also saw the Fiji dollar devalued by 20 percent: -

Tourism – Local Value Added

- The Reserve Bank will implement policies from June this year which will link borrowing from commercial banks and other lending institutions by hotel operators to their local value added and environment protection.
- The Reserve Bank will further support this policy by giving an annual Prime Minister's award to the most successful and innovative hotel to achieve high local value added and being environmentally friendly.
- The Reserve Bank will also give 6 month scholarships to the most promising graduate from the tourism industry schools to study in Asia on local food processing.

High End Luxury Imports

The Reserve Bank has asked commercial banks and other lending institutions to review their lending to this sector so that there is no excessive holdings of stocks and imports of high end luxury imports which tie up valuable foreign exchange in stocks. Imports related to tourism will not be affected.

In explaining the above policies Mr Reddy said devaluation alone will not solve Fiji's balances payments situation. Every section of the community needs to act in concert to preserve foreign currency and encourage exports to increase foreign reserves. Governor Reddy has sought support and cooperation from the Unions to apply restraint in pay increases in the next two years to allow the country to recover. He also sought support from the business community to not pass on the full effects of the price increase arising from the devaluation. Mr Reddy added that foreign reserves have recovered strongly following the devaluation and the liquidity in the banking system is back to normal.



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