

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI RELEASES 2005 ANNUAL REPORT

The Minister for Finance and National Planning, Hon. Ratu Jone Yavala Kubuabola tabled the 2005 Annual Report of the Reserve Bank of Fiji in Parliament today, 15 June, 2006. The Report includes the audited accounts and the operations of the Reserve Bank for the year ended 31 December 2005.

The Governor of the Reserve Bank, Mr Savenaca Narube, highlighted that as mandated in the Reserve Bank of Fiji Act, “The Reserve Bank successfully achieved both its objectives of monetary policy – low inflation and an adequate level of foreign reserves. Inflation was 2.7 percent in December 2005, while foreign reserves were around \$822 million, adequate to cover 4.0 months of imports of goods.”

On the Bank’s operations, the Governor stated that “the Bank recorded a profit of \$16.4 million in 2005 compared to \$15 million in 2004. The amount of profit transferred to the Government was \$15.4 million. Additionally, the Bank transferred one-fifth of the balance of the revaluation reserves, or \$4.9 million, to the Government. Therefore, the total transfer to Government was \$20.3 million and the Bank transferred this amount on 6 April 2006.”

Mr Narube reiterated that Fiji’s financial system is strong, with total assets (excluding the Reserve Bank) growing by 10.7 percent to \$7.8 billion in 2005. He added that the quality of both commercial banks’ and credit institutions’ assets improved over the year. The Bank implemented a supervisory framework for the Fiji National Provident Fund in 2005 and continued to work with financial institutions on the new Real Time Gross Settlement System.

The Governor further stated that “a currency review was completed in 2005 and the new structure and designs were finalised. He mentioned that a \$100 note will be added to the currency structure and that the new design currency notes will be issued in 2007.” He also pointed out that “the Bank has been delegated the responsibility to implement the new Financial Transactions Reporting Act by the Minister for Justice.”

In concluding, the Governor remarked that, “Efforts must be made to dismantle the constraints to export growth. Productivity must be lifted in our niche export markets and new areas of growth identified. We also must realise that the impact of changes in the world trading environment on our industries is inevitable and we need to position ourselves better to deal with these challenges. The Bank, he added, will continue to monitor economic developments in Fiji very closely in 2006 and if necessary implement policies that will help maintain macroeconomic stability.”

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