

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK OF FIJI RELEASES 2011 ANNUAL REPORT

The Prime Minister and Minister for Finance, Commodore Josia Voreqe Bainimarama tabled the 2011 Annual Report of the Reserve Bank of Fiji in Cabinet on 31 July, 2012. The report includes the audited accounts and the operations of the Reserve Bank for the year ended 31 December 2011.

The Governor of the Reserve Bank, Mr. Barry Whiteside, noted that though the worst effects of the Global Financial Crisis had waned, the international economic recovery remained fragile and relatively slow. Mr. Whiteside stated that given the background of slower trading partner growth, rising oil and food prices and two years of low growth and economic contraction, 2011 was a challenging year for the Bank. Policy decisions taken during the year were aimed at supporting the domestic economic recovery while maintaining an adequate level of foreign exchange reserves and low inflation. The Bank lowered the Overnight Policy Rate on three occasions in 2011 to induce lower borrowing costs and stimulate demand for more investment and growth in priority sectors. Private sector credit grew to its highest growth of 7.6 percent during the year while foreign reserves and inflation reached comfortable levels of \$1,512.5 million and 7.7 percent, respectively, by year end.

Mr. Whiteside reiterated that Fiji's financial system remained stable in 2011 with commercial banks well capitalised and non-bank financial institutions achieving satisfactory earnings and solvency positions.

During the year, the Bank continued its support to other organisations in promoting the development of the economy. These included extending its sponsorship for the 2011 Crest Agriculture Show from the previous year as well as supporting the Fiji Development Bank's and Investment Fiji's Small Business and Exporter of the Year Awards. The Bank also expanded the coverage of its Import Substitution and Export Finance Facility to include honey, poultry and pig farming and also coordinated a week-long microfinance exposition in the Maritime zone, in addition to the usual one held in Suva, to further encourage financial literacy and inclusion. A major development during the year was the finalisation by the Currency Design Committee of flora and fauna designs for our new banknotes and coins family that will be officially unveiled and launched in late 2012.

The report also noted that the Reserve Bank transferred a total of \$47.8 million to Government comprising its entire profit of \$34.5 million for the financial year ended 2011 and a fifth of the Revaluation Reserve Account of \$13.3 million.

In concluding, the Governor remarked that macroeconomic policy will remain targeted at restoring confidence while maintaining financial sector health critical to strengthening Fiji's economic recovery. Building greater resilience against future shocks through appropriate monetary, financial sector and exchange rate policies apart from maintaining the momentum of the current structural reforms would be important as we forge ahead. The Governor committed that the work of the Bank will continue to be motivated by the need to build a stronger and more resilient Fijian economy, responsive to the needs of the Fijian people.