PACIFIC ISLANDS INVESTMENT SEMINAR

Presented by:
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TODAY'S PRESENTATION

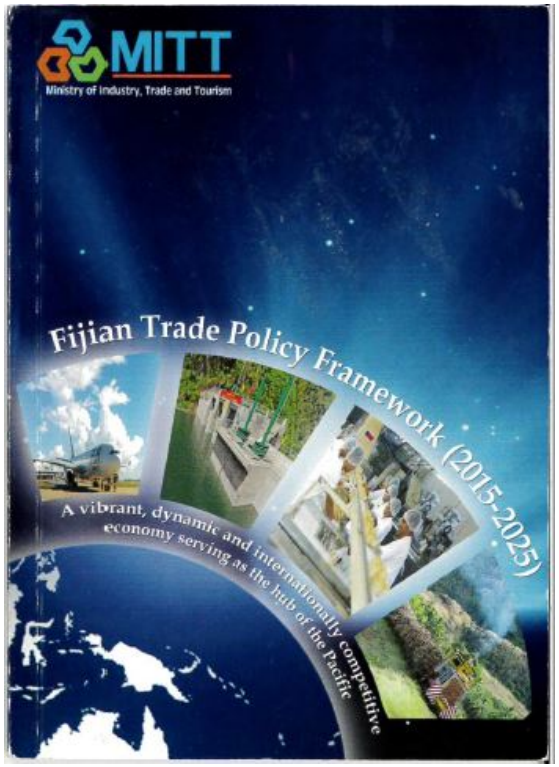
Key Policies & Business Conditions in Fiji

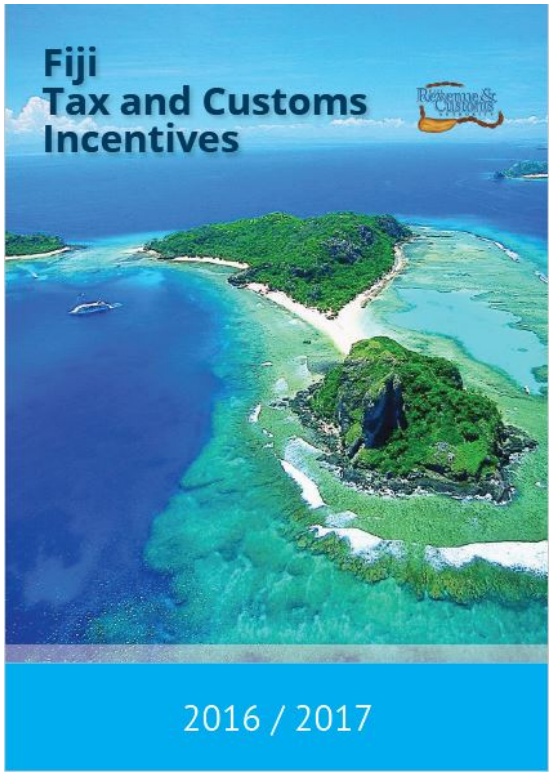
Foreign Direct Investment by Australian Entities

Investment Sector Highlights

Summary

Key Policies & Incentives:

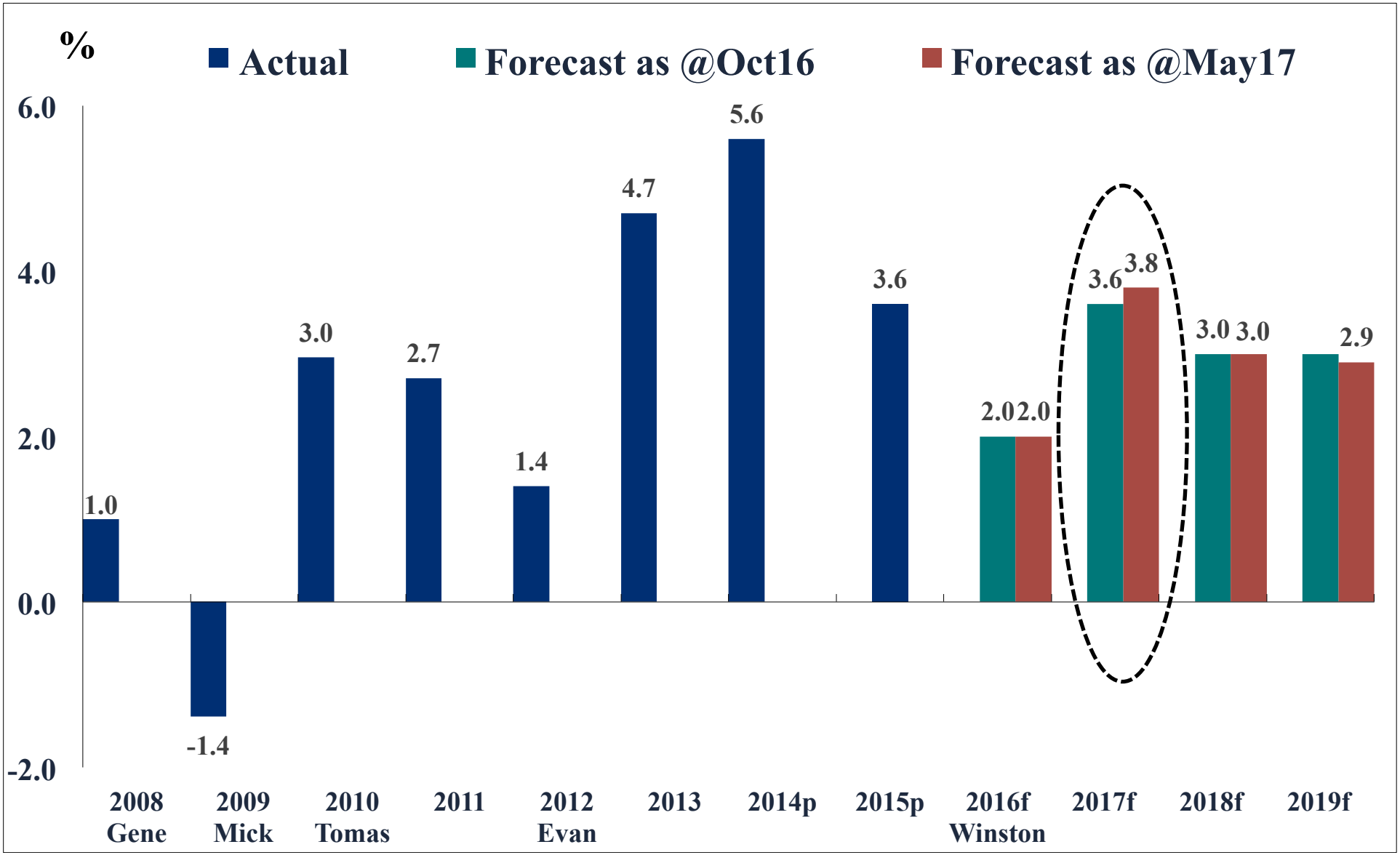




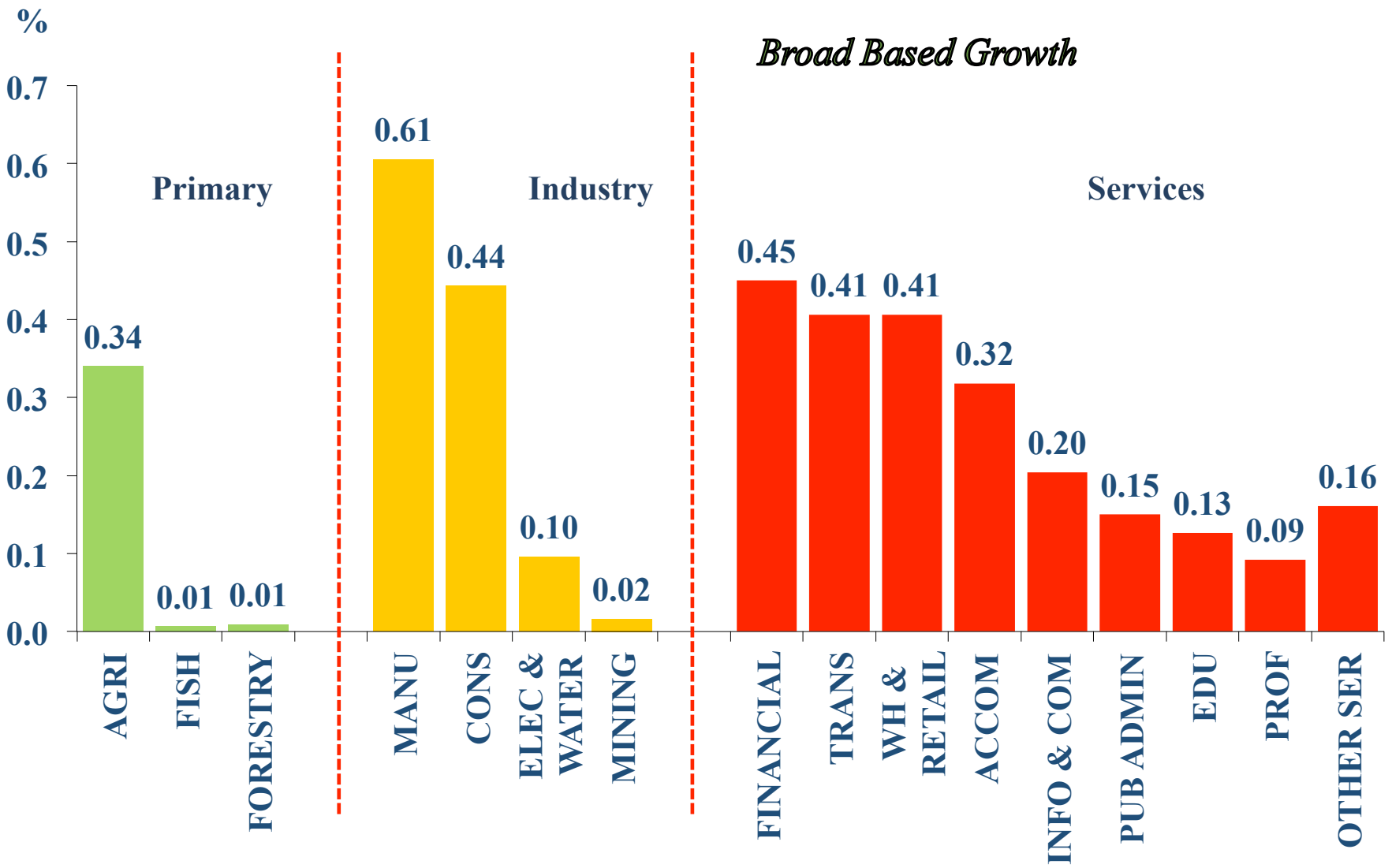
MITT Trade Policy Framework 2015-2025 / FRCS Incentives

Economic Growth:

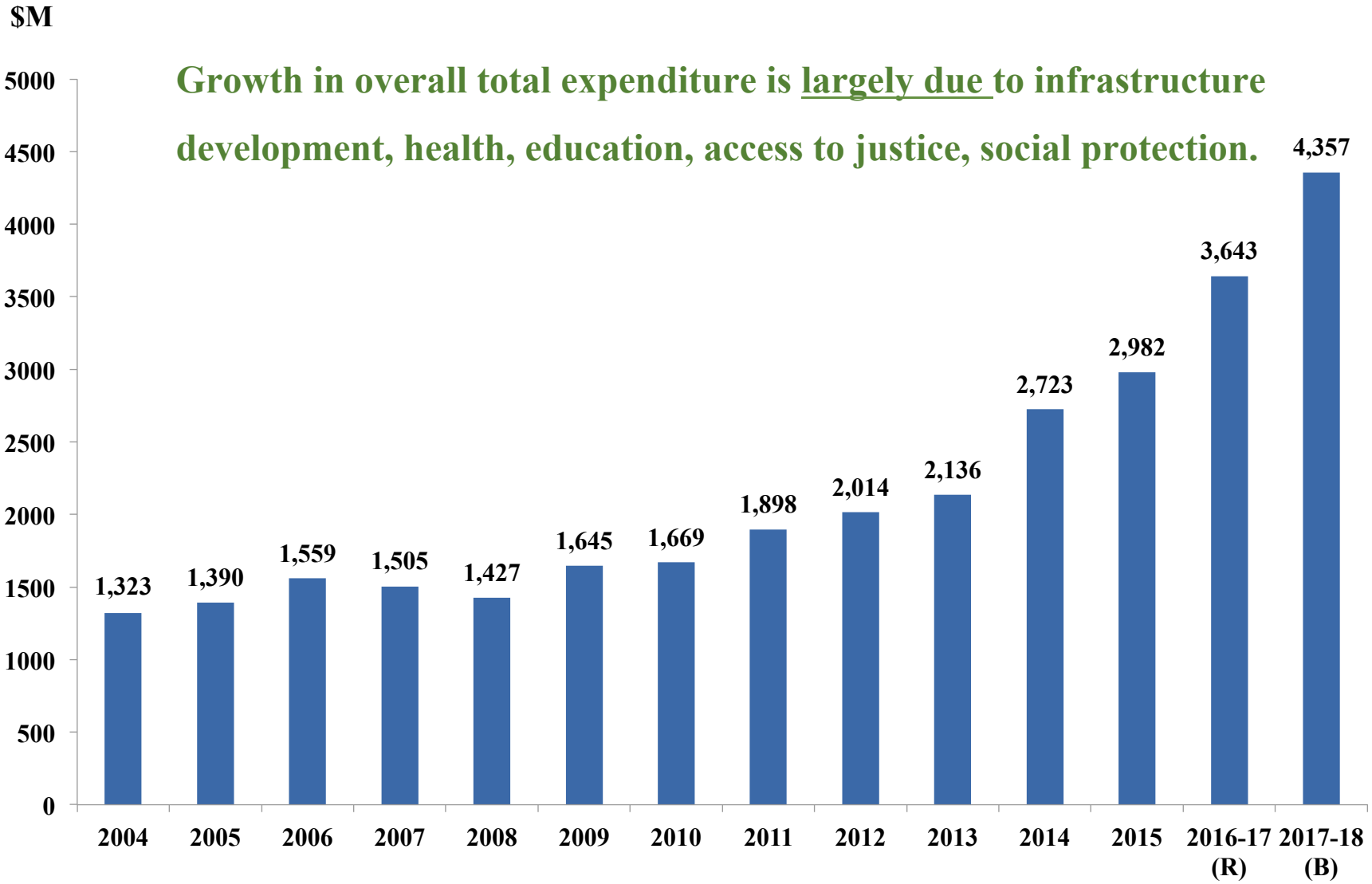
The Fijian economy has grown for a record 8th consecutive year



Sector Contribution to 3.8% Growth:



Total Government Expenditure:



Major Expenditure Areas:

Area and Allocation	Programmes
Education $964m	• Free education since 2014 • Tertiary education loan scheme and Toppers Scholarship Scheme • Increased allowances and more flexibility under TELS
Roads $528m	• Substantial allocations towards roads development/ modernization • Almost 10 fold increase since 2004
Health $388m	• Improving access & quality service • Construction & maintenance • Free Medicine Programme and Recruitment of new nurses and doctors • Higher doctors salary
Water and Energy $360m	• Increased investment to improve access to safe water • Free Water Scheme • Rural electrification and grid extension • Electricity Subsidy

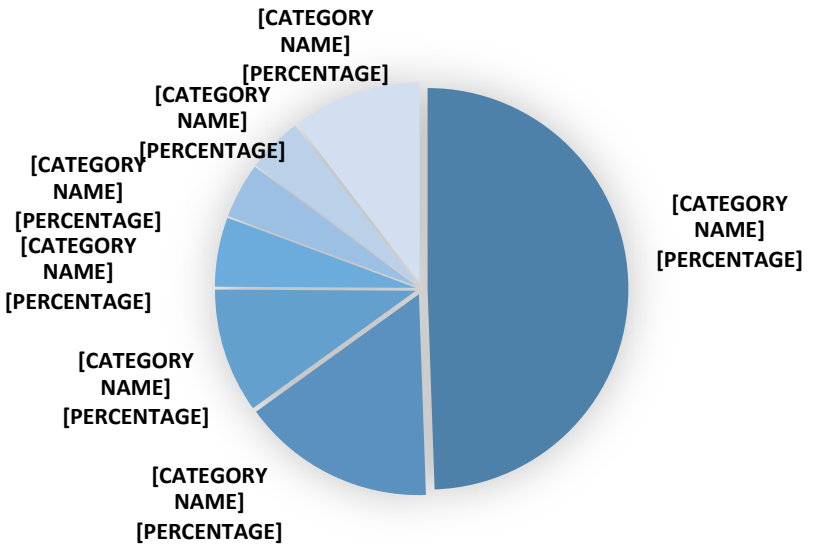
Foreign Direct Investment: by Australian Entities

- Between 2013 and 2016 a total of 269 projects were registered by Australian citizens or companies, at a proposed investment value of $1.3 billion.
- During the same time 93 projects were implemented at value of more than $129 million
- Between 2013 and 2016, 49% of projects were registered in the Services sector with a value of $166 million followed by Tourism with 16%.

Number of Australian Projects Registered and Implemented from 2013-2016

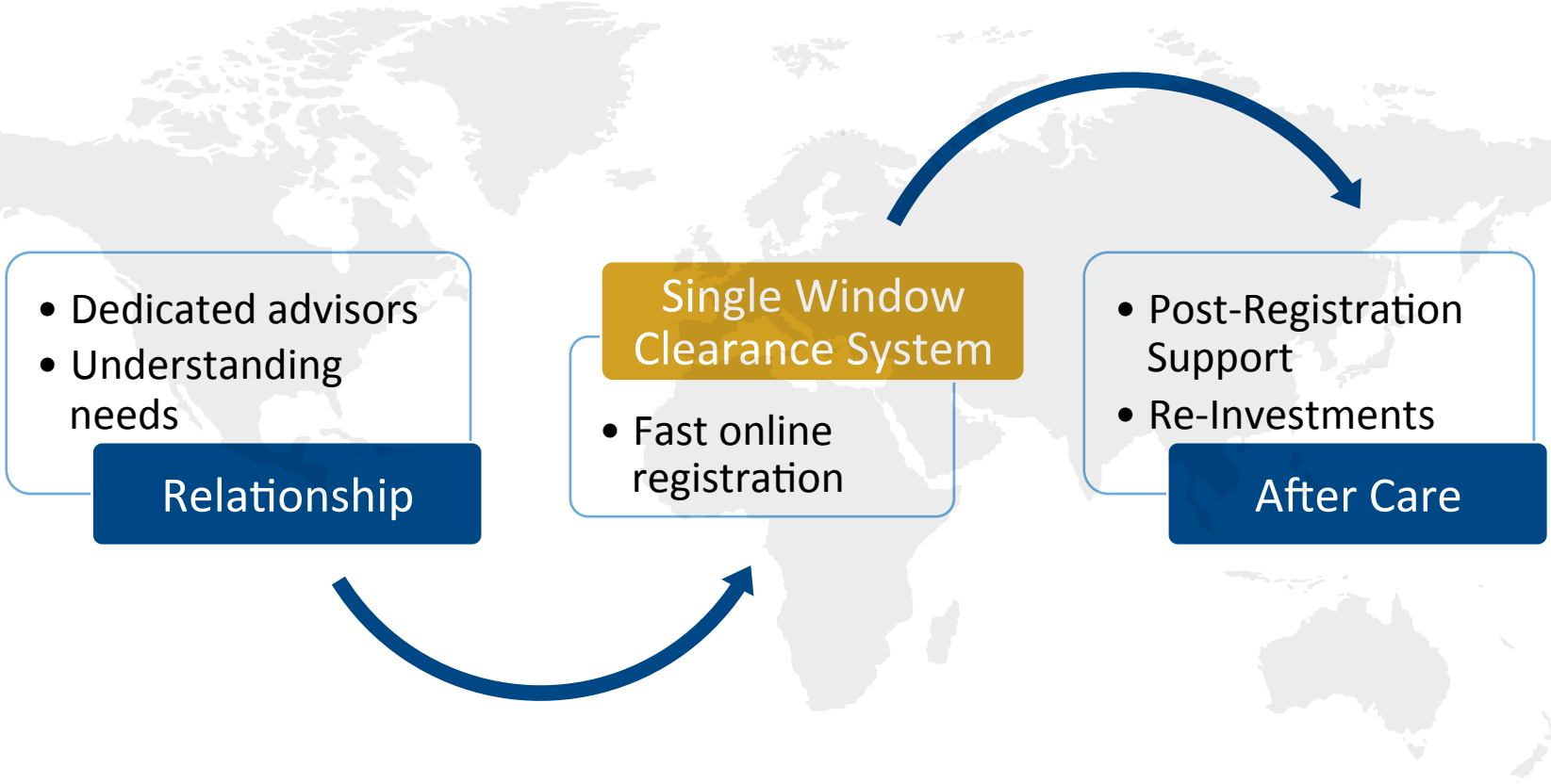
	2013	2014	2015	2016
Projects Registered	64	74	70	61

Number of Australian Projects Registered by Sector from 2013-2016



Foreign Direct Investment: Process

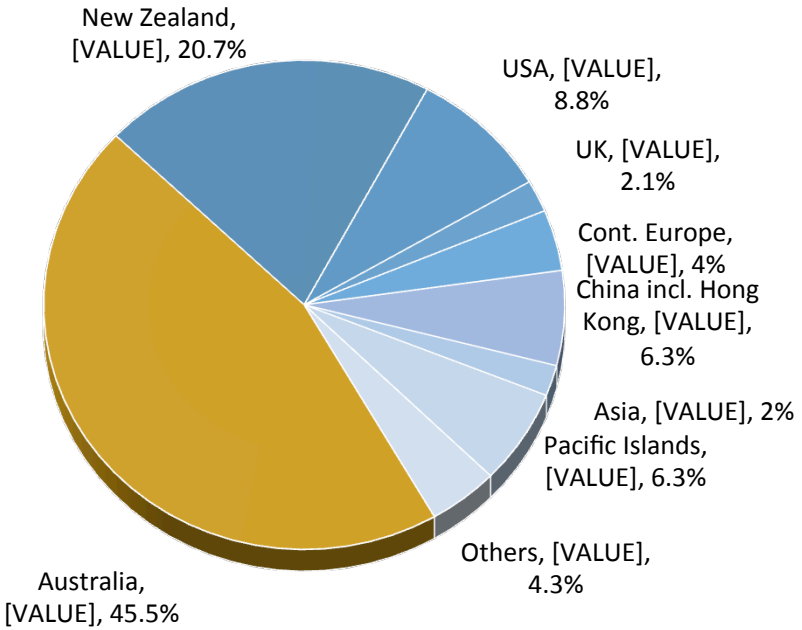
Foreign investment is governed by the Foreign Investment Act. Investment Fiji issues the Foreign Investment Registration Certificate (FIRC) and assists investors to grow via dedicated after-care support services.



Investment Opportunities

Tourism Sector: Overview

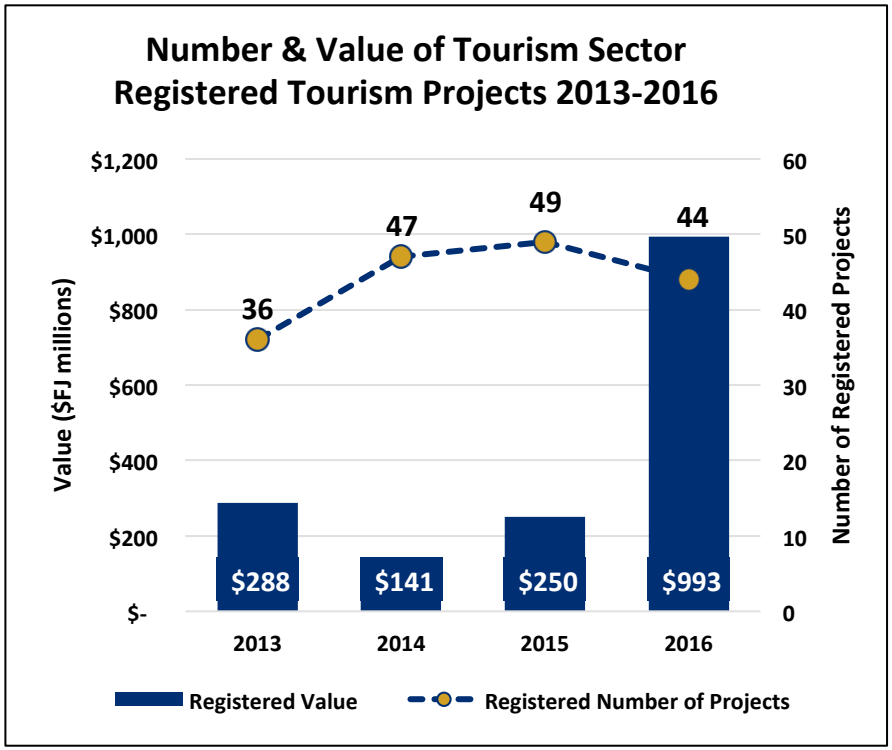
- 2016 tourist arrivals increased by 5% to 792,320 with earnings increasing to $1.6b. 2016 visitor numbers from Australia and New Zealand were the highest ever in a given year.
- At the moment Fiji has about 400 hotels, offering 11,000 rooms and 24,000 beds. Overall, Viti Levu accounts for 56% of hotels and 76% of rooms and beds.
- If current growth rates are maintained, this would equate to an additional demand of approximately 4,000 rooms by 2025 (straight line growth).

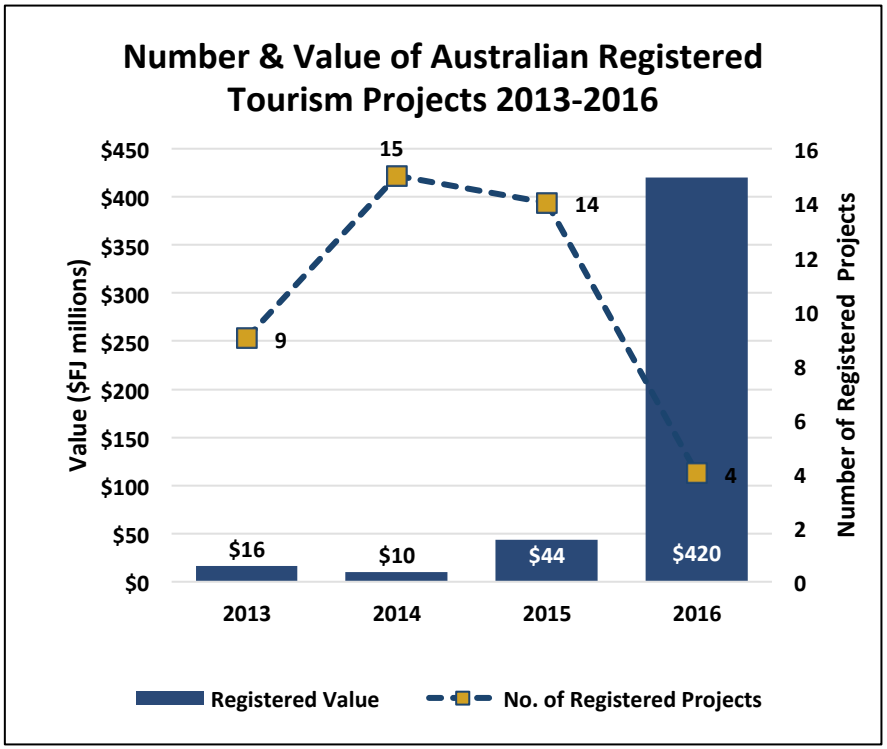


- Fiji offers substantive MICE market opportunities for developers investing in large scale conference venues.
- Lucrative Hotel Industry incentives offered via the Fiji Revenue and Customs Authority

Tourism Sector: Investments

- Between 2013 to 2016 a total 176 tourism projects were registered at a proposed value of 1.67 billion.
- Over the same period a total 42 Australian projects were registered at a combined proposed investment value of $490 million.
- As of February 2017, 30 projects are in development stages ranging from $3m to $500m in value.





ICT & BPO Sector: Overview

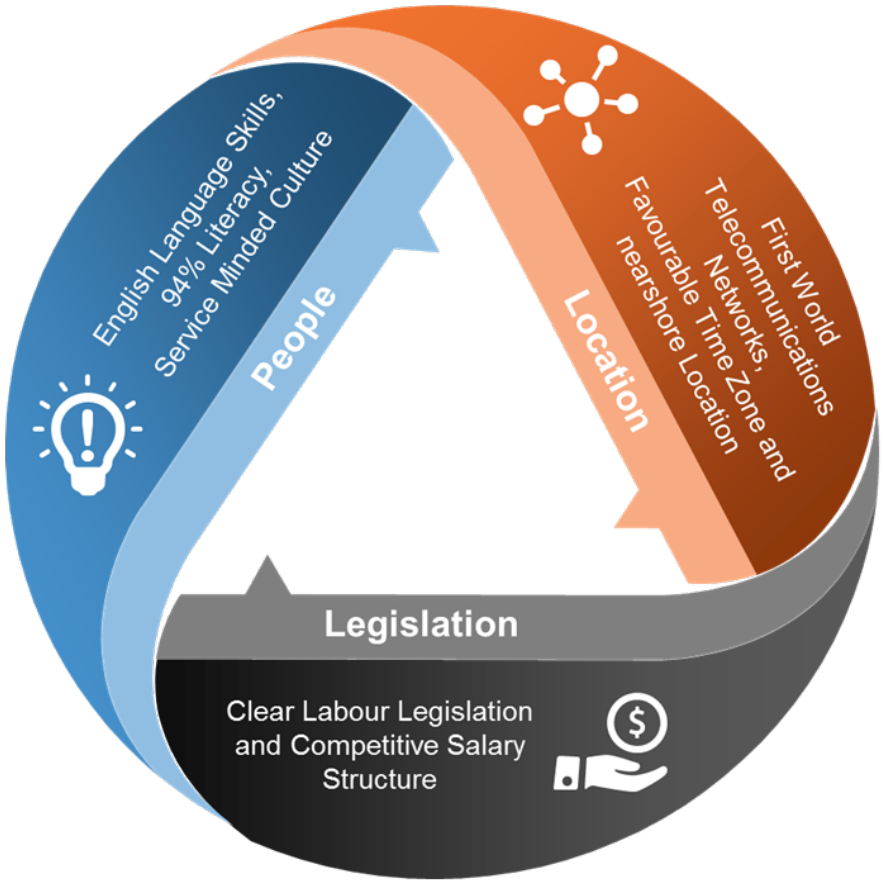
Fiji's cost effective near-shore location, advanced telecommunications infrastructure, natural English language skills and attractive labour rates act as positive impetus in attracting world class BPO and ICT organisations to Fiji.

People :

- Work Culture
- 'Bula Spirit'
- Colonial Heritage
- Linguistic Ability
- Educational Levels
- 94% literacy Rate

Legislation:

- Labour Legislation
- Labour Costs
- Tax Incentives



Location:

- Time Zone
- GMT+12
- Overnight Processing
- IT Infrastructure
- Southern Cross Cable
- Hub of the Pacific

Agriculture Sector: Overview

- Up to 420,878 hectares of land suitable for agriculture.
- The agriculture sector contributes approximately 10.5% to GDP.
- In 2016 a total of 29 Agricultural projects were registered at a proposed value of $29 million, of which 14 were by Chinese Investors.
- Opportunities for foreign investors to lease or buy land.
- Low entry cost in agriculture business
- Fiji imports an average of close to 34,000 tons of rice annually
- Fiji's dairy production averages from 11-18 million litres annually compared to domestic demand of 80 million litres.
- Fiji is importing an average of 2,290 tons of fresh/chilled beef and 250 tons of prepared meat annually.
- 870,000 residents and nearly 800,000 tourists create a lucrative domestic market of over 1.7 million people.
- Fiji has great potential for value addition of niche agricultural produce.
- Tax exemption is offered for new commercial agricultural farming and agro-processing

Manufacturing Sector: Overview

- Fiji is the center of trade in the South Pacific with excellent communication infrastructure as well as air and sea transportation routes.
- Potential investments in organic and natural food production, niche manufacturing and assembly for the greater Pacific region including Australia and New Zealand.
- Quality raw materials from the main primary industries of Agriculture, Fisheries and Forestry offer value adding opportunities.
- Given Fiji's location and size, the key is niche and premium and what applies to agriculture also applies to manufacturing.
- Duty exemption on raw materials imported for manufacturing that are later exported.
- Fiji is signatory to various trade agreements which allows for better market access and provides a conducive investment climate and opportunities with other countries.

Renewable Energy Sector: Overview

- The Fiji Green Growth Framework outlines the governments national energy policy.
- Currently 60% of energy produced is through renewable sources, primarily hydro. Target to have all power generated via renewable energy by 2030.
- Fiji demand for renewable energy has been increasing as the fueled by national economic growth.
- 10% of the total population is still without access to electricity and the Government Rural Electrification Programme has been allocated $14.9 million in the FY 2016-2017 budget for the extension of electricity supply in rural areas.
- Construction of a 12 Mega Watt biomass power plant completed at a cost of $92 million.
- A number of incentives are in pace for investors intending to establish renewable energy projects and power co-generation projects.

Summary

- ✓ Economy to accelerate to 3.6% growth in 2017 & record 8th consecutive years
- ✓ Favourable growth prospects for the medium term with favourable investment incentives
- ✓ Increased private sector investment and optimism
- ✓ Prudent fiscal management and sustainable debt position
- ✓ Higher capital expenditure and operating savings
- ✓ Broad based growth with potential in various sectors
- ✓ Foreign reserves at all time record high level
- ✓ Inflation is to stabilise to below 3 percent in the medium term
- ✓ Credit rating upgraded by Moody's on 05/09/17 from B1 to Ba3 with stable outlook