



Honourable J.V. Bainimarama, CF (Mil), OSt.J, MSD, jssc, psc

Prime Minister of Fiji and Minister for iTaukei Affairs and Sugar Industry

**SPEECH AT THE DISTRIBUTION OF LEASE SECURITY BONUS
PAYMENTS TO LANDOWNERS BY TROPIK WOODS INDUSTRIES**

TWI Office
Drasa, LAUTOKA

Thurs. 16 April, 2015
1200 Hours

**The Executive Chairman of Fiji Pine Limited Group,
Representatives of the Vanua and Plantation
Landowners,
The Management and Staff of Fiji Pine,
Ladies and Gentlemen.**

Bula vinaka and a very good afternoon to you all.

It is truly a joy for me to be here today for a wonderful celebration, in which we are sharing the proceeds of an extraordinary turnaround in the fortunes of the Fiji Pine Group of companies.

For the 2014 financial year, the Group recorded an unprecedented consolidated operating profit of **\$21.27 million dollars**. Just four years before, in 2010, the Group had consolidated losses of around **\$5 million dollars**.

So this is a truly remarkable turnaround of **\$26 million dollars** in the Group's performance and a genuine cause for the industry, indeed the whole nation, to celebrate.

New life has been breathed into an industry that was on the verge of collapse - heavily in debt, unable to service its loans, pay its creditors on time, unable to replant after harvesting, whose infrastructure was failing and which faced a storm on criticism from disgruntled landowners.

Now Fiji Pine is not only back on its feet but sprinting – performing better than ever and setting a wonderful example to other state-owned enterprises and every sector of the economy.

It all vindicates my Government's confidence in the reform programme we embarked on to restore the viability of the Industry. We knew Fiji Pine could do better if it had proper management, proper standards of governance, a spirit of co-operation between all stakeholders and a culture of efficiency and hard work. And it has delivered in spades.

As if all this isn't enough, today we have cause for even more celebration. Because we are going to share some of the proceeds of this spectacular turnaround with some of the people who deserve it most - our landowners and their families.

Today, I'm handing out cheques totalling **\$1 million dollars** as part of the Lease Security Bonus Payment that we introduced in 2013 to give landowners who qualify a share of profits depending on how the Industry performs.

Well, it has performed even better than we hoped and today's seven figure payout is a record.

It is by far the biggest of the three LSBP payments that have been made since February last year. The two previous payments combined amounted to just **\$780,000 dollars**. And it is wonderful to see this third payout reach the million dollar mark.

These cheques to the landowning units come on top of previous payments for stumpage and levies amounting to **\$2.85 million dollars** last year. And remember, this is also on top of the annual rental payments which you have always received but in the past were way lower than \$1 million dollars a year.

So every member of every landowning unit has cause today to rejoice and give thanks for the way in which we are all finally managing this important national resource.

I know you will want me, on your behalf, to warmly thank the Executive Chairman of Fiji Pine, Faiz Khan, and his team, whose commitment to the industry and our reform programme has been absolute.

I want to pay a special tribute to Faiz in particular for his financial and commercial acumen and his leadership. The manner in which he has built a very cordial relationship between the company and the landowners and engaged with them as partners and made them see the benefits of running an organisation with discipline and professionalism. I also want to acknowledge the manner in which he has been able to get the best out of his staff and provide for them, with better conditions than ever before. This goes to show that if you have good employers and partnerships between management and workers, you do not need a confrontational approach to industrial relations.

An industry that many had written off is now excelling and making a significant contribution to the Fijian

economy. And it's all because of the commitment of management and staff, their ability to think outside the box and sheer hard work. Vinaka vakalevu on behalf of everyone.

I want to mention just two examples of how Fiji Pine has set a new benchmark for the performance of state-owned enterprises, indeed for all of corporate Fiji.

* You paid off your **\$6.7 million dollar** loan to Fijian Holdings in just seventeen months, writing the last check of **\$5.1 million dollars** from your operational cash flow in February of 2014.

*And you paid off a European Investment Loan that had been taken out 30 years ago – way back in 1985- - in one lump sum of **\$2.3 million dollars** in May of 2013.

This is an extraordinary achievement by any standard, let alone the sorry record of some enterprises in Fiji over the years, and grounds for the warmest congratulations.

Apart from making these loan repayments in record time and streamlining the conduct of the business as a whole, The Fiji Pine Group has continued to invest in replanting and badly needed capital upgrades. And you are doing this from your operational cash flows without any borrowing at all.

I'm told that the current **\$16 million dollar** sawmill upgrade to purchase new equipment from Sweden to replace plant that is four decades old is being done without having to borrow a single cent.

This is truly extraordinary. So the whole company deserves to take a bow for a brilliant corporate performance that sets a benchmark for every Fijian company.

With these plant upgrades, the Industry is set to dramatically improve recovery from our sawmills. In fact, we'll be producing the same volume of sawn timber from far fewer logs. So better governance, more

efficiency, the first major equipment upgrade in 40 years and more profits for everyone. You'd think it doesn't get much better than this, but it does.

I'm also delighted today to hand over six brand new Toyota Hilux vehicles valued at **\$396,000 dollars** that the Fiji Pine Limited Group is donating to our six Forest Based Companies- Lololo, Nadi, Nabou, Ra, Bua and Macuata.

These vehicles will be used by Forest Based Company officers to visit Fiji Pine's plantation areas to ensure that planting is being done properly, our pine seedlings are thriving and our forests are being protected.

They are yet another symbol of a company that has gone into overdrive in terms of its performance. It is empowering the Forest Based Companies with its profits and improving the return for landowners, for the Fijian taxpayer and the Fijian economy as a whole.

My Fellow Fijians,

I want to especially thank the *Vanua* for the wonderful welcome you have given me here today - the traditional ceremonies that fill every Fijian with pride, no matter who we are or where we come from.

To all of you and the Vanua as a whole, I have an important message. Think carefully about where your political interests really lie. Because I am deeply concerned about the continuing attempts by some politicians to divide us as a nation and weaken us with a scare campaign among the i'Taukei.

All we hear from the Opposition is negativity and false claims that the i'Taukei are being disadvantaged under my Government. They are lies and I urge you all to ignore them. Because In fact, the opposite is true.

The position of the i'Taukei has never been stronger and my Government is strengthening it even further as the months and years go by.

Look at the evidence all around you, such as what is happening here today. Because the truth is that never before have Fijians like yourselves been more advantaged, had more opportunity or more of a stake in our national economy for the benefit of yourselves and your families. And all without any threat whatsoever to your land, your culture or your way of life.

Whether it is free education for your children. Whether it is better access to such things as health, electricity, water or telecommunications. Whether it is the reforms like this one that have taken your industry to new heights and given you a bigger profit share than ever before. The *FijiFirst* Government is delivering better outcomes for you all, better outcomes for every Fijian and better outcomes for our beloved nation.

Unlike our political opponents, we don't tell lies. We don't use cheap tactics to try to scare you into supporting us. We deliver and we serve. And we do so

proudly in the knowledge that together we are moving Fiji Forward into a future that promises great things for you and your children and for every Fijian.

My Fellow Fijians,

This is a day to celebrate the revival of the industry on which your livelihoods depend and a significant contributor to the wealth and wellbeing of the entire nation. It is a great day for you all and a great day for me personally to have been given the privilege of joining you for this celebration.

May God bless our people and our Industry. And May God Bless our beloved Fiji.

Vinaka vakalevu, thank you.
