

# Tourism development



**F**IJI'S tourist industry has boomed since 2001, and currently visitor numbers are growing by around 20% per annum. This is spectacular, but when you actually travel around Fiji you realise that half a million or so visitors a year (the 2004 figure) is relatively few considering how much the country has to offer in the form of pristine islands with unspoilt beaches, lush hinterland, and world-class diving.

Complementing this natural beauty is the disarming friendliness of the local people. The welcoming people of Fiji really are a priceless asset to their tourism industry—an asset that many other tourism-dependent economies around the globe might covet. No-one was surprised when Fiji won the Condé Nast Traveller Online World's Friendliest People award in 2001.

In fact, Fiji's tourism industry is simply playing catch-up after many years in which various factors conspired to stifle its development. Partly for this reason, it still offers excellent value for money even at the luxury end of the market.

## **LOCAL DEVELOPERS TAKE THE LEAD**

If the interest being shown by the local business community is anything to go by, the golden age has finally arrived. Prominent local entrepreneurs and companies, some with no prior tourism interests, are helping to usher in an era of serious investment in major resort development. The enthusiasm being demonstrated in Fiji's tourism industry by these stalwarts of the local economy is the best testimonial it could possibly have.

The Tappoo Group, for instance, best-known for its gleaming department store-style retail outlets around Fiji, is involved in a joint venture with Fijian Holdings Limited and New Zealand's CP Group. The property will be in the three- to four-star bracket, located close to the main international airport at Nadi.

'The joint venture consortium, Upfront Investments ... will re-brand [the hotel] as the Mercure Hotel after refurbishments ... managed by Accor, a well-respected global hotel management company', says Kanti Tappoo, managing director of the Tappoo Group.

Meanwhile, Grahame Southwick, CEO of Fiji Fish Marketing Company (a large



**Kanti Tappoo**

exporter of Fiji's world-renowned yellow-fin tuna), is involved in Royal Davui, a luxury island retreat that opened last November, while the Reddy Group is planning to build its first resort, along the Coral Coast. This company is run by the venerable Y P Reddy, the elder statesman of Fiji's tourist industry, and operates the business traveller-focused Tanoa hotel chain.

Finally, Air Pacific, the national carrier, which is 46%-owned by Qantas, will celebrate the long-awaited opening of its 296-room Sofitel Fiji Resort & Spa on Denarau Island in October 2005.

## **STRONG INSTITUTIONAL SUPPORT**

Unsurprisingly, local financial institutions are jumping on the bandwagon, with competition among them fierce for the major projects. Colonial Fiji, part of Commonwealth Bank Group, has even taken the step of investing in both the Sofitel Fiji Resort & Spa and the Suva Central development as an equity partner.

Essentially a retail complex in downtown Suva, Suva Central will also include around 30 serviced apartments, as part of the Australian-owned Quest Apartments, filling a clear gap in the Suva hotel market. Colonial have entered into a joint venture with Mahendra Patel's Motibhai Group on this project.

On an even bigger scale, Natadola Bay (see break-out box on page 14) involves the influential Fiji National Provident Fund (FNPF), the largest local pension fund. Part of the significance of FNPF's involvement lies in the strictness of its trustee requirements, as Olot Rokovunisei, FNPF's chief executive officer, explains:

'Our trustee requirements dictate strict criteria that must be met for any investments we make. If a foreign investor invests in a project with FNPF, our strict guidelines will test all aspects of the business plan, perhaps uncovering a weakness that had been overlooked.'

## **LUXURY ACCOMMODATION**

There is currently a shortage of luxury accommodation during the southern-hemisphere winter, especially as Fiji lacks large five-star resorts. The opening early next year of the Marriott at Momi Bay (along the Coral Coast) will add much-needed new capacity in that area, and a Ritz-Carlton will subsequently be built adjacent to it. These two brands are popular with American tourists and should raise Fiji's profile in the US.

## **THE BUDGET END OF THE MARKET**

While it is the five-star end of the market that attracts the headlines, Fiji does not market itself as an exclusively five-star destination. In fact, the current boom is being driven as much by the mid-range and so-called 'backpacker' end of the market, as by world-class retreats like Turtle Island, Wakaya and Vatulele.

For example, the three-star Naviti Hotel on the Coral Coast, owned by Hong Kong hotelier Richard Chiu, is undertaking a major expansion this year to cope with increased demand, mainly from Australia. Natadola will also include two three-star properties once it is completed.

'Something like 20% of all tourist arrivals in Fiji are in the so-called "backpacker" area of the market', asserts Jioji Koroi, investment and strategy director at Fijian Holdings Limited, one of Fiji's largest investment groups. 'We are slowly



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diversifying our portfolio to reflect the growing importance of this lower end of the market and the strong demand for additional capacity in that area', he says.

The recent entry into the local aviation market of low-cost carriers Pacific Blue and Freedom Air will only encourage more budget travellers from Australia and New Zealand respectively. Air Pacific, the national flag carrier, is also conscious of the importance of this market. CEO John Campbell points out that: 'the experience or backpacker traveller is extremely well catered for, with around 40 backpacker resorts located in the Yasawa [islands] and on Viti Levu and Vanua Levu.'

Whilst Air Pacific offers the only business-class seats to Fiji from Australia, Campbell is also proud of the fact that Air Pacific is still offering many of the cheapest airfare deals around.

### ECO-TOURISM AND SMALLER DEVELOPMENTS

Many of the new businesses at this end of the market will be village-based, sometimes involving eco-tourism. This provides a good fit for the Fiji Development Bank (FDB), which has a long track record of working in rural areas and with smaller businesses.

'I notice that many of these so-called backpackers actually have plenty of money to spend here!' quips Tukana Bovoro, CEO of the FDB.

'However, when it comes to tourism investment, the commercial banks generally prefer to work with the international hotel chains, so that makes it easier for us. There are lots of opportunities in this area for investment, and we are well-placed to capitalise.'

The president of the Fiji New Zealand Business Council, Bevin Severinsen, thinks

that there could be opportunities for private New Zealand investors in tourism, as New Zealand has plenty of experience in areas such as eco-tourism. He also points out that, with so much development happening throughout the Fiji islands, there are also opportunities for foreign companies to work on complementary infrastructure projects.

Lailun Khan, chief executive officer of the Fiji Islands Trade and Investment Bureau, is quick to add that, with the tourist industry growing so fast, there are investment opportunities in ancillary services, which Australasian companies large and small could be in a position to provide. Local resorts are already importing goods like wine, lamb and processed foods from Australasia in significant quantities.

## CASE STUDY NEW LUXURY DEVELOPMENT

The integrated resort being developed at Natadola Bay will add a new dimension to Fiji's tourism offering. Natadola is on the Coral Coast, about 50 km from Nadi International Airport on the main island of Viti Levu.

The development will ultimately offer four distinct resorts and a wide range of recreational facilities in a pristine beach setting.

The first phase (to be completed by 2007) will include a luxury villa resort and two five-star hotels — an Intercontinental Hotel & Resort and the Natadola Golf Hotel. The latter will

be situated within a Vijay Singh-designed championship golf course. Approximately 1000 accommodation units will be served by a retail and entertainment complex, and a spa and thalassotherapy (sea water therapy) centre.

Natadola will be the first development of its kind in Fiji, and will give potential visitors to the country even greater choice. It is likely to increase Fiji's appeal to the meetings, incentives, conferences and exhibitions (or MICE) market, a relatively untapped area to date.



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