

RESERVE BANK OF FIJI



PRESS RELEASE

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RESERVE BANK CLARIFIES ISSUES ON CESSATION OF 1 CENT & 2 CENTS COINS

The Governor of the Reserve Bank of Fiji, Mr. Savenaca Narube, today clarified issues surrounding the cessation of the one cent and two cents coins.

The Governor firstly emphasized that the decision to cease the circulation of one and two cents was taken with considerable thought, evaluation and research which included a public opinion survey. The Governor said, “The structure and composition of a country’s currency is not a static issue. It is a dynamic one. It needs to be reviewed over time to take into account changes in spending patterns, consumer behaviour, inflation, rise in income, advance in technology, the cost of minting and the experiences around the globe. We have taken all these into account in this instance. It should also be reassuring to know that Fiji is not alone in this area. We have learned a lot from the experiences of Australia and New Zealand who have already dropped the one and two cents from their coin structure. As these countries have clearly demonstrated, there is really no practical need to keep a continuous series of coins except perhaps in theory.”

Governor Savenaca Narube stated, “I wish to also categorically assure the nation that all legislative requirements were followed. According to the Reserve of Fiji Act, changes to our currency only require the approval of the Minister for Finance. On 11 March 2008, Cabinet approved these changes to the nation’s coinage which included the cessation of the one and two cent coins.”

Mr. Narube went on to say “The major reason why the circulation of one and two cents will cease is not so much because of the cost of minting them but more so because these coins hardly circulate any longer. Due to the rise in incomes and prices, these coins have lost their value and therefore when issued into circulation they do not change hands or circulate like other denominations. Instead, as we all do, we accumulate them in jars, bottles and containers at our homes and offices. This signals clearly to us that their value is virtually insignificant and people do not need them any longer. The cost of minting them therefore becomes an unnecessary burden. Even if we mint the one and two cent coins with a cheaper metal as some have suggested, it would still cost us money to mint

them. Why should the country pay to mint these coins only so we can continue to accumulate them at our homes and offices? It does not make sense. It is clearly an unnecessary use of scarce public resources.”

The Governor pointed out that “In the next seven to ten years the country will save over \$5 million in minting costs alone for the one cent and two cents. The government can use this money for many other productive purposes. If you include the cost of handling and storage, the savings would be even higher”

In closing Mr. Narube said “I also wish to clarify again that while the Reserve Bank has ceased issuing these coins to the commercial banks, the one and two cent coins are still legal tender and **should be accepted for payment until 31 March 2009**. Commercial banks will still accept these coins as deposits. We are confident that this change will benefit the nation immensely now and into the future. Like any change of this size there will be some misunderstandings and perceptions. I therefore wish to appeal to the public, traders, commercial banks and everyone to support this transition to the issue of Fiji’s new coins. At the same time if you have any questions or need clarifications I urge you to call and ask the Reserve Bank first. This will avoid misconceptions and assist us in executing this historical change.”

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