

Development Studies Centre

FOREST UTILISATION AND LAND TENURE:
THE FIJI PINE COMMISSION

EWEN W. GREGOR

Paper presented at the Forestry Department (SGS)/
Development Studies Centre on 'Forest Policy and
Forest Products in National Development and the
Role of Foreign Aid' held at the Australian
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SUMMARY

The single most vexing problem in bringing land into production in the South Pacific region is the strong emotional link between the indigenous peoples and their land, allied with the communal nature of land ownership which precludes its use as collateral for development financing.

It is believed that in Fiji, the Fiji Pine Commission (FPC), which aims to create a large scale wood producing and utilising industry, is so constituted and managed that this problem is being overcome. Land development is taking place in such a way that it benefits the National interest while satisfying the landowner's identification with his land and its development.

The industrial aims and progress of the FPC are described and the partnership concept which hopes to secure long term stability for the industry and strongly positive involvement of the landowners is discussed.

BACKGROUND

A basic aim of the forest policy of Fiji is to secure self-sufficiency in timber supplies. This aim has been pursued by development of a sawmilling industry based on the indigenous forest resource and by investigation of exotic plantation establishment. Historically, substantial importations of softwood timber have taken place and Pinus caribaea was included in early species trials in the hope that import substitution would be possible. The species proved to be well suited to the Fiji situation and was able to grow on areas of low fertility grassland which hitherto had been unutilised. In due course growth rates and timber qualities substantiated the hope that Fiji could produce its own requirement of softwood. It became clear also that the areas of land suitable for pine growing were far greater than that required to produce material for local consumption.

This led to an examination of export possibilities and the eventual establishment of a scheme to provide for both local and export needs. The scheme now being pursued is for the development of a net plantation forest estate of some 60,000 ha with a sustained annual production of 800,000 m³. The implementation of this scheme is in the hands of the FPC.

THE FIJI PINE COMMISSION: A PARTNERSHIP

The FPC is a statutory corporation, created in July 1976 under an Act

which requires it to 'facilitate and develop an industry based on the growing, harvesting, processing and marketing of pine and other species of trees grown in Fiji'.

To achieve this aim, it is necessary to bring together land, expertise and finance and to do so in such a way that the long term stability essential for industrial forestry is achieved.

It is helpful to look at each of the three major ingredients and then at the combination:-

1. The Land

The land ownership pattern in Fiji is such that more than 80% is in the hands of indigenous Fiji landowners with the balance being freehold and Crown land. In the area for pine development about 85% of the land is Fijian owned and held under a communal, family type of arrangement. Ownership boundaries are well known and described and although formal titles do not exist, a Native Land Commission, established in 1880, did rationalise and confirm land allocations. Within a communal boundary however, ownership rests with the group and this, along with the fact that Fijian land cannot be sold, precludes its use by the people themselves as security for raising finance for development projects.

The Native Land Trust Board is the other organisation involved in Fijian land management besides the Native Land Commission. This body was set up in 1940 and has as its prime objectives the protection of landowners from exploitation, and the leasing of native land in the most advantageous way on behalf of the owners. If a lease is required for any purpose it is normally necessary to procure the agreement of the particular owners involved, but the actual lease is with the Native Land Trust Board on behalf of the owners and this body is responsible for the validity of the agreement, the administration of the terms and for the subsequent rental collection and distribution.

In relation to the smaller, self-sufficiency in timber, scheme native land had been leased to government which used its Department of Forestry to execute the necessary afforestation programmes. The native owners received rental through the Native Land Trust Board for the use of their land but that was the limit of their participation.

More than 50% of Fiji's population is of immigrant stock, predominantly Indian, derived from an indentured labour system, with minority representation of European, Chinese and other races. Most of this imported population originated in industrialised or semi-industrialised nations and their commercial development level was such that it placed the indigenous Fijian at a substantial disadvantage. This has led to a realisation amongst Fijians that one of their major strengths lies in their possession of the land and enlightened leadership recognises that much more use of at least part of this asset should be made than simply leasing it for utilisation by other groups in the community. An increasing resistance to direct leasing resulted and a situation started to develop where it was important for the national wellbeing that Fijian land be brought into production, requiring expertise and finance, while the land itself was being increasingly tenaciously held by the Fijians who lacked both the expertise and finance to develop it themselves.

It was in this atmosphere that advocates of the pine establishment scheme found themselves faced with the task of acquiring thousands of hectares of native land and their solution was to evolve the FPC.

2. Expertise

The self-sufficiency programme in pine timber was developed by the government's Department of Forestry which employed experienced officers, largely expatriate in the first instance, but which became increasingly localised under rational and successful training programmes. The alteration in scope meant, of course, that very much more expertise was required to enable greatly accelerated annual plantings to take place and to allow detailed planning and organisation in the context of establishing a commercially viable, heavily export orientated industry. Overseas assistance was investigated and at a time when the United Kingdom was withdrawing from the region New Zealand emerged as a likely and interested source. In the event, the New Zealand aid programme to Fiji has provided the bulk of the expatriate expertise required to implement the revised strategy. An accelerated training schedule for local people was implemented and as the scheme gathered momentum, it was possible to demonstrate results which attested to the ability of the organisation to implement successfully the planned programmes.

Thus, in considering the formation of the FPC, it was possible to recognise that the requisite expertise was available in the country.

3. Finance

The initial scheme was funded by the Fiji government operating through its Department of Forestry. In contemplating the expansion in areas of plantation and the eventual development of an industrial processing complex based on the raw material resource to be created, it was clear that a multi-million dollar development was being embarked upon. Government was strongly supportive of such a development because it provided diversification of Fiji's limited export trade, which still is very dependent on sugar. In addition, Government's 7th development plan (1976-1980) concentrates heavily on trying to improve the imbalance in income between the predominantly Fijian rural hinterland and the urban commercial and coastal sugar cane lands, principally inhabited by other races. The comparative rapidity of development in these latter areas necessitated a concentration of services, further increasing the disparity in standards of living. This allied to the reluctance of Fijians to lease land, so constraining the ability of a growing population of other races to provide for themselves while land lay apparently idle, suggests potential economic and social problems in a country deservedly well known for its stability and racial harmony. The pine development scheme had the potential to provide answers to some of these problems and the redistribution of wealth could also slow the worrying urban drift while spin-off industries could be expected to provide employment opportunities for all races.

The government was not in itself in a position to make the required funds available, but was prepared to guarantee loans and to channel certain overseas aid programmes to assist in the provision of the requirements of the scheme. An approach was made to the Commonwealth Development Corporation in London in relation to financing and following their independent evaluation of the commercial viability of the scheme and the technical ability to execute it, a loan was arranged and guaranteed by the Government. This loan provided for most of the onshore costs of running the scheme during the plantation establishment phase. Separate borrowings, allied with possible joint venture partnerships are contemplated for the industrialisation phase.

The need for capital inputs and additional expertise was referred to the New Zealand Government and that country is currently providing these in substantial measure. In indicative terms, loan finance accounts for about \$F3.2 million of the scheme's average annual expenditure of \$F4million while the remaining \$F800,000 is subscribed by the New Zealand aid programme. There are

in addition, small inputs under other aid programmes and the government assists directly with some import tax concessions.

Thus, given a combination of land and expertise it was possible to generate the necessary financing patterns.

4. The Combination

The combination of land, expertise and finance to provide the desirable forest industry, required the formation of an enabling agency - the FPC and basic to the stability of this agency was the development of the partnership concept with the owners of the land to be planted. It is believed that this partnership has been created successfully and although still developing and subject to certain growing pains, it appears that the all important basis of trust now exists.

An essential ingredient has been the move away from the concept of an 'alien' agency leasing land and developing it for its own benefit while limiting the owner's role to that of landlord. This has been replaced by the concept of developing the land for the people making it available and in the process developing the people themselves. The eventual aim being that when the scheme is completed, when a viable industry exists, and when the profits from that industry have repaid the development costs of the industry, then its operation may revert to the landowners, if they so choose. In the period which this situation takes to materialise, it is realistic to expect that the owners will have developed sufficient skills at all levels to make their operation of the industry a genuine possibility. This approach has effectively negated the 'alienation' problem.

Again, the terms of the leasing of the land have been designed, after intensive consultation, to suit owner's needs. The total sums which could be made available as rentals and shares of stumpage were first calculated and then answers were sought on how the distribution of these sums should be spread. The result was an arrangement for the payment of a premium on concluding the leasing agreement, a reasonable level of rental, and a relatively small share in final stumpage. This fitted with owner's aspirations in that there were many ventures which they wished to try but were frustrated in so doing by their inability to raise capital, as already discussed. The lump sum premium payment and the ongoing rentals formed an enabling financing mechanism. Lease arrangements were made so that wherever possible, owners

would be employed and the satisfaction of working on one's own land preserved. However, sufficient good sense was exhibited not to push this so far that unqualified landowners occupied positions to the detriment of overall efficiency and eventual profitability.

Again technical forestry staff attempted to devolve responsibility where possible to village committees - i.e., in the provision of labour contract gangs, and also tried to remain sensitive and sympathetic to landowners problems in so far as this was possible and compatible within the main requirement of developing the forest industry. It was sometimes very difficult for staff members, who had, by any country's standards, a very large and taxing technical job to carry out, to stay attuned in this way and this was particularly so of expatriate aid staff. However, most soon realised that the resource they were developing consisted of people as well as trees and the situation is now satisfactory.

Finally, the Board of the FPC is so constituted that four out of the ten members are landowners, who themselves have land in the scheme. This is very much more than a token representation, particularly when the other membership is drawn from a variety of sources, so that the landowners working together have a very potent voice in the policy making forum of the organisation. This inspires confidence in individual landowner participants that they really can influence the way in which their land is used within the accepted constraints of the main objective.

The factors discussed above have come together to provide a full sense of partnership in a venture aimed at establishing a viable forest industry which will provide profits, in the widest sense, for all involved with it.

At this time the FPC has acquired an estate of 54,300 ha, most of it being native owned land. 22,800 ha have been planted and an annual establishment rate in excess of 5,400 ha has been achieved. The scheme is operated by a largely local staff numbering 120 and employs 350 artisans and semi-skilled labourers on a permanent basis. Through its contracting systems 2000 job opportunities became available in 1977, predominantly to people who owned land in the scheme. Payments totalling more than \$F1,000,000 were made to contractors involved in anything from cone collecting to tree planting and from small round wood logging to pruning. This, along with rents and land premiums represented a substantial redistribution of wealth into the rural sector and allowed many communal aspirations such as improved water supplies, new schools and truck purchases to be met. The relatively short term

nature of individual contracts do not materially disrupt the normal sequence of traditional village life and this is believed to be important in providing a compatible employment pattern.

The FPC is involved in the production of posts and poles and presenting preservative treated material on the local market. It will install its first sawmill in 1978 and hopes to engage in a roundwood export trade in that same year. The latter is a step on the way to establishing a major chipmill/sawmill complex in the mid 1980's. A gradually escalating roundwood export trade until that time is seen as a necessary adjunct to the massive training exercise which must take place in a country lacking any background in large plantation roundwood handling.

It is believed that the logging industry offers an unprecedented opportunity for native Fijians to develop as businessmen and this is highly desirable because commerce in general is an area where a serious participation imbalance exists between Fijians and other races. It is felt that communalism can be employed in financing and supporting contractor/businessmen, working on their own land or more accurately, the forest of which their own land forms an integral part. A thorough and diverse training is required for participation in such an industry both in the practical and in the accounting fields, Eventually some 70 contract businesses involving at least 240 trained men will be required and this represents a development cost beyond the capability of the FPC to bear, both technically and financially. Other arms of the Fiji Government will be involved and it is an area where aid assistance could well be extremely productive.

It may be seen that it is the expectation of the FPC partnership to go far beyond simply growing a raw material resource and passing this on for utilisation. It is intended to use the resource, as it already has been, to develop the people as well as the land and this will continue through the logging, transportation and manufacturing phases. In this way positive stability can be expected to be achieved in a nationally important industry with more equitable wealth and skill distribution, between all races, leading to a better Fiji for all of its inhabitants.

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