PATHS IN THE JUNGLE
Landowners and the Struggle for Control of Solomon Islands' Logging Industry

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Chapter Four

LANDOWNERS, LAND AND LOGGING

Much of the current discourses on the Solomon Islands logging industry centres on attempts to ensure that the benefits of logging reach the customary landowners—the people on whose land a huge percentage of the accessible merchantable forests exist.

As stated earlier, when the then minister responsible for forestry, Hilda Kari, introduced the *Forestry Bill 1999*, she claimed that the new Bill was designed to ensure that Solomon Islander landowners received maximum benefit from forestry resources (*Solomon Star* 26 May 1999). Such a statement presumes that, given the right legislative framework, landowners could successfully control the logging industry and produce positive outcomes. In Solomon Islands, to make such an assumption one needs to understand landowners’ relationship not only with other stakeholders, but also with land and forests, and the politics associated with this, especially at the local level. Hence, to fully appreciate the nature of landowners’ participation in the logging industry, there is a need to understand how they organise themselves around resources such as forests.

This chapter does two things. First, it attempts to define the concept of land tenure and then provide an overview of some aspects the customary land tenure systems in Solomon Islands. Secondly, it examines landowners: who are landowners? Why are they interested in the logging industry? Is a landowning group a homogenous entity? This section exposes the dynamics within the landowning group and discusses how this affects the nature of landowners’ participation in the

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20 Note, however, that the discussion of customary land tenure here is a generalisation because the details vary from island to island.
logging industry. It provides an examination of power relations at the local level and how they affect forestry outcomes.

**Land Tenure and the Control of Forests**

As elsewhere, land remains the most important resource in Solomon Islands, and is held with great respect. Identification with land provides a sense of belonging. In discussing the nature of landowners’ participation in, and degree of control over, the logging industry, it is important to be aware of the socio-cultural factors that create, give prominence to, and legitimise people’s claims of ownership or custodianship over land and the natural resources on it. This means examining how and why people claim ownership over forests and the factors that legitimise such claims.

Before looking specifically at Solomon Islands, let us examine the concept of land tenure in general and its relationship to ideas of resource ownership and, more specifically, forest ownership. Land tenure may, in its simplest form, be defined as the way in which society organises power relations over land. Crocombe (1971:1) defines land tenure as ‘the way in which people obtain, use and distribute rights to land.’ This relates to questions of ‘how land is controlled; by whom and how it is used; for what purposes; by whom and to whom it is allocated; and what rights and status people attain by access to it’ (Ward 1992:29). For McCutcheon (1981:7), however, such brief definitions, although useful, oversimplify a concept that is complex and deserves more elaborate analysis; they obscure some essential issues relating to different types of land rights and the way in which they are acquired, kept, used and distributed.
While acknowledging McCutcheon’s comments, the brief definitions by Ward and Crocombe provide an useful departure point for discussion because they point to two important concepts: ‘ownership’ and ‘use’. These are associated, in a vital way, with land tenure. For our purposes here, the most important of these concepts is ‘ownership’ because it encompasses the right to use, who has the right to decide on how resources such as forests are used and maintained, and who benefits from their utilisation. This is significant for countries such as Solomon Islands where the state’s authority to exploit natural resources for the ‘common national good’ is sometimes challenged by entities such as customary landowning groups. Indeed, in this case the state does not own forestry resources.

Here, the term ‘ownership’ is used to refer to a situation where an individual, group or institution exercises rights over a resource and the benefits flowing from it. In the case of Solomon Islands, as in many other Pacific Islands, customary land tenure is often described as communal (see Allen, 1957; Zoloveke 1979; Ulufa'alu 1979; Crocombe 1971; Sack 1973; Larmour et al. 1979(b); Hviding 1988; Lundsgaarde 1974; Lea 1997; ). In discussing traditional land tenure as communal, however, we should avoid the tendency to assume what McCutcheon (1981:7), in her discussion of resource exploitation and the tenure of land and sea in Palau, describes as an extreme dichotomy of ‘communal’ and ‘private’. This dichotomy denies the existence of complex systems of rights and ownership along a continuum, which includes categories such as family ownership, joint ownership, or the right to use but not own land. There are differences across various groups. The degree of power that a Big Man or chief has over land may differ from one area to another. Further, in discussing land tenure we must not assume that it is static, and hence deny the continuous changes that are taking place.
Nevertheless, for the purposes of discussion, let us accept that, generally, in Solomon Islands people use land because of their membership of a group. As Zoloveke (1979:3) observes, one’s right ‘to use land comes from his membership of a line, tribe or clan that is descended from the first people to settle the land.’ Because of this, it could be stated that people, as individuals, do not own land. Rather, they have the ‘right of use’ over land because of their membership to a tribe, clan or laen. In other words, the right of ownership belongs to the group, while the individual only has the right of use. As Zoloveke (1979:1) states, ‘traditionally, land belongs to people and not to institutions like government, churches, companies or councils.’

This idea of land ownership as divorced from the individual and belonging to a group raises important questions in relation to the exercise of power over logging and the distribution of revenues generated from it: how does one define the group? Does every one in the group have equal power over land? What is the difference between the role of the big man or chief as opposed to that of other members of the group? How is logging revenue distributed? These questions will be answered and the issues elaborated on below.

Apart from discussions about the nature of ownership, for many Solomon Islanders land is traditionally viewed not only as a resource to be exploited but also as something which has a complex social, cultural, religious and psychological role. Many people have an attachment to land that transcends the purely economic and legal arrangements that have been imposed as a consequence of Western contact. Such attachments to land are signified by totems in the form of trees, birds and animals as well as sacred sites such as a sacrificial altar, burial ground or the remains of old villages. Land, in other words, is a source of both physical and spiritual life.
Although customary land tenure systems are still significant in regulating the rights of use, distribution and access to land, however, they have changed over the years to accommodate non-customary activities such as logging. These changes affect land tenure and the way in which it is practiced. An example of such change is the fact that in some instances the tribe or clan has lost its authority over land to powerful individuals, some of whom have used non-customary measures to acquire that power over land. These changes have important implications for the development of forestry and other land-based natural resources. Consequently, in contemporary Solomon Islands many people view land and the resources on it as commodities to be exploited for the purposes of generating the income that has become a necessary aspect of contemporary society. As a Choiseul man states, 'lan ia sapos hemi stap nating, bae iumi no garem selen long hem ia' (if the land stays idle, we will have no money from it) (personal conversation, April 14, 1998). Because of this, conflicts arise from attempts to negotiate customary land tenure systems in relation to large-scale commercial development of natural resources. Such conflicts have been long acknowledged. Zoloveke (1979: 8-9), for instance, states: 'I believe that the conflict between customary land rights ... and the claims and demands of commercial development ... is crucial to the direction our land policy should take.'

This is not unique to Solomon Islands. Elsewhere in the Pacific Islands, there is a continuous attempt to reconcile the need for commercial development of land-based natural resources with what are commonly described as 'traditional', 'customary' or 'native' land tenure systems (see Lundsgaarde 1974; McCutcheon 1981; Taylor 1992; Ward and Kingdon 1995; Ballard 1997). In Solomon Islands, these developments have attracted a lot of attention, and often tense debates. Some of these debates and disagreements have ended in violent confrontations. The
cases of Enoghae in North New Georgia and Pavuvu Island cited in Chapter Three are classic examples.

Some of the changes in relation to land tenure came about as a result of the view that customary land tenure systems are an impediment to resource development. It was such a view that led to the colonial administration introducing land ordinances which, as Ulufa'alu (1979:11) states, 'emphasise individualisation of ownership as a prerequisite to encouraging and promoting economic development, among the indigenous population.' Associated with this is the idea that land is a commodity that can be bought and sold. The colonial government introduced laws and regulations to accommodate the conceptualisation of land as a commodity to be used for economic development, in particular, the generation of revenue. One such law was the introduction in 1900 of wasteland regulations which state that any land not visibly used by the indigenous people could be taken over by the colonial government. This contributed to the alienation of significant areas of land from Solomon Islanders, making them become freehold or perpetual estates, fixed-term leases, temporary occupation lease, and native lease agreements (Allen 1957).

Registered freehold or perpetual estates are land over which the owner has rights indefinitely. Freehold land may be held as sole ownership, joint ownership, owners-in-common or trustee ownership. Fixed leases are leased from a landlord for a specified period of time. Temporary Occupancy Leases (TOL) covered land within crown land and were issued to people in order to build temporary houses, particularly those who do not have access to perpetual estate titles and fixed term leases for permanent buildings. Native lease agreements were those between foreigners (planters, missionaries, etc.) and the indigenous people. The government usually acts as the mediator in negotiating such a lease. Most of these
came about as a result of the 1914 land regulation which prohibited the purchase of land by non-Solomon Islanders (foreigners). During the colonial era foreigners could only lease land through the agency of the resident commissioner. As Ruthven puts it,

the reversionary interest (or 'freehold' interest) remained subject to customary land tenure, while a lease was given to the developer by the Resident Commissioner on behalf of the customary owners. The rent was collected by the government each year and handed over to the customary owners less a small collection fee. When the lease expired or was cancelled, the land went back to being customary land (Ruthven 1979:242).

Forestry development in Solomon Islands has thus been plagued by questions relating to customary land ownership. The problems arising from the often-conflicting relationship between customary land tenure and large-scale natural resource development are often compounded by the fact that, frequently, societies and government policies do not adequately acknowledge that changes have taken place and need to be accommodated in the formal institutions. As Ward observes in his discussion of land in the Pacific Islands,

politicians and people generally praise, and seek to cling to social systems based on customary land tenure and the forms of customary society because they are familiar, give a sense of security and support the traditional elites who now often hold power in the non-traditional political systems. So there is much talk about preserving customary ways, including land tenure systems. Yet at the same time people are using customary land tenure systems for non-customary purposes, and modifying the systems to suit their new goals and the new economic ways (Ward 1992:30).

Because the changes are often not accommodated in legislation, government policies or societal discussions, they become a factor affecting large-scale natural resource developments and the participation of landowners and other stakeholders in them. In the case of Solomon Islands, for instance, the legislation governing the use of land—The Land and Titles Act—has not changed a lot in the past few years,
although numerous amendments have been made to the original document.\textsuperscript{21} This piece of legislation was introduced in the colonial era in the belief that it would facilitate the use of land for economic development that would, in turn, ease the financial burden of administering the colony.

While changes have taken place, there are aspects of customary land tenure which continue to be important. Customary land tenure systems differ from island to island. In patrilineal societies such as those found on Malaita and Choiseul, male descendants have the right of ownership, including the right to use land and to transfer rights to their children. However, female descendants merely have the right of use.

In a matrilineal society, such as those found on Guadalcanal and Isabel, it is the other way around. Take my case as an example. I have the right of ownership and use over land belonging to my \textit{manukiki} tribe because I inherit it from my mother. However, I cannot transfer the right of ownership to my children, although they may have the right of use subject to consent being given by members of my tribe. My sister, on the other hand, can transfer both the rights of use and ownership to her children. These are sometimes referred to as 'primary' and 'secondary' rights—'primary' meaning the right of ownership, 'secondary' meaning the right to use but not own.

A case where in which these differences between 'right of use' and 'right of ownership' caused disagreements in the logging industry was in East Fata’aleka

\textsuperscript{21} In recent years, however, there have been some important developments in land legislation. The Solomon Islands Alliance for Change (SIAC) government has advocated the transfer of the titles of all alienated land to customary landowners and provinces; the government has stated that it 'recognises that much injustice was caused in the alienation of our forefathers' lands and were legitimised by legislation' (SIG 1997:63). The government began implementing this policy, for example, in the transfer of the Lunga alienated land to the Guadalcanal Province in September 1998. Further, the SIAC government also plans to implement the The Customary Land Records Act 1994.
on Malaita, and involved the Marving Brothers Timber Company Limited. In a letter of February 11, 1994, a landowner contested Marving Brothers' right to log because, as he argued, the company had signed the timber rights agreement with persons who had only secondary rights to the use of land. He argued, therefore, that logging operations by the company should cease. This disagreement led to repeated sabotage of the company's logging operation and eventually led to the company closing down operations in the area (Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/24, Vol. II).

Our concern here, is not only with why and how customary land tenure systems have changed, but also with how these changes have affected logging. Before we explore that let us first examine the landowner or the landowning unit and the power relations that underlie this entity, and how that affects the nature of landowners' participation in the logging industry and the degree of their control over it.

**The Landowner**

In identifying the landowner, we are not interested simply in finding out who owns a piece of land. We are also interested in how landowning units are organised and how they relate to each other and to those outside their group. Defining and understanding the landowning unit is important because it helps in our understanding of the way in which timber rights agreements are negotiated and signed, and who benefits from the exploitation of forestry resources.

In discussing traditional land tenure in Solomon Islands (and other so-called primitive societies) we often refer to the tribe, clan and community, or the *pijin* (pidgin) derivative, *laen*, as the landowning unit. General references to these terms
are problematic because they do not provide a clear indication of how these social units are formed or who constitutes their members. Hence, there is a need to examine the work of social anthropologists who have been intrigued with the concept of ‘tribe’ for a long time.

The term is used so often that at first glance its meaning might appear to be a matter of common agreement. But, as Berndt (1966:26) states, a closer examination will reveal that ‘... there is a certain vagueness about it; this is not so apparent when it is given empirical substance in ethnographic description, but becomes especially noticeable in comparative discussion’. The term lacks a precise meaning and has been applied to widely different groups. In addition, some people consider the term offensive or inaccurate. Berndt (1966:26) states that, ‘loosely speaking, when we use such a term as tribe, or speak of people living in a tribe or under tribal conditions, we imply a particular way of life, as contrasted with others sometimes labelled, negatively, non-tribal; this in itself, however, tells us little’.

Despite the above, generally the tribe can be identified as a particular kind of social unit; a group with a sense of shared identity and ties of ancestry, customs, language, and territory. It can also be identified as a ‘closed society’, with laws and morals applying only to its members, or it could be a linguistic, cultural, ideological and structural entity (Berndt 1966: 26-27).

For Melanesians and other Pacific Islanders, the use of the term tribe emerged as a result of social anthropological experiences and discourses elsewhere in the world, especially Africa. Barnes (1966:117), for example, discusses how Ethnographers working in New Guinea were able to present interim accounts of the poly-segmentary stateless systems of the Highlands with less effort and greater speed by making use of the advances in
understanding already achieved by their colleagues who had studied similar social systems in Africa

and concludes, ‘it has become clear that highland societies fit awkwardly into African moulds’. This is similar to situations such as Solomon Islands, where the term tribe has been loosely used. Often the use of the term ‘tribe’ distorts the various and complex ways in which societies are organised in Solomon Islands.

Among the Chiropodoko group on South Choiseul, for example, the political and landowning unit is based on the extended family although they use the term ‘tribe’. As one of them states, ‘traeb blong mipala nem blong hem Chiropodoko ia’ (our tribe is the Chiropodoko) (personal conversation 18 April 1999). Their right to use land is based on their relationship to a person who first settled or cleared the area. On the Weather Coast of Guadalcanal, there are four major social units: manukiki, qaravu, lasi, and koniaghao. One is born into these social units, inherits one’s membership through one’s mother, and shares the same totem with other members. The local term for such a social unit is alo or vungavunga. The term alo might be translated as ‘rope’ while vungavunga might be translated as ‘the beginning’ (I say might because I cannot find a better English equivalent; such translations distort the terms as they are used in the local context).

To take my own case as an example: I belong to the manukiki alo. Our totem is the tavakea —hawk. Because Guadalcanal is a matrilineal society, I inherit my alo or vungavunga from my mother. I am born as a manukiki and I will always be that. There are other manukiki people on Guadalcanal whom I have never met and will never know. But they, like me, know they are manukiki. I can never marry another manukiki because one always marries someone from another alo. I therefore have
the right to use a piece of land because it belongs to a manukiki. Our landowning unit is much larger than that of the Chiropodoko case on Choiseul.

Each landowning unit has a leader—a big man or chief (these terms have sometimes been used interchangeably). There may even be a number of big men in each group who share knowledge and responsibilities. They are instrumental in determining the use of land. Even in the matrilineal societies of Guadalcanal and Isabel, males play an important (often the most powerful) role in determining how land is used. This is despite the fact that females are the custodians of land. Although I have witnessed cases on Guadalcanal where women were outspoken in determining the use of land, these are rare. Women tend to be marginalised in important decision-making.

Nowadays the identity of the landowning unit is further complicated by the emergence of a group of people—the Western educated elites—whose power is often derived from both the traditional and modern social systems. As noted in Chapter Three, there is a variety of big men: Western educated elites, businessmen, politicians, public servants, rich people, and traditional leaders. Further, the landowners may have diverse and often contradictory interests and backgrounds. Solomon Mamaloni, for example, while being a politician and businessman, is also a landowner. His interest and involvement in the logging industry is, therefore, complicated by his multiple identities. These complexities in the identity of landowning units have a significant influence in how landowners participate in the logging industry.

Our interest in the tribe here, is not for the sake of anthropological discourses or identifying what constitutes a tribe. Rather, we are interested in it because of its relations to logging. In identifying landowning units for the purposes of logging,
the term ‘tribe’ is widely used; it is the social unit which decides whether or not to agree to logging, signs the agreement and receives the royalty money. This unit has an important role in large-scale natural resource developments and should exercise an immense power over the exploitation of resources such as forests. The next section discusses power relations amongst landowners before going on to examine how the power of landowners is used in the logging industry.

**Landowners and Local Level Politics**

Although landowners use forests for a variety of purposes, their interest in the logging industry is primarily economic: logging provides a source of income that, in many instances, would not previously have been available. Many landowners, therefore, sign logging agreements because they think that this will provide them the much-needed income and, consequently, development. John Roughan, a prominent commentator and NGO leader states:

> The Solomon Islands is undergoing a very profound change. For many years the idea of cash, and we are speaking about villages especially . . . cash was an extra, something that was necessary, good, but their basic lifestyle was around the resources: gardens, fishing, the culture. But I would say in the last 15 years there has been a marked swing toward the need of cash. . . now with school fees, need of those which were luxuries before; kerosene, soap, salt, sugar, coffee, tea . . . these now have become part of life, they are no longer considered by anybody as luxuries . . . so, these luxuries of only a few years ago have now become necessities (interview, July 15, 1996).

Mary Bea, a villager from Rendova Island in the Western Province states that many landowners sign logging agreements because,

> They want money now. They want money for drinking, they want money for new clothing, just to look good. They want money to buy engines so they can feel good running in front of [other] people. They want money for useless things. Because in the past we get money out of copra, we get money out of things where we work and get it, and then we use it in reasonable ways. We only pay what we need. But
now, we are paying useless things like we just want to get things out of the stores to make us look good, or drink beer or look like somebody maybe pop singer. They are using money to pay the false world...used to be honest world of ours of the past (interview, July 26, 1996).

Such a statement indicates, not only the growing importance of money amongst landowner communities, but also their changing consumption patterns. It also provides some idea of how logging money is spent. Mary Bea’s statement about money being used ‘to pay the false world’ signifies a perception of the kind of ‘development’ brought about by logging money—that the ‘development’ promised by logging is not real and creates false expectations amongst people.

But, in order to explore in detail the nature of landowners’ participation, it is useful to look at specific stories that illustrate how landowning units affect the participation and power of landowners in the industry. The stories told below demonstrate the complexity of landowner participation in the logging industry; their strengths in some contexts and the weakness in other aspects of the industry. It also demonstrates how they relate to other stakeholders, in particular, the logging companies.

**Sarabani Land—North Choiseul**

This story illustrates how landowners’ limited access to information can affect the nature of their participation and the degree of power they have over the logging industry. It also demonstrates how logging companies are able to manipulate legal documents, in this case the standard logging agreement, in order to maximise benefits from the industry.

Eagon Resources Development Company (SI) Limited, the subsidiary of a company registered in the Republic of Korea, has been logging in South Choiseul since 1992. It first operated in the areas around Moli before moving to Choiseul
Bay where it set up a camp at Tarekukure, about 3 km inland from Choiseul Bay. From its Tarekukure camp the company was able to expand its operations into parts of North Choiseul. These included clear cut logging and the replanting of parts of logged areas with introduced species.

On October 11, 1995 representatives of the Sarabani people signed a logging agreement (the timber rights agreement) allowing the Eagon Resources Development Company (SI) Limited to log their land. The signing of the logging agreement came about after negotiations with the landowning unit, following the procedures and processes stipulated under the *Forestry Resources and Timber Utilisation Act*. The principal signatory to the agreement was Enoch Sila, the chief of the Sarabani landowning group. Sila had earlier worked as ‘coordinator’ (middle-man) for the company. That position involved negotiating for the company’s access to log other land in the area. When he worked as a ‘coordinator’ the company paid him a regular salary of SI$200 per month and provided him with goods such as rice, noodles, and tinned food whenever he was on tour negotiating for the company. As a result of his work as a ‘coordinator’, Sila has had reasonable access to and familiarity with the relevant processes and procedures as well as documents required for the negotiation of logging licences.

Through him, and because of his influence as a chief, the Eagon Resources Development Company (SI) Ltd. was able to negotiate a timber rights agreement on the Sarabani land without much difficulty. Sila was at first reluctant to sign the agreement. At the time of negotiating for access to the Sarabani Land, the company promised Sila and other members of the landowning tribe that, ‘*sapos iu givim kambani lan blong iu bae iu wanpala rich man*’ (if you give your land to the company you will become a rich man) (interview, March 17, 1998). Further, the company’s negotiator had stated that while the logs that would be extracted
belonged to the company, other vegetation such as lawyer canes, vines, etc.,
destroyed in the process of extracting the logs belonged to landowners, but the
company would pay royalties only for having access to the logs. Sila then
suggested that the company pay compensation of SI$50,000 for vegetation
destroyed. The company’s negotiator stated that this was the first time such a
claim had been made, but Sila said that logging would not take place on the
Sarabani land unless that compensation was paid.

There was, however, pressure from other members of the landowning group. As
Sila stated in March 1998:

... olketa wantok blong mi tu kam spoelem. Olketa sei, ei, bos, ma
olketa olo olo blong iumi olketa onim lan ia olketa olo pinis ia. Ma
sampala kolsap dae. Taem olketa dae hu nao bae tekem seleni. Ating
gud chanisi olketa stil laev. Mekem olketa olo olo blong iumi tekem
lelebet seleni bipoa olketa dae. Den mi sei, Oh no! nomoa nao! Olketa
se nomoa iumi go. So, mipala go saenim (... it was my wantoks
(relatives) who spoiled it. They said, ‘boss, our elders who own the
land are now very old. Some of them are about to die. If they die, who
is going to take the money. It’s good they are still alive so that they
receive some money before they die.’ I said, ‘oh, no! no!’ But they
said, ‘lets go.’ So, we went and signed) (interview, March 17, 1998).

After they signed, the company gave each of them (the trustees) a bag of rice,
tobacco, taiyo (canned tuna - product of Solomon Taiyo Ltd.), noodles and other
food. Sila said he was happy to receive those goods (interview, March 17, 1998).

The signing of the agreement, however, was not witnessed by a state official—
area council, provincial member or Forestry officer—as required under the Forest
Resources and Timber Utilisation Act, and the landowners were not given a copy
of the agreement. Hence they did not realise at the time that they had signed an
agreement which was not the same as the prescribed form provided by the Forests
and Timber (Amendment) Regulations 1985, and which did not include important clauses of the SLA. Five major clauses of the SLA were omitted from the document signed between the two parties. These included clauses 18, 21, 29, 31 and 34 which provided for protection of the environment and the rights of landowners. It was not until late 1997 that Sila realised this and, acting on behalf of Lazarus Nalegolomo, David Lomimi, Jacob Valukama and Solomon Poloso (the trustees), took the matter to court. His intention was to declare the logging agreement signed between Eagon Resources Development Company (SI) Limited and Sarabani landowners null and void on the basis that it was not on the prescribed form.

On February 18, 1998, the High Court ruled in favour of Enoch Sila. The High Court ordered that the landowners be entitled to either:

(i) repudiate the logging agreement signed on the October 11, 1995 on the grounds that the agreement signed is not in the form provided for by the Forest and Timber (Prescribed Forms) (Amendment) Regulations 1985 ('the prescribed form')

or

(ii) substitute the logging agreement signed on the October 11, 1995, with the prescribed form logging agreement in its entirety including clauses 18, 21, 29, 31 and 34 thereof together with schedules relative thereto.

(High Court of the Solomon Islands, Court Reports, 1998, Case No.4 of 1998).

The High Court also advised that any further logging agreement entered between the two parties in respect to the Sarabani land must be on the prescribed form.
The question arising from this is how such a document was overlooked by the various officials of the state involved in the elaborate procedures through which such an agreement was supposed to have gone. Obviously, area council officials did not witness the signing; but, how did the document go through the provincial secretary's office without the omissions being noticed? Secondly, the documents were supposed to have been inspected by the commissioner of forests in the Ministry of Forests, Environment and Conservation. How did they not notice the omission? Or did they simply choose to ignore it?

According to a Eagon Resources Development Company official, the matter was merely an oversight on the part of those involved, and was not intentional (interview, March 21, 1998). The Choiseul provincial officials and the forestry division also think it was an oversight. Sila, however, thinks that it was an intentional act on the part of the logging company, on the assumption that the landowners were ignorant, and that such omissions were intended to avoid responsibilities for environmental issues and landowner rights as required by the legislation (interview, March 17, 1998).

The flaws of the procedures and inefficiency of the administrative staff having been demonstrated, the public solicitor representing Enoch Sila and the Sarabani landowners wrote to the permanent secretary of the Choiseul Province suggesting that the province be more careful in its dealings with logging agreements:

In future, before signing any Form 3 Certificates as required under the timber rights procedure, Choiseul Province should ensure that the logging agreement presented by the company is identical to that of the prescribed form. If the agreement presented is not, then the Province should refuse to sign the Form 3 Certificate (Letter from Steve M. Watt, Public Solicitor (Western Province) to the Permanent Secretary, Choiseul Province, March 2, 1998).
In seeking to account for the fact that the area council, provincial office and the Forestry Division office failed to identify the defects in the logging agreement there are several possibilities. First, the oversight could have been a reflection of the inefficiency and incapacity of the officials involved, a demonstration of weaknesses in the Solomon Islands Public Service. Secondly, it is possible that officers responsible for checking the documents did not do so because they were instructed (or bribed) to overlook the omissions. The third possibility is that the administrative system did not function efficiently because of the lack of finance to facilitate the officers' tasks.

While it is not possible to be conclusive about what happened in the Sarabani case, Eagon Resources Development Company logged the forests on the Sarabani land for nearly two years before being reprimanded by a court decision which merely instructed that the company cease its logging operations on the land in question. The company neither lost its licence to operate in Solomon Islands, nor suffered any financial penalty. In the event, it simply shifted to nearby lands and continued logging. It could be argued, therefore, that the logging company came out the winner in this case.

Enoch Sila intends to take the matter to court again and ask the High Court to rule that the logging company pay compensation for land already logged because it was logged under an illegitimate agreement. He also intends to ask the court to cancel the company's logging licence, because the company's action, he asserts, amounts to a breach of the law. As far as Enoch Sila is concerned, the court outcome was unsatisfactory because the company has not been adequately reprimanded:

Bikos kambani hemi no, nating mitim eniting ia. So, sapos hemi olsem, kot blong mi hemi iusles. Kambani hemi have to meet something. If he break the law they must meet something. Hemi brekem lo taem hemi chensim agriment (Because the company did nothing. So, if that's the case then my court was useless . . . the
company has to meet something. If it breaks the law they must meet something ... it broke the law when it changed the agreement) (interview, March 17, 1998).

Sila's ability to execute his intentions, however, is constrained because his access to legal representation is limited; there are simply not enough public solicitors available to take up his case. There is only one public solicitor working for both the Western and Choiseul Provinces. Sila cannot afford a private lawyer. From the latest available information (March 12, 2001) Sila had not been able to take the case to court.

In the Sarabani land case, because the landowning unit is small, its internal political dynamics are much less complex than would be the case in a larger group. There were, however, differences in opinion: there was pressure from other members of the landowning unit for Enoch Sila to sign the timber rights agreement with the logging company, mainly from the younger generation who wanted to ensure that the older generation benefited from the land and the forests on it before they died.

Because of the patrilineal nature of Choiseulese society, the signatories to the timber rights agreement—the trustees—were all males. As a result, women were marginalised in both the decision-making process and in the distribution of revenue from logging. This is typical of other parts of Solomon Islands, even in matrilineal societies such as Guadalcanal and Isabel. Women are the ones who usually bear the hidden costs of logging because they have to go further to collect firewood and to find uncontaminated water.

There are also cases of logging operations where landowners are in control—they own the logging company. But, even in these cases, the outcomes of logging are usually not very different from those dominated by foreign companies. Landowner
companies are driven by the same forces that drive foreign companies: the need to maximise profit. This next story explores such a case.

_Arosi, West Makira_

The story of logging in Arosi, West Makira, involved locally-owned companies with contractual agreements with foreign companies. The typical arrangement is that landowners, or, more precisely, someone from within the local community with knowledge on how the system works, sets up a company and acquires timber rights over an area of land owned by the landowning group to which they belong. Lacking capital, most of these local companies are unable to operate alone; they therefore enter into a technology agreement (provided for under the *Foreign Investment Act*) with a foreign company. In the past decade, most of the companies entering into technology agreements with local companies have been Malaysian or Korean (see Appendix II).

The interesting question is whether the involvement of local landowner companies has any substantial impact on the outcomes of logging; whether they operate differently from foreign-owned companies. There are also questions as to whether landowners exercise real power through their ownership of logging companies, and, more specifically, about who amongst landowners exerts control.

In the case of logging in Arosi I and II, four locally-owned companies were registered, though not all were operational. These companies included Somma Limited, Aroba Development Company, Aroba Holding Limited and Makwest. The focus of discussion here will be on Somma Limited. The owner of Somma Limited, Solomon Mamaloni, was prime minister of Solomon Islands in the years

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22 In most instances, the individuals involved in establishing a local company are likely to be educated landowners, who understand the procedures and processes for establishing a company and acquiring logging licences and timber rights. They are also in a position to manipulate chiefs, big men and other landowners.
when the company was logging most actively (1994 to 1997). Mamaloni is also a
landowner in the area. His business interests, though they may be viewed as
involving a conflict of interest, were thus not illegal. The country’s leadership
code requires only that leaders make known their business involvements. But, as
will be outlined below, there were complexities to the situation.

Somma Limited acquired timber rights over certain areas of customary land in
Wards 5, 6, 7 and 8 of Arosi I and II, and entered into a contractual agreement—
technology agreement—with Goodwill Industries Limited, a Malaysian registered
company. By 1994, the year when Mamaloni returned to power as prime minister
after the collapse of the Francis Billy Hilly-led National Coalition Partnership
(NCP) government, Somma Limited’s operations in the area were well under way.
Subsequently, the Mamaloni government adopted measures to encourage
investment in logging, including a 100 per cent export tax exemption for local
landowner companies. On February 9, 1994, Mamaloni, as director of Somma
Limited, along with Kaipua Tohibangu, the company’s general manager, wrote a
letter to the then Minister of Finance, Christopher Columbus Abe, asking for
export duty exemption on round logs (Solomon Islands Government, Ministry of
Forests, Environment and Conservation, File No. TIM 2/36, Vol. I). While it is not
abnormal for the director or manager of a company to request tax exemption, in
this case the director of the company happened to be the prime minister whose
government had given export tax exemptions to all locally-owned companies.
Further, he was thus making the request to his own minister. When asked about
this incident, Abe stated that he gave the tax exemption to Somma Limited
because it was a locally-owned company, not because it was owned by the prime
minister (interview, July 15, 1996).
Again on 23 June 1996 the general manager of Somma Limited wrote a letter to the chairman of the Foreign Investment Board, requesting for a ‘5 years tax holiday to develop our license area, Wards 5, 6, 7 and 8 in the Makira/Ulawa Province’. To justify the company’s request, the general manager submitted a plan for the development of wood-based industries including ‘a large, fully integrated timber processing complex in Suraharau, Makira/Ulawa Province. This processing complex would include sawmilling, kiln drying, moulding, laminating, finger jointing, joinery, woodworking, knock down furnitures, block board, veneer and plywood mill’ (Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/36, Vol. I). The Foreign Investment Board, however, did not grant the 5 year tax holiday. No explanations were given. At the time of this study none of the proposed plans were implemented.

In terms of logging outcomes, it might be assumed that because Somma Limited is a company owned by a local landowner, its industrial practices would be different from those of other companies. In reaction to this Judith Bennett notes that,

Yes and no. First, the technology, marketing, management, etc. are all controlled by the foreign partner, Goodwill Industries Limited, which has the power over pivotal aspects of the means of production. So the local company is really only a paper company – it lacks the knowledge to ask the right questions and scrutinise answers. Secondly, the structure is based on capitalist modes of extraction and a company structure does not normally distribute benefits equitably, nor is there much concern for the environmental cost (Examination comments, February 25, 2002).

In the case of Arosi the evidence, however, indicates that Somma Limited’s operations produced similar conflicts and environmental concerns to those of foreign-owned companies. The company’s contribution to the general development of the area in which it operated was also not different from that of foreign companies. Although it is difficult to measure the distribution of financial benefits from logging, such benefits to local people are generally restricted to the
owner's family, relatives and friends, and are used to gain political support. Mamaloni was a widely respected big man in the area; it was that respect that gained him election to parliament for the West Makira constituency for many years. He was a man who had power at both the local and national levels. The wealth gained from Somma Limited's logging operation helped sustain that respect and his status as a big man.

In terms of environmental outcomes, the company seems to have been as careless as others. In October 1996 the Forestry Division suspended Somma Limited's logging licence after it had been found to have breached environmental regulations. In a letter of October 28, 1996, the chief forestry officer informed the general manager of Somma Limited that,

following numerous complaints and few reports reaching this office, Forestry Division is well aware that Somma Ltd. and its contractor, Goodwill Industries simply ignore and does not respect Forestry Laws and regulations set down to protect people’s welfare and the environment. We have good evidence of serious breaches of the provisions of the Standard Logging Agreement (Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/36, Vol. I).

In fact, the general manager of the company had, on October 24, 1996, written a letter to the Forestry Division admitting that the company had breached environmental regulations. This was following complaints from landowners.

In a separate incident, a public solicitor representing Robinson Taomwara of the Amaewo landowning unit had, on June 3, 1996, written to the manager of Goodwill Industries Limited alleging that the company's logging operations had caused siltation and other environmental damage to the Waiboro’oni River because they had conducted operations within the 50 metres restricted buffer zone. The public solicitor further instructed that the company negotiate with landowners
on the issue of compensation for damages allegedly caused. In his letter of October 24, 1996, the general manager of Somma Limited, Kaipua Tohibangu, admitted the breach of environmental regulations and said that 'this company as a licence holder regret and awaiting your reply for a fair judgement on the matter'. However, despite the general manager's admission that the company and its contractor had caused environmental damage, the company refused to comply with the Forestry Division's suspension order. This was because (as the general manager indicated in a letter of 6 November 1996 to the permanent secretary of the Ministry of Forests, Environment and Conservation) the ministry had not responded to requests by the company, first for an inquiry into how Somma Limited's ministerial files were accessed by an ABC Foreign Correspondence team,23 and, secondly, for an explanation of a request that the company reduce its allowable harvest quota from 50,000 cubic metres to 30,000 cubic metres; moreover, the company had already admitted to breaching the SLA regulations. The general manager also questioned the legality of the suspension order, saying it was not approved by the Attorney General's Office. In responding to Somma Limited, the commissioner of forests, in a letter of November 18, 1996, stated that 'these reported damages to rivers etc. in itself are sufficient to warrant penalty. In such incidents, Forestry Division normally impose[s] a suspension of that particular operation and ask[s] the company to return to the damage[d] area and rectify at its costs' (Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/36, Vol. I).

The suspension order was issued by the chief forestry officer, Kennedy Hoda, who happened to be from Arosi and had in the past been vocal against the company's operations. In his letter stating the company's refusal to follow the suspension

23 The ABC's Foreign Correspondent TV program had, in August 1996, produced a story on logging in Solomon Islands which highlighted the activities of Somma Limited and the involvement of the then prime minister, Solomon Mamaloni.
order, the general manager alluded to the fact that the order was influenced by personal reasons. Anticipating such a reaction from the company’s administration, the chief forestry officer had on October 29, 1996 (a day after issuing the suspension order), written a letter to the company stating that in issuing the suspension order he was merely executing the directives of his superior, the commissioner of forests, an official duty which should not be taken personally. ‘If there’s any thinking that I’m acting too personal then let me assure everyone that I could have influenced this suspension order much earlier, but I’m very much concerned also about people’s logs being wasted,’ he stated. The general manager of Somma Limited, however, refused to accept that the chief forestry officer was acting in a purely official capacity (see letter from Somma Limited to Chief Forestry Officer, October 30, 1996, Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/36, Vol. I).

Indeed, it cannot be denied that the chief forestry officer had personal interests in the operations of Somma Limited. Because he is from the area, he is a potential beneficiary from any such logging operations. He was instrumental in initiating the establishment of Makwest, a company formed by his landowning group with the intention of competing with Somma Limited, and had on occasions expressed personal opposition to the operations of Somma Limited. In a letter to the Minister of Forests, Environment and Conservation on October 23, 1996, for example, the officer expressed concern over the ministry’s approval of Somma Limited’s application to export 30,000 cubic meters of log and process 20,000 cubic metres. He argued that, technically, Somma Limited could not use the forest inventory data\textsuperscript{24} for the whole Arosi area in its applications because legally the company was entitled only to operate on customary land areas over which it had completed

\textsuperscript{24} The ‘forest inventory data’ were data collected by a team that did an inventory of the timber resources - volume and species - available in a particular area. The inventory of Solomon Islands forest resources was sponsored by the Australian government.
proper timber rights acquisition procedures. The chief forestry officer, on October 23, 1996, stated that,

Somma [Ltd] is continuously trying to fool SIG [Solomon Islands government] and West Makira resource owners. With the export duty concessions and with more than US$10 million worth of log exports they have not build the roads and airstrip promised to west Makira and purchase and install proper operational mills proposed to SIG in their applications. If Somma [Ltd] cannot install a small operational mill, it is very difficult for them to purchase and install a huge multimillion [dollar] integrated processing complex in west Makira—enough of political propaganda (Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/36, Vol. I).

The suspension of Somma Limited’s licence was eventually lifted after the forestry officer based in Kirakira, the Makira/Ulawa Provincial capital, did a survey of the logging site and confirmed that the company had rectified the damage it caused (see letter from Forestry Officer to the Commissioner of Forests, November 25, 1996). In informing the company of the decision to lift the suspension order the Chief Forestry Officer commented that the ‘... continuation of operations during the suspension period as reliable sources claimed, reflects a negative attitude on your company towards forestry laws that Forestry Division is trying to enforce’ (letter from Chief Forestry Officer to the manager of Somma Limited, December 3, 1996, Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/36, Vol. I).

Apart from environmental concerns over Somma Limited’s operations, there was also evidence to suggest that the company’s operations had caused a certain degree of competition, if not conflict, between the different landowning groups in the area. A clear indication of this was the establishment of competing logging companies by the different landowning groups, and even divisions within groups. Companies such as Aroba Development Company, Aroba South Holdings and Makwest were set up partly as a reaction to Somma Limited’s operations. There
was also evidence of division within the landowning group that formed Aroba Development Company. As a protest against the company’s close associations with Somma Limited, some members of the group formed another company called Aroba South Holdings Limited, using the same felling licence number Tim 2/95. The Forestry Division found out and cancelled the licence (letter from Commissioner of Forests to the General Manager of Aroba Development Company and Aroba South Holding Limited, April 14, 1997, Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/95, Vol. I). Somma Limited, on its part, sensed the competition from local people and was concerned about the economic viability of different companies operating in the same area. In a letter (of April 9, 1997) to the Minister of Forests, Environment and Conservation, the general manager of Somma Limited stated: ‘We appreciate that the prerogative to issue logging is vested in you and the Commissioner of Forests. On the other hand it is equally your responsibility to ensure that such operations are commercially viable in order to achieve greater benefits for the resources owners’ (Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/36, Vol. I).

Apart from demonstrating their dissatisfaction with Somma Limited’s operations by setting up a rival company, some landowners in the area accused the company of trespassing on land not included in the timber rights agreement; they sought compensation payments, and threatened to block the company’s operations if it did not meet compensation demands. In 1996, for example, Maradaro members of the Aoba landowning unit claimed that Somma Limited had trespassed on land for which the company had not been granted timber rights. They demanded SI$100,000 in compensation, an additional SI$65,000 for access/damage payment, and SI$18,000 royalties for logs shipped in March 1996. They threatened that the company’s failure to meet these demands would result in the blockage of the 1.5

The issue of logging, and in particular the conduct and operations of Somma Limited and its owner, Solomon Mamaloni, became a major political issue in the area during the campaign for the 1997 general elections. Kennedy Hoda, the chief forestry officer referred to above, resigned from his job with the Forestry Division and stood as a candidate against Mamaloni. As expected, he lost the election by a huge margin.

The case of logging in the Arosi area of West Makira demonstrates a number of things about landowners’ participation in the logging industry. First, it shows that landowner control of logging companies will not necessarily result in better outcomes. The conduct of landowner companies and foreign-owned companies is similar because involvement in logging is the same for both: the desire to maximise profit and (hence) reduce costs as much as possible. Secondly, the establishment of a logging company owned by one landowning group may give rise to the establishment of competing companies by rival landowning groups whose interests are not necessarily geared to enhancing the developmental outcomes of the logging industry or ensuring proper environmental management. Thirdly, even when logging companies are owned by local landowners, their operations are still influenced by foreign companies, because local entrepreneurs lack the capital and the access to information necessary for real power over the conduct of their operations. In the case of Somma Limited, its operations were highly influenced by its contractor, Goodwill Industries Limited, and its outcomes were similar to those of foreign companies.
Conclusion

Because of the generally communal nature of the land tenure systems in Solomon Islands, the participation of landowners and the degree of power they have over the logging industry is much more dynamic than is often acknowledged. Although in some instances landowners are marginalised in other instances they are quite powerful. The fact that land is owned by the laen (tribe/clan) means that, if well organised, the tribe can become a powerful stakeholder in the logging industry. The challenge is for landowners to realise they have that potential power, and find ways of converting it into real power. To do that landowners need to organise themselves in order to strengthen their position against other stakeholders such as the state.

The Sarabani land case in north Choiseul demonstrates how a landowning group, given the right information and access to services such as legal representation, is able to become relatively powerful. Whilst the logging company may have manipulated state systems and administrative structures and avoid legal requirements, if landowners have some knowledge of how the system works and the legal requirements, they can become an important part of the management of the industry, enhancing landowners’ participation in and degree of power over the industry. In this case, the Sarabani landowning unit, led by Enoch Sila, has become an important participant in Eagon Resources Development Company’s plans and operations in Choiseul. The court case obviously had an impact on how the company conducts its operations. They also have an important impact on how other landowning groups react to proposals for logging. The Sarabani tribe, and in particular Enoch Sila, has been envied by other landowning units in Choiseul.
Given the realisation of their potential power, it would be useful for the various landowning groups (in the areas where Eagon Resources Development Company operates) to come together and form an united organisation to represent their interests and deal with other stakeholders. This landowner representative group could function either as part of the Lauru Land Council or as a separate entity with consultative links to that council. Such an organisation would be responsible for collecting information and ensuring that landowners have access to services such as legal representation. If members are given appropriate forestry management training, they could also take over the responsibilities now performed by the state’s forestry field officers.

This chapter also demonstrates that, because of the changes in land tenure systems, some individual landowners have become quite powerful and are able to participate actively in the exploitation of forestry resources. These individuals usually have become big men because of their access to both the traditional and modern systems, and are able to utilise both systems to maximise, not necessarily the landowning unit’s benefit from the logging industry, but their individual benefit.

The story of Solomon Mamaloni’s involvement with the operations of Somma Limited in West Makira provides an useful insight to landowner companies and the activities of prominent individuals. The story demonstrates that even when Solomon Islanders are involved as loggers, the outcome is not necessarily different from that of foreign companies. First, because of the competition between landowning units, there is usually tension between them. This is illustrated in the West Makira case by the formation of different companies by the landowning units in the same area. Competition between landowning companies is often complicated by the involvement of aspiring big men who want to
challenge the positions of those already in power. The involvement of Kennedy Hoda in the West Makira story illustrates that. Kennedy is a comparatively young man working for the forestry division and has access to knowledge about the industry. He wanted to challenge the position of Solomon Mamaloni as an established big man in the area. The two ended up competing against one another in the 1997 general elections. Kennedy lost.

Mamaloni was able to exercise power at both the local landowning unit and the national level. He illustrates the advantage that many educated landowners have. The challenge for them is to use that advantage to organise the group (though not all landowners want to do that). The principal different between Somma Limited’s logging operations in West Makira and the outcomes produced by foreign companies, was that, because of traditional social obligations, Mamaloni distributed part of the company’s logging revenue to relatives and other members of the landowning unit.

From the factors outlined above, one may conclude that the participation of landowners is influenced not only by the state systems and structures and logging company practices, but also by the land tenure systems and how that has either enabled landowners to organise themselves as a cohesive force or led to fragmentation. The socio-political dynamics at the landowner level is as important as that at the national and international levels.
Chapter Five

THE STRUGGLE FOR CONTROL OF THE LOGGING INDUSTRY

This chapter examines how some of the major stakeholders in the logging industry – the state, logging companies, non-government organisations (NGO), aid agencies – organise their involvement in the struggle for control of the logging industry, and how that affects landowners’ participation. There are two parts to the chapter. The first provides an overview of each of the major stakeholders, exploring the complexities that exist within each one and their interests and the nature of organisation. The second examines the way in which the various stakeholders interact with each other and how that influences their participation in the logging industry.

If we accept that power is about the ability of $A$ to make $B$ do something that $B$ would not have otherwise done, then one may examine the relative power or weakness of landowners in the logging industry by first assessing the capacity of the other major stakeholders.

Most (if not all) the stakeholders in the Solomon Islands logging industry have some degree of power over certain aspects of the industry. Others have potential power but must transform that ‘potential’ into ‘actual’ power. Because of the relative nature of power, no particular stakeholder or actor is able to control every aspect of the logging industry. For example, while landowners have legal control over land, they are comparatively weak when it comes to having access to the capital needed for log production and management. The state, on the other hand, has the power to make regulations, but it does not own a large percentage of land in Solomon Islands.

In this way, one could argue that the power over the logging industry is not vested in a particular stakeholder, but is distributed; a stakeholder’s power exists relative to that of another. Hence, to understand the power of an individual stakeholder,
and how it is negotiated in relation to that of another, one needs to be familiar with the organisational structure, objectives and interests of each stakeholder plus the complex dynamics within the stakeholder group. This will assist us measure the capacity of the stakeholder to influence logging processes and outcomes.

The Relations of Power

The concept of stakeholder, each within a defined boundary, is useful in identifying the major actors in the logging industry, but in reality the boundaries between stakeholders are more hazy because one often finds that the interests and objectives of the some stakeholders overlap or complement each other. At times, this makes it difficult to distinguish one from the other. Further, there are diverse players with varying interests and objectives even within a stakeholder group. This makes it difficult to talk about a stakeholder as a homogeneous entity.

If we conceptualise the forestry industry as the arena in which the different stakeholders interact and compete for control of the forest resources, then we must understand the inputs of different actors, their strengths and weaknesses, and what accounts for those strengths and weaknesses. Consequently, this section explores the interests and roles of the major stakeholders: the state, logging companies, non-government organisations (NGOs), and aid agencies. It also attempts to outline the structures of the stakeholders and how this affects their ability to exert power; to convert ‘potential’ to ‘actual’ power. In this discussion it is acknowledged that logging companies have diverse structures and vary in size and interests. Hence, they cannot be represented in a simplified manner. It also explores the complexities within each stakeholder group, the relations of power between them, and how that affects the exercise of power over the logging industry.
The State

The state is an important actor in the logging industry because it has the responsibility to make and change the rules governing the forestry industry in general and logging in particular. But, in order to fully appreciate the roles and objectives of the state, one needs to familiarise oneself with the internal dynamics and diverse interests of individuals and institutions within the state. As stated above, there is a tendency to portray the state as an institution with well defined objectives, interests and functions, and to view the state as a strong homogeneous entity.

A closer analysis will, however, show a much more complex situation. The state, in fact, is made up of individuals and institutions with varying interests, objectives, agendas and reasons for participating in the state structures. The state, therefore, is not a homogenous entity—it may not even be a single stakeholder, but an institution encompassing many stakeholders: politicians, administrators, field officers, doctors, teachers, self-interested individuals, etc. In a way, the state is an abstraction which constitutes many other players, an arena in which various interested parties express themselves and try to achieve what they want from the institution. While the state attempts to control and structure the economy and society, there are individuals and interest groups within the state that are continuously having an impact on the state. In the logging industry, for example, the state has interests of its own—to generate income from the logging industry and manage it sustainably—while at the same time it is supposed to act as a trustee for other interests.

It is because of these diverse and varying interests within the state that issues such as corruption, nepotism and conflict of interests emerge. The diverse interests also contribute to the 'weakness' of the state (see Migdal 1988; Kabutaulaka and Dauvergne 1997).

25 Here, the term 'state' is used to refer to the entire governing institution in the country. It includes the government as well as the bureaucracy which implements and enforces government policies.
Looking specifically at its role within the logging industry, the state is continuously moulded by the individuals and actors within the state. In the logging industry in Solomon Islands, the state's most significant role is that of making laws that regulate the industry. Legislation such as the *Forest Resources and Timber Utilisation Act* and the new *Forestry Act 1999*, for example, define how forest resources are exploited and managed. The state, in other words, can make and change the rules governing the forestry industry. The state, for instance, has the responsibility to protect the country's environment. This role is defined in the *Environment Act* as well as in the *Forestry Act 1999*.

Thus, while the state wants to exploit forest resources for economic gain, it also has the responsibility to ensure that environmental damage is minimised. This paradox has preoccupied much of the forestry discussion over the last decade. It is reflected in cases such as Pavuvu Island and Vangunu in the Marovo Lagoon. In the Pavuvu Island case, (as discussed in Chapter Two) the government promised the establishment of schools, clinics and other infrastructure as a means of compensating for the extraction of logs on government alienated land (see Solomon Islands Government, June 1995, Ministry of Forests, Environment and Conservation, File No. TIM 2/24, Vol. II).²⁶ In the case of Vangunu, logging developments and plans for the establishment of an oil palm plantation have contradicted plans to include the Marovo Lagoon (within which Vangunu exists) in the World Heritage Conservation listing.

This has resulted in a continuing debate involving the government and environmental organisations such as Greenpeace (see *Solomon Star*, April 28, 1999). Greenpeace (1999) argues that the Vangunu oil palm plantation project is unlikely to generate the economic and social benefits promised. A report published by Greenpeace indicated that according to a survey carried out by an 'independent researcher' local people are likely to benefit more from small-scale

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²⁶ The Pavuvu case will be discussed further in Chapter Six.
development projects such as eco-tourism than from a large-scale oil palm plantation.

As mentioned above, one of the state’s major interests in the logging industry is financial. Logging is an important source of government funding (see Chapter Two). The way in which the state approaches the development of natural resources such as forests is highly influenced by its economic interests. Government policies usually reflect that interest. The previous Solomon Islands Alliance for Change (SIAC) government, for example, stated as part of its forestry policy that the ‘government is committed to the urgent need to explore the most viable overseas Timber Markets with the aim of maximising returns on the country’s resource’ (Solomon Islands Government 1997:39). Consequently, it is a source of concern for government when logging investment and income are down, as they were from 1997 to 2000 (see CBSI Report 2000).

To make and implement policies, enforce regulations, and extract benefits from the logging industry, the state depends on ministries such as the Ministry of Forests, Environment and Conservation (MFEC), especially the Forestry, Environment and Conservation Division. This ministry is responsible for the management and regulation of forestry resources. Other state entities have responsibilities for the logging industry: the Inland Revenue Division of the Ministry of Finance, Customs and Excise, and the Central Bank are responsible for collecting and monitoring revenue from the logging industry; the provincial governments and area councils play a role in the negotiation process and in dealing with landowners.

To better understand the state’s role and participation in the logging industry, the administrative structure of the Forestry Division of the MFEC, and the legislation that regulates the exploitation of forest resources, are described below.
The Forestry Division: the administrative and legal structures

Administratively, the Forestry Division is part of the Ministry of Forests, Environment and Conservation (MFEC). The Minister of Forests, Environment and Conservation is the political appointee of the ministry. The Permanent Secretary, assisted by the Under Secretary, links the technical and operational functions of the ministry in the implementation of policies and programs. There are three divisions in the MFEC: (i) the Forestry Division, headed by the Commissioner of Forests; (ii) Environment, Conservation and Wildlife, which has a director responsible for five staff; and (iii) Administration, which is headed by the Chief Administration Officer.

The Forestry Division is the largest division within the ministry with four functional sections: (i) Planning, responsible for resource and manpower planning of the division; (ii) Timber Management, responsible for monitoring and evaluation, licensing, and control of log export pricing; (iii) Research and Extension, which conducts silviculture research, provenance trials, tree improvement and tree breeding, nutritional requirements and research into the genetic materials and seed collection, and also maintains links with international research; and (iv) Herbarium and Botanical Gardens, responsible for the curation of the botanical gardens and herbarium, collection of herbarium specimens and drying and storage.

Recent developments in the MFEC are important to understanding the ministry’s functions and administrative capacity. Since 1995, the Forestry Division’s staff has been reduced considerably because of the government’s redundancy exercise in the Public Service. By 1998, the total Forestry Division staff establishment was 60 compared to 110 in 1994. This comprised of 5 officers in the planning section, 27 officers in the Timber Management Section, 4 officers in the Herbarium, 10 officers in Extension, 12 officers in Research, and 2 officers at Headquarters (Commissioner and Deputy). The total non-established labour force is about 30
forest workers, mainly working for Research, Timber Management Unit and Extension. Some of those listed as non-established forest workers are actually casual workers in the Customary Land Reforestation Project.

Some changes within the MFEC were anticipated by the end of 1999 as a result of the implementation of the AusAID-funded Solomon Islands Forest Management Project (SIFMP). The SIFMP provided for an Australian to be contracted as Commissioner of Forests for a period of two years. The project was, however, suspended in 2000 as a consequence of the civil unrest in Guadalcanal and the subsequent change of government following a ‘coup’ on June 5, 2000.27

The Forest Resources and Timber Utilisation Act

At present, forestry development in Solomon Islands is regulated by the *Forestry Act 1999* which was passed by the national parliament in April 1999;28 it replaced the *Forest Resources and Timber Utilisation Act* first introduced in 1969 as the *Forests and Timber Ordinance*. The original ordinance was a document designed to cater for the agenda of the colonial regime. At that time, as stated earlier, logging was concentrated on government land or customary land leased by government; consequently, the laws concentrated on forestry activities on state land. In the *Forests and Timber Ordinance 1969*, for example, the only reference to customary land states that,

nothing contained in section 221 of the *Lands and Titles Ordinance 1968* shall prohibit or invalidate the acquisition by a person other than a Solomon Islander of any right to cut and remove any trees growing on customary land, or of any right of access to or over customary land for the purpose of cutting or removing tree growing on customary land (Section 32).29

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27 There is more detailed discussion of the current reforms in the forestry sector, and more particularly the AusAID-funded Forest Management Project and the Forestry Bill 1999, in Chapter Eight.
28 See Chapter Seven for a detailed discussion of the *Forestry Act 1999*.
29 Section 221 of the *Lands and Titles Ordinance, 1968* states that ‘the Commissioner may by declaration to be published in the Gazette declare any land held in his name free from any encumbrances to be customary
Forestry development on customary land was never fully regulated until the promulgation of the *Forests and Timber (Amendment) Ordinance 1977* which outlined laws regulating the acquisition of timber rights on customary land. While this was the case in forestry, in the case of land, detailed laws were introduced, under the *Land and Titles Ordinance 1968*, defining the boundaries between customary and public ownership of land. Through these laws the colonial state vested upon itself the authority to define the nature of customary and state ownership of land and, hence, the forests on them. Customary land, for example, was deemed as any land that,

has been set aside by the Government of the Protectorate for occupation by Solomon Islanders, such land shall, if it has been continuously occupied by Solomon Islanders since it was first so set aside, and if it was not so set aside in pursuance of any power conferred by a repealed Regulation, be deemed to be and shall become native customary land, and vested in the person or group of persons entitled thereto by current native usage (*Land and Titles Ordinance 1968*, Section 23).

Such a law demonstrates the power vested in the state to define landownership, in particular, the notion of customary ownership. Thus, although the state owns only a small percentage of land, it has the authority to define, and make laws that regulate the use of resources on, lands it does not effectively own.

In the post-independence period it was realized that the forestry and land legislation were both inadequate given new demands and developments. Consequently, in the 1980s and 1990s successive amendments were made to the *Forests and Timber Ordinance*. In 1985 it was amended to become the *Forest Resources and Timber Utilisation Act 1985*. This expanded its focus, not only on log production but to include both export as well domestic production of a variety of forest products, in particular, sawn timber, round logs, and furniture production. The amendments also included specific procedures and processes to regulate the land and shall in the case of registered land notify the Registrar who will thereupon remove any such land from the register'.

forestry industry. The *Forest Resources and Timber Utilisation Act 1985* is influenced by other legislation such as the *Company Act*, which governs the establishment and involvement of companies in the logging industry, and the *Land and Titles Act* which regulates the ownership and use of land. Despite these changes, the *Forest Resources and Timber Utilisation Act* was a remnant of the colonial era.

Another important piece of legislation is the *North New Georgia Timber Corporation Act 1979*, which was introduced to deal specifically with Lever's Pacific Timber Limited' forestry activities on North New Georgia (see Larmour 1981; Tausinga 1989). This law was amended by the *North New Georgia Timber Corporation (Amendment) Act 1980*.

The forestry legislation has had a mixed impact on the landowners and their role in the logging industry. While on one hand such legislation can undermine the power of landowners in controlling forest resources, because the authority to regulate has been taken away from them by the state, on the other hand the legislation enhances landowners’ power by defining and legitimising it. Existing land legislation does not allow land to be taken or bought by foreigners (non-Solomon Islanders) as was the case in the late 19th century (see Bennett 1987). Existing land and forestry legislation makes it compulsory to deal with landowners, who have thus become legitimate and important stakeholders. The legislation promotes the power of landowners and prevents companies from exerting too much control—a promotive and preventive power as discussed in Chapter Three.

The major focus of the legislative amendments is to enhance the power and participation of landowners and protect their interests in the logging industry. This may be best understood by examining the procedures and processes outlined in the *Forest Resources and Timber Utilisation Act 1989*. It is these procedures and processes that govern the administration of the forestry industry in general and logging in particular.
An important aspect of the act is the Standard Logging Agreement (SLA) which governs the issue of logging licences and the enforcement of regulations associated with it.

**Standard Logging Agreement: procedures and processes**

The processes and procedures for approving logging licenses involve the central government through the MFEC, provincial governments, area councils, logging companies and customary landowners. There are four stages in the logging approval and licencing procedures.

**Stage One: Application to negotiate (Form 1)**

A company identifies an area it wants to log and after making preliminary approaches to landowners it lodges an application through *Form 1* to the Commissioner of Forests who examines it and determines whether or not to consent to the application to log. The Commissioner of Forests then advises the company on whether the application has been approved or rejected. If the application is approved, the Commissioner of Forests advises the provincial executive concerned through the Provincial Secretary, and the Chairman of the Area Council responsible for the area identified for logging. The Area Council Chairman then puts out a one month public notice stating the time and place of a timber rights hearing meeting.

**Stage Two: Timber Rights Hearing**

The timber rights hearing is a public meeting in which it is determined whether a logging agreement should be signed between the customary landowners and the logging company. The timber rights hearing is attended by landowners, the area council and provincial representatives, and the public at large. There should be written minutes of the meeting, which should discuss and determine the following questions and issues:

- Do the landowners want to negotiate the sale of their timber?
- Do the landowners who are present represent all legal landowners?
- What timber rights will be given to the company?
How will landowners share in the profits?
How will the provincial government take part in the operation?

**Stage Three: Certificate of Land Ownership (Form 2)**

After the timber rights hearing, if there is no agreement and the application is rejected, the Commissioner of Forests and the company are advised. If there is an agreement to log then a list of landowners and a list of recommendations are put up on a public notice (advertised) for a month. If there are disputes, these are dealt with by the Customary Land Appeal Court, and the Commissioner of Forests is notified by the court clerk. If there is no dispute or the dispute is resolved by the court, then a certificate of recommendation and landownership (Form 2) is sent to the Provincial Secretary for the provincial executive. The Commissioner of Forests and the company are then advised.

When the company receives the Form 2 (certificate of landownership) it carries out a resource survey to identify areas to be logged and those to be excluded for environmental or social reasons. The company then draws up a five year plan, a harvesting plan for the first year, and a reforestation plan. These are then sent to each and every landowner group. The company also briefs provincial executive and Forestry Division representatives on its plans, intended timing, and proposed terms and conditions. A public notice is then put out for two months to the community concerned, with maps, plans, and the date and place for negotiation of the agreement.

**Stage Four: Public Negotiation of Standard Logging Agreement (Form 4)**

The next stage is the public negotiation of a Standard Logging Agreement (Form 4). This is when landowners, provincial representatives, the Forestry Division representatives and the company negotiate for the timber rights agreement. At this negotiation, landowners and company may have legal advisers present. The provincial and Forestry Division representatives attend only as observers; the actual negotiation is between landowners and the company. If agreement is reached, Form 4 is signed by the company and not less than five representatives chosen by the landowners.
Within fourteen days of the signing of the agreement, the Provincial Secretary concerned and the Commissioner of Forests are sent copies of the agreement. The Commissioner of Forests examines the agreement and if he is satisfied that all correct procedures have been followed he sends his recommendations for the Provincial Secretary’s consideration. The Provincial Secretary considers the agreement and decides whether to agree or reject. If the agreement is rejected, all the parties (company and landowners) are advised within fourteen days. If the Provincial Secretary approves or agrees then a certificate approving the Standard Logging Agreement (SLA) negotiation (Form 3) is issued and the commissioner of forests is advised. He then informs the company and landowners within fourteen days. The company then prepares an annual logging plan and sends it to the Commissioner of Forests who considers it before sending it to the Provincial Secretary who in turn advises the Commissioner of Forests of his/her decision.

If this is approved the logging licence is issued and logging then commences. During the logging period a new annual logging plan should be submitted each year. Should there be any disputes regarding proper procedure or breach of agreement these are referred to the High Court.

From the outline provided above, it would seem that the state, as an institution, has clear objectives, well defined interests, and a reasonably good administrative system that implements and enforces state policies and regulations. It would also seem, from the above, that the state is quite powerful, or, at least, has the potential to be powerful given its role in making and enforcing laws governing the exploitation of forestry resources. In reality, however, there are numerous factors that affect the state’s capacity to exert power over the industry. First, as stated above, despite the fact that, officially, governments have well defined and clear policies, the state as an institution is made up of units and individuals with diverse and sometimes uncomplementary interests. For instance, while the MFEC is concerned about, not only log production, but also the management of forestry resources, the Ministry of Finance’s interest in the logging industry is primarily as a source of revenue. The Ministry of Agriculture may, on the other hand, be
interested in forested land as a potential agricultural productive area. Hence, the Minister for Agriculture would push for the clearing of land for agricultural development, as a way of demonstrating to the public that agricultural development has been enhanced. A classic example is the current debate over Vangunu in the Western Solomons. The line of argument pushed by the Ministry of Agriculture is that the development of an oil palm plantation on Vangunu would be a major agricultural development (Solomon Star, May 14, 1999). That argument does not take into consideration the fact that Vangunu is the Marovo Lagoon, an area identified for World Heritage conservation.

This is not to argue that different ministries or units of the state have entirely contradictory interests and goals. Rather, it is to state that the different entities of the state are not always as complementary as sometimes assumed. Furthermore, the goals the different parts of the state (ministries, departments, divisions) seek to achieve may also vary and are at times contradictory. There may also be competition for limited resources such as manpower, finance and equipment. The coordination between different ministries, departments and divisions may not work as well as envisaged, for example, the relationship between technical ministries, such as the MFEC, and those with administrative and coordinating roles, such as the Ministry of Provincial Government, is sometimes confused (see Kabutaulaka, Tozaka and Denni 1998). These kinds of discrepancies exist in state institutions elsewhere. It is their degree of severity that differs.

**Individuals and the State**

Apart from the state institutions mentioned above, there are individuals—public servants and politicians—who work for the state. They often have interests and objectives that differ from, and may even contradict, those of the state. Hence, while working for the state, they do things that weaken state capacity.

Take, for instance, the case of a cabinet minister involved with a logging company as a member of the board of directors. In one particular case, between 1991 and 1994 the member of parliament for Gao/Bugotu, Nathaniel Supa, was a minister in
the Solomon Mamaloni-led government. He again became minister in the period between 1994 and 1997 following the collapse of the Billy Hilly-led government. During that period he held various ministerial portfolios, including Home Affairs for which he was minister for several years. In that same period the Isabel Timber Company Ltd. was in the process of establishing logging operations in the Gao/Bugotu constituency. The company is a subsidiary of the Malaysian-registered transnational company, Kumpulan Emas Berhad. This was also a period when there was increasing debate in the country regarding the logging industry. Hence, to secure logging licences, many companies were eager to solicit the assistance of state officials and cabinet ministers. As stated in Chapter Three, during this time a number of government ministers were charged with corruption relating to logging.

Given all this, it is interesting to note that Nathaniel Supa, while member of parliament for Gao/Bugotu and Minister for Home Affairs, was receiving a monthly payment of SI$1,000 (Solomon Islands Government, Ministry of Forests, Environment and Conservation, File No. TIM 2/60, Vol. II) as a member of the board of directors of the Isabel Timber Company. While this might not have been illegal, ethically it sits uncomfortably with the broader issue of conflict of interest. It would not be unreasonable to assume that the company included Supa on its Board of Directors because it was aware of the minister’s potential to influence decisions both in government and among landowners in the logging area.

Another example of the way in which state interest could be compromised was the case of former prime minister, the late Solomon Mamaloni’s ownership of a logging company. This has been discussed extensively elsewhere in this thesis.
It might be argued that in such cases, where state interests are potentially compromised by individual interests, incidents of bribery and corruption might occur.\footnote{It is understood, however, that the practices of bribery and corruption in the Solomon Islands forestry industry are complex and need more elaborate examination. Bennett (2000) provides some insight into stories of corruption and bribery in the industry.}

Logging companies seek to maximise profit. In the process they may try to impede the state in its efforts to carry out the procedures and processes set out in legislation. Price Waterhouse (1995), Duncan (1994), and Dauvergne (1997) have all demonstrated how logging companies manipulate the system to maximise profit.

It is because of the diversity of stakeholders with different interests that the state often becomes vulnerable and powerless in enforcing forestry regulations, even when state policies are clear. Though the state may seem to have an overarching power in the logging industry, it is, in many instances, relatively weak because of its inability to convert that potential power into real or actual power. Logging companies, landowners, aid agencies, NGOs and other actors recognise this weakness in the state; they either use state weaknesses to advantage their own situation or they attempt to help strengthen state institutions. The contradictory interests of individuals within the state and the 'common interest' represented in state policies also contribute significantly to weakening the state. In fact it is such contradictions that may result in civil society accusing governments of corruption and turning public opinion against governments. This was a factor which contributed significantly to the downfall of the Solomon Mamaloni-led government during the general election of 1997. Aid agencies often address institutional issues because they see institutional weakness as the underlying cause of problems in the logging industry. As will be elaborated in Chapter Seven, one of the emphases of the AusAID-funded Solomon Islands Forest Management Project (SIFMP) is that of institutional strengthening.
The next section discusses how logging companies are situated in relations of power over the logging industry; it outlines their structures, interests and the nature of their operations, and then examines how they relate to other stakeholders. One of the common assumptions in Solomon Islands is that logging companies are very powerful. This is a generalisation which often does not take into consideration the diversity among companies; while there are many logging companies that are relatively powerful with financial backing from overseas, there are also small and relatively weak companies with limited financial and technological capital. Some small companies are struggling to stay in business; others have been driven out of business by intense competition.

Logging Companies

Most of the companies involved in the Solomon Islands logging industry are foreign registered, in particular from Malaysia and Korea. There are at present about 27 foreign-registered companies with logging licenses or concessions in Solomon Islands. Fifteen of these concessions are currently in operation while twelve are inactive or are non-operational due to the completion of the concession or landowner disputes (see Appendix II for list of foreign-registered companies). A number of these concessions is held by the same parent company. Two important examples are Earthmovers and Kumpulan Emas Berhad. Registered in Malaysia, Kumpulan Emas Berhad’s principal business prior to 1993 was engineering, plantation and oil palm consultancy and advisory services. In October 1993 the company acquired four Solomon Island forestry concessions via a British Virgin Island registered company (renamed Emas Pacific after the purchase). The four concessions are: Integrated Forest Industries Limited (holding a 158,174 ha concession in Makira Island), Rural Industries Limited (holding a 63,670 ha concession in Makira Island), Isabel Timber Company Limited (holding a 234,000 ha concession in Santa Isabel Island) and Silvania Products Limited (holding a 10,299 ha concession in Vangunu Island). Kumpulan Emas paid RM335 million (US$134 million) to buy the four companies. Rural Industries is dormant and Integrated Forest Industries ceased operating in 1996 (World Rainforest Movement and Forests Monitor Limited 1998: 44-45).
Earthmovers (Solomon Islands) Limited is another Malaysian-registered company with several subsidiary companies in Solomon Islands and relatively large concessions (see Appendix III). These include Kalena Timber Company Limited, Eastern Development Enterprises Limited, and Pacific Timbers, that operate respectively on Rendova in the Western Solomons, Makira and Guadalcanal. Earthmovers (Solomon Islands) Limited came into the public limelight when it dismissed about 300 workers in 1998. This resulted in a number of court cases between the company and the Solomon Islands National Union of Workers (SINUW), which have not yet been settled (Solomon Star, November 15, 1998).

The power that foreign companies exercise over the logging industry is reflected in the way they have been able to evade taxes and forestry regulations (FORTECH 1995c and 1997; Price Waterhouse 1995; Dauvergne 1998-1999; ADB 1998; see also Chapter Three). Foreign companies have also gained significant power over local companies with whom they have signed contractual agreements. Such behaviour by logging companies is not unique to Solomon Islands. Such cases have been recorded in Papua New Guinea (Cooke 1997; Filer 1998).

Let us explore the nature of the relationship between local and foreign companies. The 'local companies' are registered under the name of Solomon Islanders, in most cases landowners or landowning groups in areas where logging is taking place. But because many of these local owners lack the capital, knowledge and other resources to operate the companies, they usually have technology agreements with foreign companies. The result is that often the foreign partners become dominant. Appendix IV lists the local companies and the foreign companies with whom they have contractual agreements. At present, three of the foreign companies who have contractual agreements with local license holders also have logging licences of their own. These include Silvania Products Limited, Allardyce Lumber Company, and Marving Brothers Timber Company Limited. Silvania Products Limited has contractual agreements with four local license holders: Chakope Brothers, Geruana Sawmilling and Jesina from Vangunu, and Lupa Development from Gitoari.
The logging concessions given to local companies with foreign contractors amount to about 852,000 cubic meters (see Appendix III). However, of the companies listed in Appendix II and III only a few operate consistently; the rest operate on an ad hoc basis depending on the nature of support provided by the foreign contractor and issues such as disputes over land. As noted above, the contractual agreement between landowner companies and foreign companies is often characterised by the vulnerability of local partners. For example, much of the log extraction in areas where Somma Limited has timber rights agreements is controlled by Goodwill Products Limited, the Malaysian contractor.

Foreign-registered logging companies have relationships with both local companies and the state. Officially, the nature of their interactions governed by the Forest Act. This means that logging companies are expected to operate within the guidelines provided by the legislation. Logging companies, however, have their own organisation—the Solomon Islands Forest Industries Association—which can lobby to influence legislation. In the early 1990s, especially during the reign of the Mamaloni-led government, SIFIA had a significant influence in decision making in the forestry industry. It was instrumental, for example, in the writing of the Forestry Code of Practice. This was partly because of the government’s intention to involve every forestry actor in the management of the industry, but it was also because certain leaders and government officials had close links with SIFIA; for example, as stated earlier, the then Prime Minister Solomon Mamaloni’s company, Somma Limited, was a member of SIFIA.

Apart from connections like this, there were more dubious relationships between logging companies and individuals within the state (as outlined in the previous section). Logging companies, as noted in Chapter Three, have also been instrumental in providing financial assistance where the state is unable to do so—a classic example being logging companies sponsoring area council meetings for timber rights agreements (Ombudsman’s Office 1988). Such actions compromise the purpose of such meetings, and pressure participants to feel obliged to favour the company in their decisions.
The company's relations with landowners are often characterised by false promises of development. Because logging companies have the capital, they sometimes pay off influential landowners to make decisions on their behalf. There are usually a few landowners in each logging area who have taken advantage of the company's presence and have made a reasonably good living out of the company. Many logging companies are able to influence decision-making processes at both the local and national level by building informal relationships with influential individuals. Because of their ability to penetrate decision-making processes, logging companies are relatively powerful in dealing with the logging industry; they are able to convert 'potential' power into 'actual' power.

**Non-Government Organisations (NGO)**

Another important group of actors in the logging industry are non-government organisations (NGOs). In Solomon Islands NGOs include both local and international organisations. The development of the forestry industry in Solomon Islands has coincided with the growing importance of NGOs' participation in politics. Roughan (1994) discusses how NGOs have become a significant player in environmental issues, and highlights the fact that the role of NGOs in Solomon Islands has expanded from the provision of assistance to active participation in politics. This, Roughan argues, is due to the growth of local NGOs and Solomon Islanders' involvement as leaders of NGOs.

Some of the major local NGOs include the Solomon Islands Development Trust (SIDT), SolTrust, Solomons Western Integrated Forest Trade (SWIFT), and Solomon Islands Sawmiller's Association. The major international NGOs include Greenpeace and WWF. Churches also play a significant role in influencing discussion of logging. SWIFT, for example, is coordinated by the Methodist Church. In the Pavuvu case (outlined in Chapter Two) the Catholic Church condemned the logging of Pavuvu (Solomon Star, May 12, 1995).
NGOs such as SIDT are involved mainly in educating landowners about the impact of large-scale logging and about the procedures and processes for acquiring logging licences. SIDT has village workers throughout Solomon Islands who work in educating landowners. SIDT also attempts to encourage the development of non-timber forest products (NTFP) as an alternative source of income. John Roughan (1997) examines how NGOs, and SIDT in particular, have become important in logging developments in Solomon Islands. Other NGOs such as SWIFT and the former SolTrust\(^\text{32}\) concentrate more on encouraging landowners to participate in small-scale timber processing and finding markets overseas for sawn timber. They are involved in training resource-owners in operating small sawmills such as the wokabaot sawmill and assisting in the processing of timber at the community or individual level. Processed timber is then bought by the NGO and exported, mostly to European markets. SWIFT has been exporting sawn timber from Solomon Islands to markets in the Netherlands.

International NGOs such as Greenpeace and WWF focus their involvement in the forestry industry on environmental issues. Their campaign aims at creating both local and international awareness of the detrimental environmental impacts of large-scale logging. Greenpeace, however, has begun exporting sawn timber to New Zealand from Ngella in the Central Islands Province. In April 1999 it released a report indicating that the government’s plans for large-scale logging and the development of an oil palm plantation in the Marovo area were bound to be financially unviable. Instead, Greenpeace recommended the establishment of small-scale saw milling (Greenpeace 1999). This reflects a shift from merely campaigning against large-scale logging to encouraging alternative sources of timber processing and the establishment of industries involving non-timber forest products.

NGO campaigns against large-scale logging have resulted in often violent clashes with other stakeholders. Pavuvu Island in the Russell Islands provides a classic

\(^{32}\) SolTrust stopped operations in late 1998 after it had financial problems, caused mostly by poor management.
example of such a clash, with NGOs and some landowners on one side, and the
government, a logging company and some other landowners on the other. Another
example of NGO resistance against large-scale logging and agricultural
development is the case of Vangunu, discussed above (see Greenpeace 1999).

Apart from opposing development, NGOs have also played a positive role,
assisting the state, landowners and aid agencies in the collection of information
and implementation of projects, as well as participating in the decision-making
process at both local and national levels. As noted above, NGO's such as SIDT
and Greenpeace have been instrumental in facilitating educational programs at the
local level and providing alternatives to large-scale logging, especially the
development of non-timber forest products (NTFP). They have the potential to
contribute to the research and development of the forestry industry. This has been
recognised by the Forestry Division which has included them in workshops such
as that on research held in September 1999 (see Solomon Star, September 14,
1999). The outcomes of such workshops are submitted to the Minister of Forests,
Environment and Conservation for use in the decision-making process.

The power of NGOs in the Solomon Islands logging industry lies in their ability to
reach out and influence decision-making at the community and village level to
either accept or reject logging proposals. Because of this NGOs sometimes find
themselves in confrontation with logging companies, the state, and those who
advocate large-scale logging. As against this, NGOs' power to reach out to
villages and communities is often constrained by financial difficulties, the
unavailability of appropriate technology, and lack of trained manpower. In these
terms NGOs are relatively weak in comparison to logging companies, the state and
aid agencies. Furthermore, because they do not own land they are weak in relation
to landowners.
Aid Agencies

Aid agencies also play an important role in the Solomon Islands forestry industry by influencing policies and providing the much-needed finance for its management. While the European Union (EU) has exercised an indirect impact through its refusal to finance environmentally detrimental projects, or providing finance to reduce dependence on log exports, others have had a much more direct influence. An organisation with direct influence in the logging industry is AusAID, the Australian overseas aid agency. AusAID’s direct involvement in the country’s forestry industry began in the early 1990s with the establishment of the Timber Control Unit (TCU) Project. The TCU project was established to manage forest resources and monitor harvesting and trade practices. As observed in Chapter Three, funding for this project was withdrawn by the Australian government in 1995 after political disagreements between Canberra and Honiara. Diplomatic relations have since been mended, and when the Bartholomew Ulufa’alu-led government came to power in August 1997 it renegotiated Australian assistance in the forestry industry. This has resulted in the establishment of the AusAID-funded Solomon Islands Forest Management Project (SIFMP). The implementation of new Forestry Act 1999 is also part of that the SIFMP (see Chapter Seven). Organisations such as the Asian Development Bank (ADB) and the World Bank also have substantial impact on the forestry industry, directly or through the government’s reform program.

The struggle for Control

Because they have varying interests, stakeholders often find themselves competing for control. Clashes between stakeholders are illustrated by stories such as those from Pavuvu Island and Enoghae in north New Georgia (see Chapter Two). There are other cases, however, such as the Khoo murder case of 1991, where competition between stakeholders ended in tragedy.

The Kong Ming Khoo murder case involved the murder of a foreign businessman, Sunny Wunsan Tong, on February 2, 1991. The story involves a complex
relationship between foreign companies, foreign businessmen, local politicians, the state and ordinary Solomon Islanders.

The story started when two foreign companies, Kayuken Pacific and Taisol Investment Corporation were given logging concessions to operate in Malaita. Taisol was the first; it started operations in Malaita in 1983. Kayuken entered the scene in February 1986 when the then premier of Malaita Province, Harold Maomatekwa, successfully lobbied for the removal of the moratorium on new logging licences imposed in April 1983 (Bennett 2000).

In an attempt to make their operations more viable, both Taisol and Kayuken sought to acquire additional areas to log and increase their annual quota. Taisol had 24,000 cubic metres and Kayuken had 50,000 cubic metres. This was well above the recommended annual quota of 28,000 cubic metres set for Malaita by a UNDP Development Advisory team in 1982. The UNDP quota was set to ensure that the resource lasts for 25 years, with 25 per cent reserve (Bennett 2000:299). As part of the government’s policy, the companies were required to mill 20 per cent of their quota. This, of course, was never rigidly followed by the companies or enforced by the state. Kayuken was the only one that ever achieved the 20 per cent milling requirement. This was at its Manaba mill in 1987 (Bennett 2000).

There were other community-based companies logging and milling in the areas close to where Kayuken was operating, for example, the Kwaio-based Waibona Logging and Milling Company which was formed in 1987, and George Luilamo, the member of parliament for West Kwaio, and Sam Korasimora, one-time provincial Minister for Agriculture and Forestry. Given their interest in the area, Luilamo was opposed to the granting of a logging licence, in 1986, to Kayuken to log ward 34 (Sie Sie). Both Kayuken and Waibona were also seeking logging rights in ward 31 (Mareho), Areare. Bennett (2000: 300) asserts that,

Kayuken’s managing director, Kong Ming Khoo, maintained that Waibona wanted the rights to both wards 32 (Tai) in Areare and 33 (Kwarekwareo) so that it could sub-contract to Logimex Co. Ltd, a
Taiwanese company—a plausible claim, as Waibona lacked investment capital and expertise.

There was a growing conflict between Kayuken and Waibona. Kong Ming Khoo asserts that Luilamo’s attempts to appeal against Kayuken’s licence in Ward 33 were in order to allow Waibona to log the area. According to Bennett (2000: 302), ‘Khoo believed that Luilamo had been trying for two years to bring in Integrated Forest Industries, Hyundai Timber Co. or nearby Taisol to log the area, claiming that he had given misleading information to the ombudsman to discredit Kayuken.’ Indeed Sunny Wunsan Tong, the managing director of Taisol was waiting for an opportunity to log the area.

The story is complicated by the relationships between Toshio Hashimoto (a Japanese), Sunny Wunsan Tong, and Kong Ming Khoo (a Korean) all of whom were businessmen with interests in logging on Ndai Island (off the coast of North Malaita) and other parts of Malaita. As part of a business arrangement, Kong Ming Khoo had borrowed thousands of dollars from Sunny Wunsan Tong and Toshio Hashimoto. Their deteriorating relationship culminated in Sunny Tong suing Kong Ming Khoo for the return of money previously lent to him by Tong and Hashimoto. A civil case was initiated against Khoo and he was subsequently ordered by the court to repay the debt. Although he strongly contested the case, the court awarded Tong an amount of US$300,000 to be paid by Khoo. After many promises and compromise arrangements, Khoo made payment of only one instalment and, despite his protests of being able to pay, it became clear that he was neither able nor willing to pay if he could avoid it. As a result, Tong’s lawyer, Jennifer Corrin, was instructed to press charges (see Bennett 2000: pp. 302-305).

Kong Ming Khoo was in a difficult situation. In December 1990, he arranged for Jennifer Corrin’s car to be torched. Kong Ming Khoo then made arrangements with a Solomon Islander, Anthony Bara from Guadalcanal, to kill Sunny Tong. He paid SI$40,000 by cheque into Bara’s account. Bara, in turn, paid SI$500 to
Keleto Lalani of Kwaio to do the actual killing. In February 1991, Lalani went to Sunny Tong’s home in Tavio Ridge, Honiara, and shot him in the head. Tong died (see Bennett 2000: pp.302 - 305).

Keleto Lalani was subsequently charged for the murder of Sunny Tong, and Kong Ming Khoo and Anthony Bara were held in custody on conspiracy to commit murder. Lalani confessed, was found guilty, and received a life sentence. Investigations revealed that Lalani had also been instructed to access Corrin’s office and destroy files relating to the case between Tong and Khoo and Kayuken. He was also the one responsible for setting Corrin’s car alight.

The court found Anthony Bara guilty of conspiracy to commit murder and sentenced him to life imprisonment. Khoo was acquitted because the evidence was circumstantial; he claimed that the $40,000 he gave to Bara was out of friendship.

The story was complicated by the fact that between April 30 and May 16, 1991 (during his trial and while in custody), Kong Ming Khoo—through his brother—solicited a Solomon Islander prison officer, George Fakarangi, to kill Bara in prison, using some kind of poison. Fakarangi informed his superiors and Khoo was re-arrested on a charge of conspiring to murder Bara (Bennett 2000).

Bara was moved to Kirakira, Makira, for protection while preparations were underway for Khoo’s trial. Close to the time of the trial, police officers went to collect Bara and returned with him via plane. On the way to Honiara, the plane crashed on Mt. Nasuha, south Guadalcanal. Bara and fifteen other passengers and the pilot were killed. Khoo was released due to lack of evidence and flew to Australia. Bennett (2000:303) notes, however, that

the investigation produced Bara’s ‘hit list’ which included other people who had crossed Kayuken, such as Jennifer Corrin, Luilamo, [Isa’ac] Qoloni [the then ombudsman], Commissioner [of Forests] Sam Gaviro,

33 The ombudsman’s reports of 1988-1990 had dealt a severe blow to Kayuken’s credibility, incriminating many in high levels of government and politics.
and SIDT's Abraham Baeanisia and John Roughan, as well as the late Sunny Tong.

This case demonstrates the complexity of the struggle between different stakeholders for control of the logging industry, and the extent to which some people are prepared to go to gain control. In particular, it highlights the weakness of the state in regulating the nature of the struggle for control and the seeming strength of some foreign businessmen in influencing Solomon Islanders. The role of politicians like George Luilamo is also notable. In particular, his involvement with the Waibona Logging and Milling Company could easily be interpreted as a conflict of interest. The murder of an individual, the planned killing of others, and the destruction of another individual's car demonstrates the intensity of the struggle for control of Solomon Islands logging industry.

Conclusion

This chapter has described the various stakeholders involved in the logging industry and the nature of the power relations between them. Competition for control of the Solomon Islands logging industry is affected by the relations of power between stakeholders. While certain stakeholders may have power over particular aspects of the logging industry, other aspects are controlled by other stakeholders. No one stakeholder has a monopoly of power over the industry.

This, however, does not mean that there is a balance of power. Some stakeholders possess a bit more power because of their control over vital aspects of the industry such as policy making, finance, technology, and trained manpower, or because they are able to influence those who own land and forests. Such stakeholders include logging companies and the state. Landowners are not powerless. They still have influence through the Forestry Act over land and forestry resources. Landowners' problems often lie in their inability to convert potential power to real or actual power. Landowners will be examined in more detail in Chapter Six.

The capacity of other stakeholders such as aid agencies and NGOs to exert power over the logging industry depends on their relations with the state (in the case of
aid agencies) and networking (for NGOs). Aid agencies are usually better able to influence policies because they have the finances and manpower to make the state listen, as illustrated by the AusAID projects associated with forestry in Solomon Islands.

From this chapter it could be concluded that while the exercise and extend of power over the Solomon Islands logging industry is relative, it does not necessarily mean that there is a balance of power. There are imbalances because of the varying degrees of accessibility to the sources of power.
Chapter Six

DISTRIBUTING THE BENEFITS OF LOGGING

So as far as we are concerned we have a few more years of operations to carry on, then by the time all the infrastructure has been properly ... good infrastructure all around this village, a lot of people benefit greatly from this infrastructure, ... people will move around from village to village not by canoe any more, but by land, and you will find maybe buses and lorries and trucks going all over these places, from garden to garden picking up all this resources all this produce. That would be the benefit that the people, what I see the people of Rendova would benefit this from this logging (Anthony Lim, Administration Officer, Kalena Timber Company, interview, July 27, 1996).

The above statement by Anthony Lim, the administrative officer for Kalena Timber Company on Rendova—a subsidiary of Earth Movers Solomon Islands Limited—illustrates the kind of promises and dreams that logging companies bring to Solomon Islands. It carries with it a notion of ‘development’ that many Solomon Islander resource owners have enthusiastically taken on board: the establishment of roads, the provision of social services such as health and education, more income-generating opportunities, and a general improvement in the standard of living. But such promises and dreams sometimes end in dismay. This is primarily because of the way in which the benefits of logging are distributed. Those who hope to benefit, especially the Solomon Islander resource owners, are often deprived of the major benefits from logging.

There are many stories about how financial, material and service benefits accrued from logging are accumulated and distributed. Let us begin with a story that illustrates one way in which the benefits of logging are often distributed, at least in one particular case.

On midday of February 14, 1998 I called in at the Guadalcanal provincial headquarters in Honiara, as I had done many times before, to meet my wantoks, chew betel nut, and catch up with the latest stories. Honiara was dusty and
crowded as usual. There was a crowd under the shade of the leqa tree near the provincial office. That was not unusual as there were always people loitering in the area. Like me, many were there to meet others, tell stories, or just be there—that was our favourite past time. But, on this particular day, the crowd, of mostly men, was a bit larger than usual. ‘Wat nao gohed long hia ia?’ (what’s going on here?), I asked one of my wantoks standing nearby. ‘Olketa wantok ia wetem seleni blong logging ia. Bae olketa tekem roiolti seleni tunde’ (These wantoks are waiting for logging money. They will be receiving royalty money today).

This is not an unfamiliar scene: people waiting for royalty payments that will then be distributed to each member of the landowning group. There was, however, a number of notable features of the scene. First, there were no women in the crowd. This is despite the fact that, traditionally, Guadalcanal has a matrilineal society where rights over land are passed on through females. Secondly, the large number of people who gathered meant that when the royalty money was distributed, each individual would eventually receive an amount too small to be viable for investment in any sustainable development initiative. I had heard from one of the men, for example, that they were expecting to receive about SBD$100,000 (Aus$30,000). He told me that when the money was distributed, he expected to receive about SBD$5,000 which he would then distribute to his immediate family members. By the time that happens, each would receive about SBD$50 (personal diary notes, February 14, 1998). That is hardly enough for any sustainable development project. Thirdly, from the stories that were circulating amongst my wantoks under the shade of the leqa tree, it was obvious that a significant percentage of the royalty money would end up in the hands of Chinese shopowners in Honiara in exchange for cartons of Solbrew beer. Most of these Chinese shopowners would then invest that money overseas in either Brisbane or Sydney, and the Honiara-based German-owned brewery company would have sold its cartons of beer. The landowners would get drunk and sing before waking up the next day with a headache, an empty pocket, an environmentally devastated forest, and no development to show in return. The logging company would, on the other hand, have made substantial profit and then move on.
This raises questions about the economic viability of the way in which revenue from the logging industry is distributed at both the national and local levels. While the collection and distribution of revenue at the national level is controlled by the state through structures such as the tax regime, at the local level, the distribution of revenue and the benefits associated with it are controlled by individuals and community leaders whose power comes from both traditional status as landowners and Big-man, and from the skills and knowledge acquired through education and their familiarity with the structures and systems of the stakeholders involved in logging. Some individuals have more control than others over the benefits of logging.

The above story may seem to suggest that individual landowners have equal access to logging royalties. This is not necessarily true. What is not clear in the above story is the fact that certain Big-men or chiefs are the ones who often decide how the logging royalties are distributed and who benefits from it. While in the above story many landowners had access to the royalty money, what is not clear is whether they have the same percentage of share as the Big-men. Other stories in this Chapter will demonstrate that other cases in other parts of the country show that very often the Big-men and chiefs were the ones who benefit most from the industry.

Furthermore, there are some individuals and interest groups (not mentioned in the above story) who benefit from the logging industry: Solomon Islanders who work as ‘middle men’ between logging companies and landowners; politicians in positions of influence; logging companies, the state and nongovernment organisations (NGOs). These are powerful stakeholders who influence distribution mechanisms as well as other aspects of the industry.

This chapter discusses mechanisms for distributing revenue and other benefits generated from logging. There are three parts to the chapter. The first outlines the kinds of expectations that stakeholders have when they participate in the logging industry. Secondly, the chapter examines the mechanisms used for distributing the revenues acquired from the logging industry, in particular the procedures and
processes outlined by the *Forest Resources and Timber Utilisation Act*. The Chapter then explores the politics associated with the distribution of revenue from the logging industry; the dynamics and complexities of issues and actors that determine how the revenues are distributed. These exist at both the national and local levels and involve a lot of dealing and willing of power between individuals as well as organisations. Examples are drawn from various cases. Thirdly, the Chapter discusses how the nature of the distribution of revenue was affected by the weakness of the state: its incapacity to monitor and regulate the processes for distribution. It should be noted, however, that the distribution of revenue at the local level - amongst landowners - is not within the power of the state. It is influenced by the politics within landowning groups. The Chapter highlights the fact that the distribution of revenue (at all levels: local and national) is often affected by the corrupt actions of those in positions of authority. In discussing the distribution of revenue, the principal question is whether or not landowners and the nation in general benefit from revenues collected from the logging industry. This, however, is not a detailed examination of revenue distribution. Rather, it provides an overview to explain the politics associated with it and examine who exercises power over the industry.

**Logging and the Expectations**

The reason why various stakeholders are involved in the logging industry differs from one group to another depending on the kind of expectations they have of the industry. Landowners, for instance, have expectations that are somewhat different from those of logging companies. This section examines the expectations of the various stakeholders: landowners; the state; logging companies; and other stakeholders such as NGOs.

**Landowners**

Why are landowners involved in logging? What kind of expectations do they have when they sign logging rights agreements? A general answer to these questions is that landowners agree to take part in logging because they hope that logging will bring the kind of ‘development’ described by Anthony Lim (above):
large sums of money and services that will improve in people’s standard of living. Many Solomon Islanders have little or no cash income and logging provides the only possible source of income generation for a lot of people. In some cases people never do actually benefit from higher incomes; however, some people do benefit (and some become rich) from revenue generated from the logging industry.

Judith Bennett notes that in this discussion,

a question that needs to be considered is; how is it that every new group of landowners seems to fall for the old promise that logging companies will provide clinics, roads, schools and wealth when their neighbours near and far, for almost two decades have not seen their expectations fulfilled? Solomon Islanders are highly mobile - they visit, work, marry across islands and large distances - so the way companies work in keeping promises is no great secret (Examination comments, February 25, 2002).

The question emerging from Bennett’s comments is: why didn’t the landowners learn from previous experiences?

Although it is difficult to determine exactly how much money has been made in the logging industry in the past two decades, it is obvious that in that period millions of dollars worth of logs have been extracted from the country’s rainforests34 and exported either as round logs or sawn timber. As noted in earlier chapters, logging was, in the last decade, the single most important industry in the country’s economy (see Central Bank of Solomon Islands Annual Reports 1985-1999; Duncan 1994; Price Waterhouse 1995). According to the Central Bank of Solomon Islands (Annual Report 1993:16), for example, government revenue from the forestry sector in the form of export duty collections in 1993 was SI$61 million—making up one-fifth of total government revenues.

34 It has been difficult to get accurate data on log production in the last two decades. This is because of the state’s poor surveillance and monitoring systems as well as the lack of accuracy of data provided by logging companies. Much of what has been used to calculate the value of logs extracted from the country’s forests is based on log shipment data. Even these have been found to be unreliable, since they depend almost entirely on the companies’ involved. In the case of the Poroporo Association in Choiseul Bay, for example, logging company records of the volume of log shipments have been inconsistent with those of landowners.
Further, the logging industry does contribute to the development of infrastructure and services. As the AusAID-funded Timber Control Unit Project’s Completion Report indicated, logging provides for:

increased employment opportunities and small scale economic activities, access to company clinics and trade stores, availability of waste forest timber and the opening up of forest areas for gardening. The increased revenue from logging operations provided financial support for education and other social services (see AusAID 1999:33).

It is important to note, however, that there are problems associated with the provision of such infrastructure and services. (This will be discussed in some detail below). Much infrastructure is are often not sustainable because it was established to serve the needs of the logging companies during the period of production.

Such broad statements, however, do not explain why individuals and entities are involved in the logging industry. It is by understanding their expectations that we can go on to explain the nature of particular stakeholders’ participation in the logging industry and explain how the benefits of logging are distributed.

For many landowners, logging provides income that would not otherwise be available. In places such as Choiseul, prior to logging the only major source of income was copra production. But, with the decline in the world market price for copra (Central Bank of Solomon Islands 1998) copra production was often not economically viable, given the huge labour input and the transportation costs. Other agricultural products were also limited, given Choiseul’s isolation from markets such as Honiara or even Gizo in the Western Province.

In comparative terms, logging could be generating much higher monetary returns. It provides an opportunity for landowners to make quick and easy money: simply sign logging agreements and get the royalty money. As Duncan (1994:xii) pointed out in relation to Melanesia in general, ‘for the customary landowners, timber is an important part of the revenue potential of their forests. It makes good economic sense for them to sell an increased volume of timber when timber prices are high.’
As Enoch Sila, a landowner and tribal leader from North Choiseul states, ‘sapos nomoa logging mifala bae no garem seleni nao. So mifala laikem logging fo mekem mifala save getem seleni fo baem olketa samting long sitoa ia’ (if there is no logging we will have no money. So, we want logging so that we can get money to buy things from the shops) (interview, March 17, 1998).

Logging companies are aware of landowners’ desire to generate income and they capitalise on it by making promises about huge revenue that could be generated if landowners allowed their land to be logged. The statement by Anthony Lim (at the beginning of this chapter) is a clear indication of a logging company official’s awareness of the desire by landowners to benefit from the industry, and his attempts to capitalise on it. In another example, Enoch Sila states that Eagon Resources Development (SI) Limited had promised to make him and other members of his landowning unit rich: ‘Sapos iu givim lan blong iu long kambani bae iu wanfala rich man’ (If you give your land to the company, you will become a rich man) (interview, March 17, 1998). The fact that Sila and other members of his landowning unit believed in the logging company’s promise is not surprising given that, prior to logging, income generation opportunities in Choiseul Province were limited and logging provided a new ray of hope for opportunities that could not have been provided by the state. Logging provided an important alternative source of income generation. Furthermore, the kind of money promised by logging companies (with limited labour input) could not have been generated through copra production.

Some landowners, in their attempt to capture more revenue from logging, formed and registered their own logging companies because they thought that by logging their own forests they would maximise their benefits from the industry. In the 1980s and 1990s many such companies were registered and acquired logging licences (see Chapter Two). The establishment in the late 1980s and 1990s of local companies such as Somma Limited and South Arosi Holdings was a manifestation of the underlying assumption that local companies would be in a much better position than outside companies to generate income for local people (landowners) and create development.
Another example of local participation in the logging industry was the establishment of the *North New Georgia Timber Corporation (NNGTC)* Act. At the time of its establishment, the NNGTCA was seen as facilitating better environmental, social and economic outcomes from the logging industry. As Tausinga (1992) pointed out, Lever's Pacific Timber Limited (LPT), during its operation in north New Georgia, had caused environmental damage that needed to be rectified. It was envisaged that landowner participation would result in better outcomes. The establishment of the NNGTC was an important milestone in the involvement of Solomon Islanders in the logging industry. While the act targeted a particular part of the country—North New Georgia—it demonstrated that Solomon Islanders could actively participate in the logging industry not only as recipients of royalty payments, but as holders of logging licences to log their own land. North New Georgians were seen as ‘taking control’ of logging in their part of the island and hence presumably benefiting more from it. But, as is discussed elsewhere in this study (especially Chapter Two), it is questionable whether they ever really ‘took control’ of the logging industry or benefitted from it.

Apart from income generation, it is widely anticipated that logging will result in ‘development,’ especially the provision of services such as roads, schools and clinics, and a general improvement in people’s standard of living. Many logging companies have, in fact, promised to provide such services and have included this in their agreements with landowners as well as in their annual logging development plans. Lim, the chief administrative officer for Kalena Timber Company states that ‘beside the royalty which they receive from the timber export, the company also tries to improve the infrastructure, meaning roads go through villages, and company in various times provides petrol free of charge to the landowners, etc. etc. . . It contributes tremendously to the economy of the islands, of the Solomon Islands’ (interview, July 27, 1996).

The government, in some instances, has been responsible for such promises. The Pavuvu development proposal of 1995 by the then Mamaloni-led government is a classic example (Solomon Islands Government 1995). Details of this development
proposal are outlined in Chapter Two. Some landowners supported logging on Pavuvu because of the proposed development project. They expected to benefit from the projects that it would bring. However, as discussed in Chapter Two, that proposal was not implemented, and it is unlikely that it ever will be.

In the light of this, it may be asked: Did logging (by both foreign and local companies) make landowners rich? The answer to this question is both 'yes' and a 'no'. 'Yes' because logging did provide many landowners with an alternative source of income that would not otherwise have been available. In areas where logging takes place, there have been substantial increases in peoples' income. As Sila points out, 'taem logging no kam iet, mi no save garem seleni ia. Bat, distaem nao mi save garem lelebet seleni bikos logging kambani givim mipala seleni' (Before logging came, I never had any money. But, now I have some money because the logging company gives us money) (interview, March 17, 1998). The Sarabani landowning unit (of which Sila is a member) received about $1.5 million in royalty payments in 1997 alone. This was a substantial amount of money being put into Choiseul.

But one could also say that the answer to the above question is 'no', because logging has not made a large percentage of landowners rich. Indeed, many landowners are much worse off after logging than they were prior to it. In many instances, logging destroyed forests which had provided them with a source of livelihood; after logging had finished many landowners were no longer able to sustain themselves. Cassells (1993, 1992) compares the subsistence value of forests to that of logging royalties and concludes that in the long-term logging royalties are less than the subsistence value of forests. He argues, therefore, that forest owners are (in the long run) much better off using their forests for subsistence. Greenpeace (1999) argues similarly.

In the case of North New Georgia, it has been alleged by some landowners in the area that much of the benefits from logging goes to the Christian Fellowship Church (CFC) and ultimately to those who control the church. This includes the family of Job Dudley Tausinga the member of parliament for North New Georgia.
In the case of Rendova, it is the director of the landowning company and his associates who benefited most. Timothy Zama, the Chairman of the Hafurai Development Company—the landowner company which holds the logging licence in Rendova—admits that he personally benefited from logging because of his ‘dealings’ with the company. The chief also benefited from the company (Video documentary, *When the Company Came*)\(^\text{35}\).

This raises broad questions such as: why hasn’t logging resulted in sustainable development? Where has all the logging money gone?

The reality for landowners is that, apart from the standard royalty payments, very few logging companies have provided social services such as schools and clinics, or any other development initiatives. In instances where the logging company invests in infrastructural developments such as roads, it is predominantly for logging company use—for the purposes of having access to forests and for log production. In the cases of West Makira, Pavuvu, North New Georgia and Choiseul, none of the roads which were constructed gave access to other development initiatives; all were built exclusively for the purposes of log extraction. Eagon Resources Development Company (SI) Ltd. built a school and clinic on Choiseul. These, however, served the company’s workforce and people from the surrounding villages only. Somma Ltd, Marving Brothers, and Golden Springs have made financial contributions to schools in the area of West Makira, Pavuvu Island, and North New Georgia where they respectively operate.

**Logging Companies**

Logging companies are involved because they expect to make profit. As outlined in Chapter Two, logging companies have used various tactics to maximise profits. The *Forestry Review Update* of June 1996 claims that there is data to substantiate

\(^{35}\) The video documentary, *"When the Company Came"* was shot in 1996 on Rendova Island. The author was involved as a consultant for the production of the documentary. This followed his research work on Rendova in 1996. The author was also featured in an ABC *Foreign Correspondent* story on logging in Solomon Islands. It was his findings that was used for the ABC story.
that logging companies have been transfer pricing: 'those companies not paying export tax have less incentive to avoid tax by under-declaring prices. The data show companies not paying tax declare average prices of $425 per cubic metre. In contrast those companies paying full rates of tax declare much lower prices of $383 per cubic metre' (Forestry Review Update June 1996: 2). Dauvergne (1998-99) outlines the techniques used by some of these companies to make and conceal profit. The Asian Development Bank (1998) provides evidence of companies underdeclaring profit (see Chapter Two for a detailed discussion of this).

For logging companies, the provision of services such as education, health and infrastructure to local communities is not their primary objective. It may be done for public relations purposes, or because it is a requirement under the terms of their agreement. Other than that, a logging company’s primary objective is to make profit.

**The State**

The state’s role in the logging industry is that of coordinating the exploitation of forest resources; making sure that appropriate regulations are adhered to and that the country in general (and especially landowners) benefits from the industry. However, as will be discussed in detail below, the state’s ability to perform that role is often undermined by administrative and policy weaknesses as well as contradictory expectations from the industry.

One of the major expectations of the state is that logging will contribute to much needed revenue generation. As noted, the Solomon Islands state is currently enormously dependent on logging as a source of revenue. It, therefore, has an interest in the exploitation of forest resources. There are four main avenues employed by the state to capture revenue from foreign loggers: export taxes on logs; royalty payments to landowners; provincial forest charges; and corporate taxes on royalty payments and profits.

The Forestry Review Update of June 1996 shows that direct government revenue from logging duties increased between 1991 and 1996: logging duties as a
percentage of total government revenue was 8% in 1991, 20% in 1992, 30% in 1993, 31% in 1994, 23% in 1995, and 29% in 1996. The decline in logging revenues in 1995 (only partly recovered in 1996) reflected a loss of revenue due to log export tax exemptions awarded to some companies. ADB (1998) has also provided enlightening statistics of income generated by the logging industry in Solomon Islands (see Chapter Two).

The state has other roles in the forestry industry, set out in legislation such as the former Forest Resources and Timber Utilisation Act, and the current Forestry Act 1999. The state is expected to ensure that forest resources are managed sustainably, and that the appropriate legislation and regulations are implemented and enforced. Further, the state, through legislation, is expected to ensure that the interests of Solomon Islander landowners are protected. The Forestry Act 1999, for example, has a wide range of objectives, including facilitating the sustainable management of forests, protecting the rights of landowners, and ensuring that landowner benefits from the logging industry are maximised (see Chapter Seven; Sheehan 2000).

The state, in a way, is responsible for ensuring that it is not the only one that benefits from logging. This is a source of potential contradiction because the interests of the state and the interests of landowners are in some respects opposed. In particular there are questions of equity in the distribution of logging revenues. Landowners, and particular provinces from which the logging revenue is generated, may want to see a large percentage of that revenue reinvested into the province or area from which it is derived rather than being spent for national development. The Western Solomons (Choiseul and Western Provinces), for instance, contribute substantially to Solomon Islands’ forestry revenue. They do not, however, receive a corresponding proportion of the revenue. The national distribution of money generated from the logging industry has been the subject of intense debates and, at times, of conflict.

The distribution of revenue derived from natural resource development, in general, was one of the issues highlighted during the conflict on Guadalcanal. The people
of Guadalcanal demanded that they get 50 per cent of all revenue derived from natural resource development on Guadalcanal (see Guadalcanal Provincial Government, "The Bona Fide Demands of the Guadalcanal People", submitted to the Central Government, February 2, 1999).

The roles and expectations of the state from the logging industry, therefore, need to be explored in comparison with those of other stakeholders.

**Other stakeholders**

Other stakeholders include non-government organisations (NGOs) and aid agencies.

NGOs generally seek to ensure that logging does not cause environmental damage and that local landowners benefit as much as possible. Some of the more fundamentalist NGOs argue that logging should not take place at all, while the more liberal ones argue that if logging is to persist, it must be practised in a sustainable manner. Organisations such as Greenpeace, for example, are biased towards environmental issues and influenced greatly by their international campaigns against logging. They are concerned predominantly with the environmental impact of large-scale logging. Greenpeace (1999), for example, argues that large-scale logging and the proposed establishment of an oil palm plantation on Vangunu Island in the Western Province will, in the long term, be economically less viable than small-scale timber production.

Greenpeace works with the Solomon Islands Development Trust (SIDT) to promote alternative forest products as well as small-scale eco-timber produced by landowners. The development of alternative non-timber forest products such as oil and ornaments has been limited and at this stage is negligible in terms of economic value, compared to round log exports. This is due partly to the small scale of production and partly to the lack of significant markets for these products. If non-timber products are to become viable and have some prospect of replacing the export of round logs as a source of income generation, they will have to be produced on a large scale, and international market preferences will have to be
established. Another alternative that NGOs such as Greenpeace, SWIFT and SolTrust have offered is eco-timber production. The organisations either buy the timber from landowners and sell on to overseas markets or assist landowners to find markets and sell directly to overseas outlets. SIDT, on the other hand, is interested primarily in educating landowners—passing on knowledge that will enable landowners to make intelligent decisions about their involvement in logging. Most of the information that they pass on through their village workers or publications such as Link is against large-scale logging.

There are still other institutions who have an interest in Solomon Islands logging industry. These include aid agencies, the most vocal and active of which is AusAID, the Australian government’s aid agency. As mentioned earlier, AusAID has strong links with the Solomon Islands logging industry. The concerns of the Australian government are predominantly environmental and developmental, although it is obvious that their active involvement also promotes Australia’s image as an environmentally conscious nation and government. However, as stated earlier, such actions do not fit comfortably with Australia’s position on green house gas emission.

The following section examines how the logging benefits are distributed and the kinds of outcomes such distribution produces.

**Methods of Distribution**

The broad formula for the distribution of the benefits of logging is outlined in legislation and spelled out, more specifically, in the standard logging agreement (SLA). The previous *Forest Resources and Timber Utilisation Act* provides standard procedures for the distribution of logging benefits. This is also the case in the *Forestry Act, 1999*. Section 8 of the *Forest Resources and Timber Utilisation Act*, for example, empowered the Minister of Forest, Environment and Conservation to,
(a) impose a levy on unmilled timber exported from Solomon Islands and on milled timber or timber products exported from or sold in Solomon Islands or milled for the purpose of such export or sale;

(b) impose different levies in respect of different licenses, species of trees, products, grades, places or other circumstances; and

(c) provide for the levy to be assessed on the quantity or value of timber or milled timber or timber products, or otherwise howsoever.

But, while the state determines how revenue from forestry resources is captured and distributed, it does not always possess actual powers when it comes to implementation.

Foreign loggers were, under the former *Forest Resources and Timber Utilisation Act*, required to pay a log export tax which varied from 35 per cent for the first SI$250 per cubic metre to 38 per cent for any value above SI$250 per cubic metre of free-on-board (f.o.b) value (which excludes the cost of carriage, insurance and freight). This includes a 7.5 per cent reforestation/timber levy which was exempted if a company had a reforestation program. Further, to provide incentives for investment in the logging industry, the government also exempted part of the export tax, usually around 5 per cent, if a company demonstrated that it was funding ‘community projects’ in its concession area (eg hospitals and schools). However, as stated in the previous chapters, although many logging companies include in their programme the intention to fund ‘community projects’ and establish processing plants, many of these have never been implemented. A classic example is Somma Ltd, (the company linked to former Prime Minister Mamaloni) which included in its logging plan the intention to set up a processing plant and fund community services, but never really did so.

In addition, to encourage landowners to develop processing plants, the government granted landowner companies permits with partial or complete tax exemptions on log exports (see Price Waterhouse 1995:35; Dauvergne 1998/1999: 527-528). It was under such an arrangement that locally-owned companies such as
Somma Limited were given 100 per cent log export tax exemptions. (See Chapter Two for detailed discussion on this).

Royalty payments to landowners vary considerably, depending on the negotiation between landowners and logging companies. While some agreements stipulate a set fee per cubic metre of harvested logs, others set a rate based on a percentage of f.o.b. value. Although the Standard Logging Agreement and the *Forest Resources and Timber Utilisation Act* recommended a royalty rate of 17.5 per cent of f.o.b. value for logs harvested from customary land, in the past five years the average royalty rate was only 11.5 per cent (Price Waterhouse 1995:35; Dauvergne 1998/1999:528). Greenpeace Pacific (1998) claims that landowners received only about 1.0 per cent of the value of each log exported. If this is correct then it means that Solomon Islands landowners are worse off in large-scale logging because they are not receiving the value of logs they are selling. The position of landowners is worsened further if logging companies are not honouring commitments such as the development of ‘community projects’.

Provincial governments capture their revenue by charging logging companies licensing fees to harvest, process, and market timber. The provincial governments’ ability to collect these fees is often compromised by poor administration and lack of finance and trained manpower. Most provincial governments, therefore, depend on an annual business licence, for which most charge about SI$50,000 for foreign logging operations and SI$25,000 for foreign sawmills. The Western Province, however, in 1995 charged SI$150,000 for a logging license (Price Waterhouse 1995:35; Dauvergne 1998/1999:528). The High Court, however, found this attempt by the Western Province to charge SI$150,000 for logging license to be in breach of the Central Government's powers to raise taxes under the constitution (Bennett 2000).

Apart from operational and export fees, logging companies are further required to pay 10 per cent withholding tax to the national government on royalty payments to landowners, as well as a standard corporate tax on profits.
Dauvergne (1998/1999:528) argues that the government’s forest fees are insufficient: ‘The average log export price in 1994 was SI$400 per cubic metre. Yet the average stumpage price (defined as the price of a standing tree) was only SI$40.’ He went on to state that the government’s timber management policies are also flawed because often logging licences and permits are issued without any coherent plan.

The requirement of infrastructure and social services has been discussed above. Roads, wharves and other forms of infrastructure are often not built to meet the standards as stipulated in the SLA; they are temporary and meant for use only during the lifetime of the logging operation.

Employment is another contribution the logging industry makes. Over the four-year period (from 1994 to 1997), for example, the forestry industry (logging plus the plantation sector) provided an average of 3,506 jobs annually (representing, on average, just over 11 per cent of total formal employment). Employment priorities are usually given to members of landowning units in the concession areas before recruiting from other parts of the country.

Table V: Employment In The Forestry Sector

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Jobs Provided</th>
<th>% of Formal Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>4,040</td>
<td>13.0</td>
</tr>
<tr>
<td>1995</td>
<td>3,964</td>
<td>12.6</td>
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<tr>
<td>1996</td>
<td>3,313</td>
<td>9.0</td>
</tr>
<tr>
<td>1997</td>
<td>2,709</td>
<td>10.3</td>
</tr>
</tbody>
</table>

Source: Central Bank of the Solomon Islands.

To further understand the way in which the benefits of logging are distributed, it is necessary to explore the politics of distributing benefits.

The Politics of Distribution

One way to examine how the benefits of logging are distributed is to consider specific stories from various parts of the country. First, let us look at the Kalena Timber Company’s operations on Rendova. When the company signed timber
rights agreements with the indigenous people of the island, it did so with promises of huge sums of money and development. As indicated above, in Anthony Lim’s statement, the company promised people a better lifestyle. Over the years, however, while a few landowners have made some money from the company’s operations, many more have become disillusioned with logging. As stated by Mary Bea, a villager on the island, the distribution of logging benefits is often unfair; a few educated landowners have manipulated the rest and benefited from the industry:

... well, most of the Islanders are ignorant and just a few educated people, greedy people invited the company to come into Rendova Island. And because they brainwash the ignorant ones, and the ignorant ones believe in them and they supported them for the company to come down. But, but, when the money is distributed, it was unfairly distributed and that’s where the ignorant people start to learn. But then it’s too late, the land has been logged, nothing for them left (interview, July 26, 1996).

Another female Islander, Katy Soapi, expressed similar discontent:

Mi ting dat onli pipol wea hem, hem benefit tumas aot of kampani ... maybe the executive and the people wea olsem olketa very close to the company, and those wea olketa wok insaed long kampani ia, and those wea olketa relatives, garem relatives long kampani, o laen blong olketa hem go kasem disfala kampani se, o traeb blong olketa. But, otherwise everybody hem, hem not benefit at all. (I think that the only people who benefit much from the company, maybe the executive and the people who are close to the company, and those who work in the company, and those with relatives, who have relatives in the company, or have connections to the company, like their tribe. But, otherwise everybody does not benefit at all) (interview, July 26, 1996).

On Rendova Island, one landowner who has benefited from logging is Timothy Zama. A former public servant, Zama gave up his job in Honiara to work as a ‘middle man’, negotiating logging deals for the company. He is a member of the landowning unit on the island and the Chairman of the Haforai Development Company, the landowner company which owns the logging licence in Rendova. Because of these connections, Zama was able to work with landowners from within and influence decisions as well as influence the logging company.

Another Rendova Islander, Jack Daniels, states that,
Yeah, the landowners are getting quite a big money out of royalties, and it is how they use them that now becomes a problem for the landowners themselves. So, the benefits we are taking as landowners, biggest one is royalties. Yeah, distribution of royalties to landowners, to be honest I must say that the distribution is really unfair and a lot of people are not satisfied because maybe the leading figures in the landowners group, I think those are the ones that reap most of the royalty. And then there are a lot of complaints going around because certain families they got more money than others in terms of royalty distributions. So, to me I'll say that royalty is really unfairly distributed (interview, July 27, 1996).

Apart from those who worked for or collaborated with the company, Big-men and chiefs were also beneficiaries. At a meeting of landowners who were members of the Haforai Development Company, in July 1996, Timothy Zama accused Mark Lamberi, the chief of the Haforai landowning tribe, of benefiting substantially from the logging operations. In a scene captured on a video documentary titled Since the Company Came: a story from the rainforests of Solomon Islands, Zama claimed that chief Lamberi had used Haforai Development Company money\textsuperscript{36} to buy an aluminium dinghy, a 25 horse-powered outboard motor, a mini bus and SI$16,000 worth of rental payments, and SI$30,000 worth of allowance payments during his trip to Honiara. He claimed that in total, from the establishment of the company to the time of the meeting, Chief Mark Lamberi had received goods and services worth around $310,127.17.\textsuperscript{37} If this is true then it is more than other landowners have received in a lifetime. The video documentary also recorded scenes of bitter disagreement and division amongst the landowning group. There was even an allegation that an individual who claimed to be a landowner was from elsewhere and not really a landowner. Such infighting amongst landowning groups occurred elsewhere during the crisis.

Most often royalty payments are distributed through the chiefs, executives of the landowning company and those in positions of political power who, in turn, are supposed to distribute it to the people. In many cases, however, those controlling the distribution use the money for personal benefit.

\textsuperscript{36} This was money paid to the Haforai Development Company by the Kalena logging company.

\textsuperscript{37} Video documentary, Since the Company Came: a story from the rainforests of Solomon Islands, produced by Russell Hawkins (2000).
Another Rendova man who benefitted from Kalena Timber Company’s logging operation on the island is Changiu Phillips, who was a chairman of a landowning unit. Phillips has admitted to receiving personal remuneration from the logging company in return for allowing the company to operate:

They gave me some money when I signed some documents. They gave me some money, but that doesn't charge under my tribe's account, that money was taken from maybe from the company's petty cash. You know because I don't want to sign documents because documents are joint interest yeah, the company want me to sign document because of their interest, they want to do business on my land so I demand some money. Yah, my signature have to be paid so that is why I demand some money from them, or sometimes they pay me $2,000 just to sign one paper, sometimes $500, it depends on the importance of that document (interview, July 27, 1996).

With the money from the logging company Phillips has established for himself a petrol refilling company and built a permanent house. He further states that those who benefit most from the company’s logging operations are the community leaders: ‘the company only recognises chairmen and secretaries. Yah, people who sit in the executive, some board members, maybe, I don’t know. But, maybe the board members they only get some very small goodwill benefits’ (interview, July 1996). This is a view shared by Jack Daniels:

... leaders in the community, traditional leaders or the land trustees. These are the first people going to take first class treatment from the company nowadays. And even they take them overseas, maybe to Malaysia or Australia for a weekend and come back again. So, I think one of the main groups causing a lot of problems for the landowners are the leading figures (interview, July 27, 1996).

The views expressed by the people of Rendova Island regarding the distribution of logging benefits are typical of stories about the distribution of logging benefits elsewhere. The views vary considerably, depending on how much benefit the person has received from the logging operations, and typify the complexities that exist within landowning groups. Although logging companies may not take part directly in discussions about the distribution of logging royalties, they do influence the distribution by directing money to people who share their views and through whom they can work to influence the landowning group.
The case of logging on Pavuvu Island in the Russell Islands provides another insight into the way in which the benefits of logging are distributed. Details of this case have been outlined in Chapter Two. What is relevant here is that most of the indigenous people have been largely deprived of benefits from the logging of the island. Promises of agricultural development, schools, clinics and other services, contained in the former Mamaloni government’s 1995 ‘integrated agro-forestry and land settlement scheme’, were never implemented. This is partly because the government was not in power long enough to implement its intentions—it lost power in 1997—but, more so, because the government never had any serious commitment to the project. Recently, when landowners complained about not receiving the services promised, Marving Brothers Timber Company Limited argued that the proposed development project was not a company initiative, but that of the government of the day (see \textit{Solomon Star}, May 19, 1999).

In the Pavuvu Island case, landowners have limited power because the land on which logging took place was alienated land. The state thus had a greater degree of control, not only over the nature of logging, but also over the way in which the benefits from logging were distributed. Hence, the government saw itself as the authority over Pavuvu because it was the landowner:

\begin{quote}
The Solomon Islands government owns substantial tracks of alienated lands which are covered with valuable virgin and regenerated forestry resources that have been and are being developed for the benefit of the national economy as well as the rural communities which live within the vicinity of them.

These alienated lands in terms of development potentials may be identified as:

(i) Undeveloped land with virgin forestry resources which include the coast of Pavuvu other than Lever Plantations, Pepesala and Simatu, Rob Roy Island, Vaglena, parts of Allardyce, Vangunu, etc (Solomon Islands Government 1995:1).
\end{quote}

The state’s authority over alienated lands is further substantiated by the fact that the titles to these lands are vested in the Commissioner of Lands ‘who has the powers in controlling the use of them for the general wellbeing of the nation as a
whole. Development which ensued after logging operations and which are taking place on these lands have also helped to keep the Solomon Islands economy alive’ (Solomon Islands Government 1995:1).

The implications of this for the distribution of benefits is that the state, or more appropriately the government of the day, exercises immense power in determining who benefits from logging on alienated land such as Pavuvu. There have been allegations that the logging company bribed a number of ministers and hence influenced government decisions in the Pavuvu Island case. These allegations, however, have not been substantiated. Although a number of government ministers have been taken to court and charged with receiving bribes relating to the Pavuvu logging, they have not been convicted because of lack of persuasive evidence (see Chapters Two).

The company is now shifting its operations into parts of the island held under customary ownership. This has already incited reactions from the indigenous people (Solomon Star, May 19, 1999; also see Chapter Two). It will be interesting to see if the distribution of benefits from this operation differs from that on alienated land.

Other, more general, factors which influence the way in which the benefits from loggings are distributed include weak state institutions, and corruption at top levels.

Table VI: Annual Log Export Records

<table>
<thead>
<tr>
<th>Year</th>
<th>Forestry Division</th>
<th>Central Bank of Solomon Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Volume (m3)</td>
<td>Value (US$)</td>
</tr>
<tr>
<td>1994</td>
<td>659,000</td>
<td>267</td>
</tr>
<tr>
<td>1995</td>
<td>748,500</td>
<td>270</td>
</tr>
<tr>
<td>1996</td>
<td>760,500</td>
<td>92</td>
</tr>
<tr>
<td>1997</td>
<td>650,000</td>
<td>69</td>
</tr>
<tr>
<td>1998</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: Central Bank of the Solomon Islands and Forestry Division, Ministry of Forests, Environment and Conservation
**Weak State Institutions**

Issues of distribution have become paramount partly because of the state’s incapacity to facilitate equal and equitable distribution at the national level. Although there is legislation governing how the benefits of logging should be distributed, often it is not implemented, not so much because of a lack of intention on the part of the state but because of weak administrative structures (see Kabutaulaka and Dauvergne, 1997). One of the major reasons the state is often unable to collect the taxes due to it is weak administrative capacity. There are also discrepancies in the records held by different state agencies; for example, there are usually significant differences in the log export data held by the Forestry Division and that held by the Central Bank of Solomon Islands (see Table VI).

Because of the weak administrative capacity of the state, institutional strengthening has become an important issue of discussion. The Price Waterhouse report, for instance, has suggested means of capturing economic rent and monitoring log production and export (see Price Waterhouse, 1995: 130-139). The AusAID-funded Solomon Islands Forest Management Project (SIFMP) also emphasises the need for institutional strengthening (see AusAID 1999) (this will be discussed in Chapter Seven).

**Corruption**

The term corruption is used here broadly to include issues of maladministration and misuse of office. While there have been extensive allegations of corruption in the logging industry, these are often difficult to prove; as Peter Larmour states, ‘corruption is hard to pin down, in principle and in practice’ (Larmour 1997:1). Larmour points to the distinction made by Transparency International ‘between ‘grand’ corruption, or the use of public office for private gain, and ‘petty’ corruption, in which officials demand facilitation payments to carry out perfectly legal tasks, like clearing a container from a wharf, which they are supposed to perform in any case’.
It is likely that both grand and petty corruption occur in the logging industry in Solomon Islands. But whilst the issue has been widely discussed by the Ombudsman’s Office (Solomon Islands Government 1988), the media, and public innuendo, no one has actually been convicted of corruption. One of the difficulties of proving corruption is that it is by nature covert, but it is also the case that, in some instances, practices which might be regarded as corrupt have become accepted as a normal part of the administrative system. Corruption, it is sometimes argued, is what makes the system function. For example, some area council members have admitted to me that logging companies have paid their allowances and provided food and accommodation for timber rights meetings; without such sponsorship the meetings, would not have taken place because the state, which should be facilitating meetings is unable to meet the financial costs of doing so. Because of their sponsorship, it is possible that logging companies have influenced decisions at such meetings. Thus, the line between corruption, bribery and what is regarded as normal practice is a hazy one.

The fact that it is difficult to prove corruption in the logging industry does not mean it does not exist. There is little doubt that there are leaders and public officers who have used public office to gain privately from the logging industry, or have demanded facilitation payments to carry out perfectly legal administrative tasks. In one instance the then Minister for Home Affairs and member of parliament for Gao/Bugotu, Nathaniel Supa, received a monthly cheque for SI$1,000 for his membership of the board of directors for Isabel Timber Company, a subsidiary of the Malaysian-registered logging company, Kumpulan Emmas (source: Isabel Timber Company Accounts). His membership on the Isabel Timber Company’s board of directors was in conflict with his interests as a minister of the state, since it could prejudice his judgement and decisions, not necessarily in relation to this company in particular, but on forestry issues in general. Moreover, such membership and receipt of payment contravenes the Solomon Islands’ Leadership Code.
There are also practices which, while not necessarily illegal, could be argued to be morally wrong because they are likely to affect a national leader's impartiality when making decisions regarding logging. Former prime minister, the late Solomon Mamaloni's ownership of a logging company—Somma Limited—is a classic example (see Chapter Two).

Finally, there have been allegations of government ministers being directly bribed by logging companies. In 1995-1996 seven government ministers were taken to court to answer corruption charges in relation to the Pavuvu Island logging. They included the then Education Minister, Alfred Maetia; Justice Minister, Oliver Zapo; Agriculture and Fisheries Minister, Edmond Andersen; Posts and Communication Minister, John Musuota; and, Land and Housing Minister, Francis Orodani. They were all charged over the use of rental and private cars allegedly paid for by a Honiara accounting firm with connections to the Marving Brothers Timber Company Limited. Corruption charges were also brought against the then Minister for Forests, Environment and Conservation, Allan Kemakeza; Commerce, Industry and Employment Minister, George Luilamo; and Orodani and Andersen, for having accepted seats on a plane chartered by Marving Brothers to fly to Yandina in the Russell Islands (see SIBC News, January 9, 1996). These favors had allegedly influenced the ministers' decisions relating to the company's logging operations on Pavuvu Island. However, through lack of substantial evidence none of them was convicted.

Conclusion

When it comes to the distribution of the benefits of logging, landowners are not the most powerful stakeholder. They are not in a position to make policies and regulations about how revenues from logging are captured and distributed. Such policies and regulations are put in place by the state, which also has the administrative structure to implement and enforce them. But, as demonstrated in this and previous chapters, the state's capacity and willingness to carry out its duties are often influenced by logging companies and the relative weakness of the Solomon Islands state. The state's economic dependence on logging revenues, and
its weak administrative organisation limits the state’s capacity to collect and distribute logging revenues.

The state and logging companies are both more powerful in determining how the benefits of logging are distributed than landowners. Landowners’ position is often weakened further by the political dynamics within landowning groups. As has been explored in Chapter Five the internal disagreements within landowning groups can inhibit landowners in dealing with other stakeholders. From the evidence provided in this and previous chapters, it may be argued that while landowners have authority over land and forest resources and an economic interest in the logging industry, they are often unable to convert that authority to real power because they do not have control over the structures, regulations and policies that facilitate the distribution of logging benefits. They do not have national bodies to influence policy-making and implementation. NGOs have some influence because of their ability to put pressure on both the state and logging companies. International NGOs such as Greenpeace and WWF and local ones such as SIDT have a fairly powerful impact on logging in Solomon Islands. But the same cannot be said generally for landowners.