

FAO/USP/RICS Foundation
South Pacific Land
Tenure Conflict
Symposium



Date: 10 - 12 April., 2002

Venue: Marine Studies Lecture Theatre,
Lower Campus, USP

TRANSFORMING LAND CONFLICT



Welcome Address:

Savenaca Siwatibau

Vice-Chancellor

University of the South Pacific

PO Box 1168

Suva

Republic of Fiji Islands

Phone: (679) 3212 313 Fax: (679) 3302 556

Email: siwatibau_s@usp.ac.fj

Transcribed from the original video recordings of
the Welcome Address by Dr Spike Boydell,
Symposium Convenor (18/06/02)

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Honourable Ministers, Excellencies of the Diplomatic Corps, participants at this important symposium on South Pacific Land Tenure Conflict, Professor Boydell, colleagues at USP, students, ladies and gentlemen – on behalf of the University of the South Pacific I extend to all of you a very warm welcome. To participants and resource people who have come in from outside of Fiji, I extend to you a particularly warm welcome.

The say that land, like financial and human capital, is a factor of production, which helps drive economic and social development, generate national income, wealth, jobs and government revenue, combat poverty, improve the standard of living of all and ultimately entrench social and political stability in any country. Land tenure, like culture and tradition, stands to evolve organically over time within a society. As in all things, changes and solutions have to be made and formulated. Solutions must be formulated from within and must reflect national, family and individual needs and aspirations and the changing global, regional, national economic, social and political dynamics that determine our destiny.

It is perhaps important for us to map out the broad background within which we will discuss this important topic during the next few days. So, if you will allow me I shall make one or two observations and pose three or four questions to you.

First, the broad background in the Pacific Island Countries. The social and economic dynamics in most of our countries are of concern to all of us, I believe. Natural population growth rates remain high. Large numbers of school leavers and graduates come out looking for jobs each year in all our countries. There are not enough jobs or activities to absorb them. Unemployment, particularly amongst the young in all our countries, is very high and rising. Investment by the public and sectors fall well below what our countries need. The fiscal positions of all our governments are very weak. Urgent needs for public sector investment in national infrastructure and their maintenance cannot be met. Rapid urbanisation in search of jobs, which are not there, continues unabated. Urban infrastructures and services are under stress. Social services including health and education have not improved

and the resources, which they urgently need, are not readily available. Income per capita growth rate is static in most of our countries. The standard of living is not improving to our collective disappointment is not improving, again, in all of our countries.

Donor attitudes have changed markedly. Donors nowadays are not as liberal with taxpayer's money as they used to be. Increasingly, they will focus upon countries which embrace good governance and practice sound, stable and transparent domestic policies. The aspirations of our pacific peoples have been and are continuing to rise exponentially. This process has, I believe, been aided and abetted by donors and by our own leaders. Our economies are well and truly integrated into the global economy, which offers both unlimited opportunities and potential risks. We have now to adjust and adjust quickly to shocks generated by developments all around the world.

The global economy is harsh and unforgiving to countries that do not manage their affairs well. The dynamics at the interface between modernity and the imperatives of engaging the globalised world on the one hand, and the culture and tradition on the other hand is a source of uncertainty and instability in our region now. But change is like an incoming tide. It is taking place. The challenge for our countries lies in managing the inevitable change process wisely and effectively. Most Pacific Island Countries, as we all know, have medium term development strategies and are now in the midst of what is called economic adjustments and reforms. Donors and multilateral financial institutions are in most cases driving this process in the region. Typical components of such reforms include: fiscal discipline – a lot of our problems in the region are fiscal excesses and financial mismanagement on the financial front by our governments; sound management of national resources; law and order; tax restructuring; integration of our economies into the global economy; sound stable domestic policies; strong institutions; good governance; and, land reform.

If you look at all of the medium term strategies and adjustment reform programmes of all our countries, land reform is featured as one of the important preconditions for achieving sustainable development over time. The assumption made by all these parties is that these are important necessary conditions for national development. I want to put that on the table – are you going to challenge that in your discussions or not? With all this in place, they assume that the confidence in the economies will improve. The climate for investment will also improve. Investment will, as a consequence, grow. Economic growth and economic development will inevitably follow and the standard of living of all our people will

improve. These are the assumptions in all the exercises that are in place. But I want to feature that component of this adjustment and reform that refers to land reform in our countries.

I would like, if you bear with me, to pose the following questions for you. If land is an important factor of production, will tenurial reform – the outcome of domestic consensus amongst all stakeholders – contribute much to addressing social and economic difficulties in our region? It would seem, on the balance of probability, that the answer would be yes. The survey of native lands, identification of members of the landowning units and the establishment of the NLTB (in our case) was done during colonial times. It was, I believe, easier then particularly with the involvement of a highly respected chief in our country to drive the process towards consensus. Given the difficult political dynamics in the rest of independent Melanesia, will the adoption of similar arrangements which facilitates the leasing of land by would be investors be feasible? Is ready access to land under ample security arrangements, acceptable to banks and other lenders, an important precondition to achieving the levels of investment in agriculture, tourism, industry, mining, manufacturing required for us to achieve sustainable steady development in our countries? This is still a major problem in many countries in the Pacific today.

Land is very unevenly distributed amongst Fijians themselves. There are *mataqali's* who own hardly any land. At the same time, population is increasing and demand in some villages for such land is rising very fast. *Vakavanua* leases and legal leases are in many villages becoming very hard for Fijians themselves to secure. How would one address this as part of the required national strategy for equity and against poverty intensification? Can an equitable, fair solution, which makes commercial sense to all parties to native leases, be found quickly? Is such a solution a precondition to addressing the urgent and difficult problems in the sugar industry in our country at present? And, in reviving economic growth and generating jobs which appear to be most serious problem for all people of all races in our country? Also this particular problem would require goodwill from all stakeholders and our political leaders, allowing landowners to identify what is required for their medium term needs and setting those aside for the moment. Establishing machinery which allows rents to settle at levels, with technical advice if needed, which reflect supply and demand in our countries. Should rent and other terms be determined with more input by the landowners to ensure returns acceptable to them? Should a trust fund, capitalised from public and private funds and perhaps from donors, be established to compensate tenants for improvements at the end of their lease period?

It is interesting to note that, given the economic and social conditions in our countries, the demand for leases from members of all racial groups in our country will rise substantially. Should the current distribution of rent and royalties amongst *mataqali* members be revisited, in an attempt to increase the share of the ordinary members? Currently the share of a family in a large *mataqali* is generally very, very small. Should not that formula be now revisited, as part of the solution to the problems which confront us? Will increasing rent and redistribution, mentioned above, provide an added incentive for members of the *mataqali* to see the renting of *mataqali* land as a desirable investment for them? In other words, there are opportunity costs involved and the ordinary members of the *mataqali* are quite aware of such opportunity costs. If leasing land is to generate capital for investments in other sectors of the economy, what kind savings scheme should be considered as part of the national strategy towards a desirable national end?

I want to relate to you a story, a true story. I was visiting a country in the Pacific – I will call it country x. I was having a chat with the governor of their central bank. Now the country was in dire straits at that time. This is a few years' back – extremely difficult economic and social conditions. They are in a much worse condition today. He was in grave trouble because he saw that their external reserves were evaporating to nothing very, very quickly. They had been devaluing the currency all the time. No investment in the country; nobody wanted to invest. Overseas investors were staying out. Government was running out of revenue – large budget deficit. They found it difficult to pay for their own civil servants at the time. He said that he had a lot of logging companies operating in their country. Logging licences and tax concessions were given generously by the government to all and sundry. The World Bank had written a report about this industry at the time and they said that the rate of harvesting was more than twice the sustainable level at that time. Now the central bank, it was their responsibility under the legislation to look at all exporters to ensure that all the export proceeds due to the country were received. So they were investigating this particular logging company which was exporting – it had a \$2 subsidiary overseas. So all its exports were invoiced to that \$2 company, under-invoicing by hundreds of millions of dollars. Now, the country was losing hundreds of millions of dollars of foreign exchange reserves because they were under-estimating their own gross receipts. They were not paying their taxes to the government, we are also talking about millions and millions of dollars. And the landowners themselves, the royalties due to them and we are talking millions of dollars, were not being collected. So, they said that when they were

investigating this company, the Minister of Finance rang them and he said (he had no powers at all to interfere in a matter like that – but he did), he said “why are you interfering with this poor logging company (these loggers were exporting hundreds of millions of dollars) and bothering them all the time”. This was never in writing, but in phone calls... many, many phone calls. He (the governor of the central bank) said that there was no solution to that problem, except a few months later the chairman of the company quarrelled with the manager – they were both overseas people. The chairman sacked the manager, who then had to go back home. When he reached home, he wrote a seven-page fax and sent it to the reserve bank, all in great detail, all the figures. Outlining all the millions of dollars in foreign exchange lost, in government revenue lost and in what landowners themselves were losing. So, what he did was take this fax straight to the minister and put it on his table. That was the only way that they could solve this problem.

A question I want to ask you, as you are discussing, is that how are we going to solve that kind of problem? It is quite common in the natural resources industry – in mining, in forestry, in fisheries. It is an issue basically of good governance in our countries – but how are we going to attack such problems? Are we going to put our heads together in efforts to address it, to address it effectively?

Ladies and Gentlemen, allow me to thank our sponsors, our very generous sponsors. First of all Colonial. Colonial is a banker and insurer, property manager and property developer in our country. They are one of our excellent corporate citizens. I don't know if the chief executive of Colonial is here? Our thanks to you Colonial.

Also to Fiji Water. If you don't know them, ask any film stars in Hollywood. I believe they compete amongst themselves as to who drinks the most Fiji Water every day. Thank you very much, Fiji Water.

And the Minister of Fijian Affairs – I notice he isn't here but we did ask him to support this event financially. I would like to thank the Minister for Fijian Affairs and NLTB – we believe that the cheque is in the post, we are waiting for it.

I would like to, on behalf of us, thank Professor Boydell and his very hard working team. They have worked night and day in co-operation with our other sponsors - the Food and Agriculture Organization of the United Nations and the RICS Foundation. Thank you all very much for supporting this very, very important symposium. The rest of us looking for answers from you. I wish you the best with your important discussions over the next few

days. Ladies and Gentlemen, I have much pleasure in declaring the South Pacific Land Tenure Symposium open.

[Spike Boydell:] Thank you, Vice-Chancellor. We have gathered here today because everyone in this room is an expert with regard to land issues. The Vice-Chancellor has highlighted the challenges of tenurial reform, the problems we face of decolonisation, the difficulties of working in societies where extra-legal practices are taking place – *vakavanua* practices are occurring, and how we integrate those to work towards a structure that will allow people to borrow and lend on land, develop land and take the countries forward. He has looked at the distribution of rent and royalties, looking at changing the income that goes to the, for want of a better word, feudal aristocracies within the Pacific. This is a controversial issue, but it is certainly an issue as people become more and more educated within the Pacific that people are asking these questions even though some people may not like the fact that they are being asked. We have looked at the issues of natural resources, forestry, fishing, mining and the challenges through the interesting case study that the Vice-Chancellor presented, outlining the problems that befall us all in ensuring that the people who should benefit do actually benefit within our society. So, are there any questions for the Vice-Chancellor?

[Professor Vijay Naidu:] Thank you Spike. I am Professor Vijay Naidu from the School of Social and Economic Development, USP. Vice-Chancellor, thank you very much for your most thought provoking address and hopefully over the next three days we will be able to look at some of the questions that you have raised. One aspect of good governance that is crucial to ensuring that in fact the indigenous owners of natural resources benefit from the transactions that are carried in their name in exploiting the resources in mostly unsustainable ways, by both local and foreign based countries, is to have people who are prepared to speak out and tell it all when these kinds of shady deals are made. So, if you like, we need to have a culture which encourages “whistle blowers”, which is against notion of collective responsibilities of being loyal to the group, be it the ministry concerned or the statutory body or the company or other parties. We would not have had the benefit of the revelation of the Watergate, had not there been a deep-throat. Likewise in your example of the company that was logging forests and taking out millions and millions of dollars, the governor of the reserve bank of country x would not have got substantiating evidence without the managing director who had been sacked writing a seven page fax. So do we encourage people? It is a difficult question as even in Britain when people exposed the kind of

strategic interests that are involved in the British State, people are taken under the various security acts that they have. So I wanted to ask you, as Professor Waden Narsey did point out in one of his articles that whistle blowing is critical in good governance. Thank you Vice-Chancellor.

[Savenaca Siwatibau:] I agree entirely with Vijay. I think his logic is immaculate. You remember the wine-box case in New Zealand? It went on and on. They had whistle-blowers from within the Inland Revenue department themselves. There is a book written about it, they were treated very badly from within and nobody had any sympathy for them. A number of industrial countries are now looking at legislative changes to encourage whistle blowing and to protect them. I think it is something that we can study and perhaps we should learn from. It is quite true if you must have, and we should have, good governance if you are to eradicate corruption in all our countries. I have to say that corruption takes place in all countries of the world. The issue is that in these open, vulnerable economies of ours we just cannot afford it because the impact on our economies and the social impact is multiplied very many times. That is why we cannot afford it. As I was saying, in this globalised world the world is extremely harsh on those who don't manage their affairs well.

[Michael McDermott:] Vice-Chancellor, it is a coincidence but exactly the same thing was mentioned on BBC World Service this morning. There was an article about the importance of whistle-blowers, as has been displayed in the Enron case. There are all sorts of sociological effects that are moving in that direction. They mentioned for example the lifetime job, which is rapidly disappearing in the developed world was one reason why you didn't get as much whistle blowing as you should have. But with the modern contractual arrangements of employment for a fixed period there is a greater possibility of transparency. They also mentioned that you [Fiji] have the legislation that is being put in place. That sort of legislation, as you have said, is particularly important in the developing world when you are looking at donor funding – those sorts of things must be enacted and more importantly still seen to be implemented transparently.

[Senator Mitieli Bulanauca:] Thank you Vice-Chancellor. The focus of this symposium is transforming land tenure conflict. Land tenure consists of many things, one of which is ownership – particularly in the Pacific and in Fiji. All, or most, land is communally owned. In most cases you find conflict within that communal ownership. You have examples elsewhere where land is mostly owned individually, or by government, and therefore development thrives. What is

your view? What is your opinion? Should we transform to an individual ownership basis with the protection that native land is not to be sold except for public purposes? May I have your view or opinion please.

[Savenaca Siwatibau:] I can only speak on this topic from what I have seen from my own little experience from where I come from in the North. We come from the same area as Mitieli. I think with regard to communal ownership, we have to take it as given. I think the political dynamics are such that we will not be able to change that. I think with regard to conversion of freehold titles to communal ownership by the Fijians, I think that is an extremely difficult issue. You see what is important to us, as I was saying before, is confidence. There are many things which affect confidence in our economy. We are in a black hole at the moment – I am talking about our economy now. The challenge is for us and for everybody to extricate ourselves out of that hole. Fundamental to that is the issue of confidence and of investment. If you look at our investment in Fiji, we have come down all the way from around thirty percent in the mid 1980s to around ten percent at present. Now at present people say our commodities prices will improve, we will have a few more tourists coming in this year and so on, therefore our GDP will improve. That is all very well, but the fundamental challenge is to make sure that this investment takes place right across the board. We are now talking about private people.

If we look at governments, all our governments have their own fiscal constraints. They should be saving a lot of money in their recurrent budgets and using such savings, together with wise borrowings, to improve our infrastructure. Sound investment – that is vital, that is part of the process of encouraging private investment. Within that we have to do all the right things to re-establish confidence.

I was saying the other day about all our young people in Fiji – we have 15,000 young people coming out today. We are concerned at the University because we have a lot of graduates coming out. And you see them coming out of schools at a time when unemployment is already increasing and we have been losing jobs too. So we are adding to this large pool every year, so we have to move the economy with confidence.

If you are talking about communalising lands which are owned individually as freehold, we ask ourselves the same question. In addition to other things which we should do to re-establish confidence, and things that you shouldn't do towards the same

objective – how will this affect? A very important factor. And we are talking about investment and jobs, and we are talking about investment and jobs for everyone in the country. You can't have improvement in government revenue for them to be able to provide all the services if this economy is not going to be moving anywhere. We have a collective interest in Fiji – each and every one of us, individuals, our political leaders. I would have thought that the objective is quite clear, and you sitting around the room to come forth with what we should collectively do. I would have thought that is not a difficult exercise. So in short I think we have to live with that.

The challenge is always in the mechanism for ensuring that land is readily available. Not the ownership, but the use of it to those who will be wanting it through leases. And as I said before, if you look at the population movement, the structure, the economy, the way that we are moving there will be a lot of demand for leases by all races. I know a lot of frustrated Fijians who have nowhere else to go; they are desperately trying to find a piece of land to lease. I know where I come from, even from the same village, the *mataqali* who don't own any land are desperately wanting to lease from the other *mataqali* and they are very closely related. They have been thoroughly frustrated. Mitieli here used to run the Native Lands Trust Board, he knows a lot of these things in much greater than I do.

Thank you.