



MINISTRY OF FINANCE AND NATIONAL PLANNING

**20 – YEAR DEVELOPMENT PLAN (2001 – 2020)
FOR THE ENHANCEMENT OF PARTICIPATION OF
INDIGENOUS FIJIANS AND ROTUMANS IN THE
SOCIO – ECONOMIC DEVELOPMENT OF FIJI**

**PARLIAMENT OF FIJI
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FOREWORD

BY THE PRIME MINISTER & MINISTER FOR FIJIAN AFFAIRS HONOURABLE LAISENIA QARASE

This plan derives directly from the provisions of the 1997 Constitution and, in particular, the Compact in Chapter 2.

In that, there is expressed recognition of the paramountcy of Fijian interests and also the principle that the interests of the Fijian community are not to be subordinated to the interests of the other communities.

This constitutional provision reflects the reciprocal understanding in the Deed of Cession of 10th October 1874. In return for the cession of sovereignty over Fiji to the British Crown, the latter recognized and accepted the rights and interests of the ceding chiefs and their people. This continues to have relevance today as the basis of the right to self-determination of the indigenous Fijian people and the obligation of the State to protect and safeguard their rights and interests.

The Compact Chapter further provides for the implementation of affirmative action and social justice programmes for all disadvantaged citizens or groups. But also included in these are programmes specifically aimed at securing effective equality of access to opportunities, amenities or services for the Fijian and Rotuman people.

The 1996 Census showed that 54% of Fiji's total population are rural-based and the majority of these are Fijians. The 1997 United Nations Poverty Report revealed that households with the lowest level of income were those in rural areas and outer islands. Again, the majority of these were Fijians. Fijians also continue to lag behind other communities in education, in business and in the professions.

Accordingly, the various programmes and measures set out in this plan are to address the concerns of Fijians and Rotumans arising from their interests as indigenous communities in Fiji, and also to accelerate their economic and social progress to bring them into line with the other communities in Fiji.

However, in addition to the above, there is another context in which the implementation of this 20-year plan is not only urgent but is also clearly in the overall national interest of Fiji.

Two coups have happened, in 1987 and 2000, and these have had serious and tragic consequences for our country. It has caused irreparable damage to race relations and to our country's economy. If we are to learn from them, and take

pre-emptive action to forestall and prevent any future occurrence, the full acceptance of this plan and its implementation are vitally important.

The Government's most important policy objective is to promote stability in our multi-ethnic and multi-cultural society, and, through it, to restore and rebuild confidence among its citizens and communities and to strengthen the foundation for economic growth and prosperity for all in Fiji.

The Fijians are the majority community in Fiji, both numerically and as the landowners in the country. By addressing their concerns, Government would also be investing in the future stability of Fiji.

Affirmative action programmes are not new in Fiji. In one form or another, affirmative action policies have been employed by past Governments to address inequity and inequality of opportunities. Development Plan 7 in the early '70s specifically highlighted the need for a more equitable distribution of the fruits of development, especially in relation to the rural population generally, and Fijians in particular.

This plan is different from past approaches. It takes an integrated approach to affirmative action rather than continue the piecemeal initiatives of the past. It is specifically focused on Fijians and Rotumans. But this does not mean that the other communities are deliberately being excluded or ignored. Government will continue to provide through its annual budget affirmative support programmes for all those in need, irrespective of ethnicity, culture, religion, gender or economic and social status.

Implementing the plan is an enormous task that requires commitment over an extended period. Commitment is especially needed from those who are targeted for assistance in this plan, namely the indigenous Fijians and Rotumans. A change of mindset and a more positive and confident attitude is needed. This is because at the end of the day, it is up to every one of us to make that extra effort towards our own development and towards the development of our country. The key to success, as individuals and as a community, is initiative, hard work, discipline and honesty of purpose.



Laisenia Qarase

Prime Minister & Minister for Fijian Affairs

THE 20-YEAR PLAN'S VISION AND MISSION

"50/50 by Year 2020" is a succinct declaration of what the 20-Year Plan hopes to achieve for indigenous Fijians and Rotumans at its completion i.e. an equitable and meaningful participation in the socio-economic life of the nation. In keeping with the overall national vision and broad national goals of the Government, the 20-Year Plan's vision for the development of the Indigenous Fijians and Rotumans over the next twenty years is:

VISION:

“A multi-ethnic and multi-cultural society where the special place of indigenous Fijians and Rotumans as the host communities are recognized and accepted, and where their rights and interests are fully safeguarded and protected, alongside those of other communities, in the overall national development and in the interests of maintaining peace, stability, unity and progress in Fiji”.

MISSION:

- To create an environment which facilitates and enhances the equitable participation of indigenous Fijians and Rotumans in all aspects of socio-economic development;
- To uplift education and training of indigenous Fijians and Rotumans so as to equip them for a more meaningful participation in the life of the nation;
- To ensure that the cultures and languages of indigenous Fijians and Rotumans are preserved and hold a proud and central place in our multicultural society; and
- To safeguard the rights of indigenous Fijians and Rotumans as regards customary land, fishing rights and other aspects related to their special position as the indigenous peoples.

LIST OF ABBREVIATIONS

ADB	-	Asian Development Bank
ADP	-	Agricultural Diversification Programme
AFL	-	Airports Fiji limited
ALTA	-	Agriculture Landlord and Tenants Act
ATS	-	Airports Terminal Services
BOMAS	-	Business Opportunities Management and Advisory Services
CAAFI	-	Civil Aviation of the Fiji islands
CBM	-	Cakaudrove Bua Macuata Company Limited
CDF	-	Commodity Development Framework
CDR	-	Current Distribution Ratio
CLFS	-	Commercial Loans to Fijians Scheme
CSS	-	Compulsory Savings Scheme
DDC	-	Divisional Development Committee
EDO	-	Economic Development Officers
EI	-	Equity Index
FAB	-	Fijian Affairs Board
FAC	-	Fiji Arts Council
FBA	-	Farm Basic Allowance
FBCL	-	Fiji Broadcasting Corporation Limited
FBV	-	Fijian Banana Venture
FCAE	-	Fiji College of Advanced Education
FDF	-	Fijian Development Fund
FEA	-	Fiji Electricity Authority
FHCL	-	Fiji Hardwood Corporation Limited
FHL	-	Fijian Holdings Limited
FIBC	-	Fiji Indigenous Business Council
FIBOS	-	Fiji Islands Bureau of Statistics
FIT	-	Fiji Institute of Technology
FMCA	-	Farm Management Cooperative Association
FNPF	-	Fiji National Provident Fund
FNTC	-	Fiji National Training Council
FSC	-	Fiji Sugar Corporation
FTIB	-	Fiji Islands Trade and Investment Bureau
FVB	-	Fiji Visitors Bureau
FWCL	-	Fiji Water Corporation
GCC	-	Great Council of Chiefs
GDP	-	Gross Domestic Product
HDI	-	Human Development Index
HRI	-	Human Resources Index
LDA	-	Land Development Authority
MPAF	-	Marine and Ports Authority of Fiji
NATCO	-	National Trading Corporation
NGO's	-	Non-Government Organisations

NLC	-	Native Land Commission
NLDC	-	Native Land Development Corporation
NLTA	-	Native Land and Tenants Act
NLTB	-	Native Land Trust Board
NTF	-	National Trust of Fiji
NZSC	-	New Zealand School Certificate
NZUE	-	New Zealand University Entrance
PAFCO	-	Pacific Fishing Company
PTL	-	Ports Terminal Limited
PWD	-	Public Works Department
PWD	-	Public Works Department
RCDC	-	Rewa Cooperative Dairy Company
REP	-	Rural Electrification Programme
RESCO	-	Renewable Energy Service Companies
SCARF	-	Seed Capital Revolving Fund
SDP	-	Strategic Development Plan (2003-2005)
SLIP	-	Short Life Investment Programme
SLS	-	Special Loan Scheme
SSCS	-	Seaqqa Sugar Cane Scheme
STA	-	Secondary Tourism Activities
STI	-	Sexually Transmitted Infections (Clinic)
TER	-	Target Equity Ratio
TFZ	-	Tax Free Zone
UNDP	-	United Nations Development Programme
USP	-	University of the South Pacific
UTOF	-	Unit Trust of Fiji
YBS	-	Yalavou Beef Scheme

TABLE OF CONTENTS

Executive Summary

Chapter 1

Overview of Affirmative Action Plan

- 1.1 Introduction
- 1.2 Framework and Approaches
- 1.3 The Need for an Integrated Affirmative Action Plan
- 1.4 Defining and Contextualizing Affirmative Action
- 1.5 Designated Categories
- 1.6 Needs Assessment and Identification of Target Sectors
- 1.7 Implementation Strategies
- 1.8 Time Frame
- 1.9 The Equity Index
- 1.10 Targets
- 1.11 Monitoring, Measuring of Progress and Evaluation
- 1.12 Affirmative Action and International Conventions and Declarations
- 1.13 Affirmative Action and the Constitution
- 1.14 Affirmative Action: An International Framework
- 1.15 Significance of the Plan
- 1.16 Outline of Plan
- 1.17 Broad Policy Framework

Chapter 2

Socio-Economic and Political Background

- 2.1 Introduction
- 2.2 Historical Background
- 2.3 Attempts to Address the Socio-Economic Problems of Indigenous Fijians
- 2.4 Post-Independence Development
- 2.5 Some Socio-Economic Development Attempts
- 2.6 Institutionalising Affirmative Action: The Post-1987 Period
- 2.7 The Continuing Ethnic Disparity
- 2.8 Current Ethnic and Socio-Economic Disparity:
A Statistical Analysis
- 2.9 Rural Indigenous Fijians and Development
- 2.10 Other Areas of Socio-Economic Disparity
- 2.11 Conclusion

Chapter 3

The Nine Point Plan

- 3.1 Introduction
- 3.2 Injection of \$20 million into Fijian Holdings Limited (FHL) from Government via a loan to the Fijian Affairs Board (FAB)
- 3.3 Establishment of a Unit Trust for Indigenous Fijians
- 3.4 Establishment of a Compulsory Savings Scheme for Indigenous Fijians
- 3.5 Further Concessions under the Commercial Loans to Indigenous Fijians Scheme

- 3.6 Creation of a Management Advisory Services Department in the FDB
- 3.7 Minimum Ownership of Resource-Based Industries
- 3.8 Reserving Identified Sectors of Industrial/Commercial Activities for Indigenous Fijians
- 3.9 Fijian Ownership of at least One Daily English Newspaper
- 3.10 Restructuring and Strengthening of the Fijian Affairs Board
- 3.11 Conclusions

Chapter 4

The Blueprint and Government's Policy for the Enhancement of Indigenous Fijians/Rotumans Participation in Commerce and Business

- 4.1 Introduction
- 4.2 National Vision and Goals
- 4.3 National Policy Framework
- 4.4 Plan's Vision and Broad Goals
- 4.5 The Blueprint and the Need to Mainstream

Chapter 5

Education

- 5.1 Introduction
- 5.2 A Review of National Education Policies
- 5.3 Disparity in Educational Achievements
- 5.4 A Review of Affirmative Action Policies in Education
- 5.5 Research on Fijian Academic Underachievement
- 5.6 The 2000 Fiji Islands Education Commission Report
- 5.7 Fijian Language and Culture
- 5.8 The Way Forward: A Strategic Plan for Fijian Education
- 5.9 Blueprint for Affirmative Action on Fijian Education
- 5.10 Policies and Strategies

Chapter 6

Population, Human Resources Development and Utilisation

- 6.1 Introduction
- 6.2 Review
- 6.3 Key Issues
- 6.4 Policies and Strategies

Chapter 7

Commerce and Finance

- 7.1 Introduction
- 7.2 Review of Past Policies
- 7.3 Financial Assistance
- 7.4 Support Services
- 7.5 Government Licenses/Quotas/Contracts
- 7.6 Employment
- 7.7 Conclusions
- 7.8 Policies and Strategies

Chapter 8

Public Enterprise Reforms

- 8.1 Introduction
- 8.2 Status of Public Enterprise Reforms
- 8.3 Review of Public Enterprise Reform Policies/Strategies
- 8.4 Financing Mechanisms
- 8.5 Policies and Strategies

Chapter 9

Health

- 9.1 Introduction
- 9.2 Review
- 9.3 Life Expectancy
- 9.4 Rural Health Service
- 9.5 Participation of Indigenous Fijians in Health Service Delivery
- 9.6 Human Resource Development
- 9.7 Policies and Strategies

Chapter 10

Resource-Based Industries

- 10.1 Introduction
- 10.2 Review of Policies and Strategies
- 10.3 Policies and Strategies

Chapter 11

Tourism

- 11.1 Introduction
- 11.2 Review of Policies and Strategies
- 11.3 Policies and Strategies

Chapter 12

Culture and Heritage

- 12.1 Introduction
- 12.2 Review of Developments
- 12.3 Institute of Fijian Language and Culture
- 12.4 Department of Culture
- 12.5 Fiji Museum
- 12.6 National Trust of Fiji
- 12.7 Fiji Arts Council
- 12.8 Other Organisations
- 12.9 Proposed Strategies and Policies
- 12.10 Policies and Strategies

Chapter 13

Rural Development

- 13.1 Introduction
- 13.2 Review of Government Policies on Rural Development
- 13.3 Rural infrastructure Development Initiatives
- 13.4 Economic Production
- 13.5 Availability of Credit
- 13.6 Administering Rural Affirmative Action
- 13.7 Potential Areas for Further Development
- 13.8 Policies and Strategies

Chapter 14

Monitoring and Evaluation

- 14.1 Introduction
- 14.2 Overall Monitoring and Evaluation System
- 14.3 Mechanisms for Monitoring and Evaluation
- 14.4 Management Information System (MIS)
- 14.5 Performance Management System (PMS) and
Financial Management Reform (FMR)
- 14.6 Operational Framework for Monitoring and Evaluation

Annexes

- Annex I: Planning and Decision Making Machinery of Government
- Annex II: Operational Framework for Monitoring and Evaluation

EXECUTIVE SUMMARY

Introduction

One of the most pressing issues confronting present day Fiji is the equitable distribution of the fruits of development between and within ethnic groups as well as geographically. Related to this is the issue of how to maximise the economic productivity of Fijians and Rotumans in relation to their natural resources. Resolving these concerns are more urgent now as the recent political crisis clearly indicated that ethnic grievances played a prominent contributing role and can no longer be ignored. Against this background, this Plan outlines, in an integrated and coherent framework, policy initiatives aimed at enhancing the participation of Fijians and Rotumans (hereinafter, called 'indigenous Fijians') in the national socio-economic development.

The Plan does not undermine the interests of other ethnic groups, nor does it promote ethnic domination by indigenous Fijians, nor does it infringe on the political and civil rights of others. It is simply and solely an attempt to address ethnic disparity by creating the enabling environment for the equitable participation of indigenous Fijians in the socio-economic development of the nation. It is an attempt to mobilise all the resources of the country to create a dynamic economy where the benefits of development are equitably distributed. It recognises, in keeping with the spirit of international conventions, the rights of indigenous Fijians to direct and determine their development.

The Plan incorporates the principles of good governance, accountability and transparency. It also incorporates the principle of sustainable development. To-date, the various affirmative action policies for indigenous Fijians have been ad-hoc and uncoordinated. The Plan integrates diverse development strategies into a unified approach. It draws on the relevant experiences of countries which have implemented affirmative action policies to tailor-make specific policies appropriate for the country's unique socio-cultural, economic and political circumstances.

Time Frame and Targets

The time frame for the implementation of these affirmative action policies is the twenty-year period 2001–2020; a duration considered sufficient for all policies to be implemented and to produce results. When targets are achieved, efforts will be redirected towards the maintenance of the achievements.

Overall, the Plan target is for 50% of all economic activities to be undertaken and/or owned by indigenous Fijians by the year 2020. The target is succinctly captured in the slogan "50/50 by 2020" (fifty fifty by twenty twenty). Different sectors have different targets and different time frames in which to achieve them. Pegged in either qualitative or quantitative terms or as a mixture of these, the targets are defined in terms of proposed outcome rather than inputs. Subsumed in this approach is the recognition that the outcome depends on how effectively the inputs are utilised.

Socio-Economic and Political Background

In the middle of the last century, a number of institutional reforms were implemented involving the gradual incorporation of indigenous Fijians into mainstream activities. Within the framework of the Fijian Administration, a number of initiatives were undertaken to improve the socio-economic status of indigenous Fijians. Amongst others, these included the establishment of the cooperative movement, Fijian Banana Venture, Fijian Development Fund and the Land Development Authority. These initiatives advanced the economic situation of indigenous Fijians in a very limited way.

Consequently, at Independence, the economy was still dominated by expatriate capital while local capital belonged to Indo-Fijians and Chinese. The development of indigenous Fijians became a priority for post-independent Fiji. A number of development initiatives were therefore undertaken, which included the Seaqaqa Sugar Cane Scheme, Yalavou Beef Scheme, the Commercial Loans to Fijians Scheme at the Fiji Development Bank, the Native Land Development Corporation. These schemes have also achieved, in a limited way, the objective of improving the socio-economic status of indigenous Fijians. Perhaps, the most successful of these initiatives was the formation in 1984 by the Great Council of Chiefs of the Fijian Holdings Limited. Despite questions about certain aspects of its development, this company, with generous Government support, has become one of the largest in the country.

The Continuing Disparity

Despite these various initiatives, socio-economic disparity along ethnic lines continues. One such area is the corporate sector, which is the powerhouse of the economy. Control of the sector means control of the wealth of the country. The Baseline Survey, undertaken in late 2000/early 2001 in preparation for this Plan, estimated that one-quarter of all registered companies, including cooperative societies, were 'owned' by indigenous Fijians.

In terms of employment in 1996, at the Corporate Manager level, indigenous Fijians were employed in 15% of the jobs whilst Indo-Fijians held 64% and Others, 21%. Regarding the legal fraternity, indigenous Fijians made up 27%, Indo-Fijians, 44% and Others, 28%. Insofar as the Computer/Associated Professionals category was concerned, indigenous Fijians made up 37% of the workforce compared to 52% for Indo-Fijians and 12% for Others. In Finance and Sales, indigenous Fijians were employed in 33% of jobs compared to 51% for Indo-Fijians and 17% for Others. A similar situation prevails in the case of blue-collar employment categories.

These employment disparities are reflected in the household income disparity. According to the 1997 UNDP Poverty Report, indigenous Fijian households earned 30% less than Indo-Fijian households do. When compared to Others, the disparity is higher. This report also highlighted that indigenous Fijian households, by and large, contained the highest ratios of 'unacceptable housing characteristics'. Additionally, the report showed that disparity existed in the level of education attained. While the proportion of those with primary school education was higher for indigenous Fijians than Indo-Fijians, the reverse held true at higher levels of education.

The foregoing clearly illustrates that socio-economic disparity between indigenous Fijians and the other ethnic groups is not imagined but real and empirically verified.

Affirmative Action

Affirmative action refers to state or non-state mandated preferential policies, directed towards designated groups. Affirmative action is adopted by many countries of the world; but in different forms, as a means of addressing the phenomenon of 'inequality'.

Affirmative action policies for indigenous Fijians have been implemented in the past. As stated earlier, these efforts were piecemeal and uncoordinated. The first explicit and coherent attempt was the Nine Point Plan, which was prepared by the Fijian Initiative Group and adopted by the Interim Government in 1989. The major initiatives of this plan were the following:

- (i) injection of \$20 million into the Fijian Holdings Limited from Government by way of a loan to the Fijian Affairs Board;
- (ii) establishment of a unit trust for indigenous Fijians;
- (iii) establishment of a compulsory savings scheme for indigenous Fijians;
- (iv) further concessions to be granted under the Commercial Loans to Fijian Scheme administered by the Fiji Development Bank;
- (v) creation of a Management Advisory Services Department in the Fiji Development Bank;
- (vi) minimum ownership by indigenous Fijians of selected resource-based industries;
- (vii) reserving identified sectors of industrial/commercial activities for indigenous Fijians;
- (viii) ownership by indigenous Fijians of at least one daily English newspaper; and
- (ix) re-structuring and strengthening of the Fijian Affairs Board.

Whilst an important initiative, the Nine Point Plan was essentially a stop-gap measure. It focused on the means of increasing equity ownership but did not address the more intransigent long term issues such as development of entrepreneurial skills. Implementation is largely incomplete; having lost some momentum after the more easily executed strategies was implemented, leaving the more involved and long term objectives still to be addressed.

After the events of May, 2000, the Interim Government adopted the Blueprint which was aimed at safeguarding the paramountcy of the interests of indigenous Fijians

as well as enhancing their participation in all facets of socio-economic development. The initiatives in the Blueprint may be classified under three categories: legislation, policy direction and budgetary provision. The implementation of these initiatives is on-going.

Linkage with Government Overall Policy Framework

The successful implementation of the 20-Year Development Plan, among other pre-conditions, is that it must be consistent with the overall Government macro-economic framework. It is therefore imperative that they are clearly and firmly linked.

The Plan has therefore been dovetailed with the overall Government macro-economic framework. Sectoral policies are aligned to the policies stated in the Strategic Development Plan, 2003-2005.

Sectoral Policies

The sectoral chapters follow a common format: a review of past Government policies, especially regarding affirmative action; an outline of future policies; and a matrix presenting future policies, strategies and performance indicators for the sector.

With few exemptions, the reviews point out that Government policies did not incorporate any affirmative action aimed specifically at indigenous Fijians. The unwritten expectation was that indigenous Fijians would benefit from these national policies through the trickle-down effect.

Education

There have been marked disparities in ethnic educational achievements which in turn have had serious ramifications on employment, economic well-being and social status. In 1989, the proportion of indigenous Fijian passes in the Fiji School Leaving Certificate was 41% compared to 54% for non-Fijians. This trend prevailed throughout the 1990s with the ratios for 1999 respectively 44% and 62%. The consistent underachievement of indigenous Fijians at the secondary education level has resulted in their inability to fulfil their scholarship quota which in turn affected their participation in various areas and levels of the economy.

A number of specific affirmative action policies on education have been completed. The two that are still being implemented are the Fijian Education Fund (administered by the Ministry of Fijians Affairs) and the reservation of half of the Government scholarships for indigenous Fijians.

The major affirmative action policy objectives for this sector in this Plan are to:

- equalise access, participation and outcomes for indigenous Fijian students by improving the facilities, resources, teaching staff and management of schools;
- provide alternative employment pathways of indigenous Fijians in the school curriculum by:

- introducing alternative curricula choices such as agricultural, marine and tourism studies;
 - strengthening business related subjects; and
 - establishing academics for sports, music, and creative and performing arts.
- promote an education ethic amongst the indigenous Fijian community;
 - develop a comprehensive Fijian studies curriculum which shall be compulsory for indigenous Fijian students up to Form 7 level and to Form 4 level for students of other ethnic groups;
 - strengthen research on issues pertinent to indigenous Fijian education;
 - strengthen the education and training of indigenous Fijians by increasing their access to and participation in teacher training, undergraduate and postgraduate studies in all fields;
 - increase funding for indigenous Fijian schools taking into account the location/isolation factor; and
 - provide and encourage ‘catching-up’ opportunities for the adult learner; and
 - strengthen the Fijian Education Unit so it is better able to service the needs of indigenous Fijian education.

Population, Human Resource Development & Utilisation

According to the 1996 census, indigenous Fijians made up 52% of total population of 775,077. The bulk (59%) of the indigenous population lived in rural areas. The national population is projected to reach the million marks by 2016.

In the immediate term, efforts need to be made to seriously confront a number of key issues: the increasing emigration and the concomitant brain drain especially of middle and high level skills, achieving the economic growth which will create formal and informal sector employment for the 17,000 people joining the workforce every year, re-training school leavers who join the informal sector, and containing rural-urban migration.

The affirmative action policy objectives for the sectors are to:

- develop the human resources of indigenous Fijians to maintain the pool of national skills to facilitate the achievement of economic recovery and growth in the short term;
- minimise urban migration by creating remunerative employment opportunities in rural areas through the development of business enterprises;

- rejuvenate non-formal education so it assumes a more central and proactive role in developing the skills of the country;
- improve the nation's health status and life expectancy; and
- optimise the gainful employment of youths.

Commerce and Finance

The involvement of indigenous Fijians in commercial activities is severely limited. Indeed, in very few other sectors is the socio-economic disparity amongst the ethnic groups in the country more starkly revealed.

The binding constraints to indigenous Fijian participation in commercial activities are lack of management/business skills and lack of capital.

The major affirmative action policy objectives are to:

- increase the ownership of the corporate sector by indigenous Fijians;
- increase the involvement of indigenous Fijian in commercial activities;
- develop the entrepreneurial capability of indigenous Fijians; and
- create an environment that supports micro and small scale enterprise development.

Public Enterprise Reform

The reform of various public enterprises, which commenced in 1993, offers considerable scope for the participation of indigenous Fijians through equity ownership, supply of goods and services, membership of Boards and employment. This would enhance the stability of the enterprises while generating income, and management and technical skills for indigenous Fijians as the owners of resources.

The policy objectives for this sector are enterprise specific but may be summarised as follows:

- to facilitate landowners, and indigenous Fijians generally, to acquire equity in the restructured entity;
- to facilitate the establishment of employee or worker buyout/participation schemes for indigenous Fijians in the restructuring process and the contracting of their services to the new entity; and
- to encourage public enterprises to establish scholarship and training funds to assist resource owners acquire the skills needed for them to manage their own resources more effectively.

Health

According to indicators, the standard of health of indigenous Fijians has improved although one indicator, life expectancy reflects a decline. Like other ethnic groups, the indigenous populations benefit from the national strategies for health service delivery which are primary and preventative health care services, and curative health services. Curative health services are not always available in rural areas where most indigenous Fijians live due to shortage of personnel, some of whom do not find rural postings attractive, and irregular medical supplies.

The major affirmative action policy objectives for the sector are to:

- improve the health status and life expectancy throughout the country by strengthening disease prevention and control, strengthening promotion and community health services, and instituting compulsory rural service for all doctors following internship and overseas specialist training;
- improve rural and community health by improving water supply and strengthening the nutrition programme; and
- undertake human resource development initiatives to develop an adequate number of Fijian health professionals are trained to increase their role in health service delivery.

Resource-Based Industries

Indigenous Fijians own 83% of the total land area in Fiji. They also own a substantial portion of the forestry resources. In addition, they possess customary fishing rights too much of the inshore areas.

The resource based sector contributes 70% of exports, employs nearly 50% of the labour force and contributes 30% of GDP. It will remain the mainstay of the economy for some time to come. Opportunities exist for indigenous Fijians to participate in resource based industries. The challenge is to devise systems for enhancing their participation.

The major affirmative action policy objectives for the sector are to:

- (i) Land
 - ensure sound and sustainable land management and development; and
 - ensure that landowners optimise the benefits from their land resources.
- (ii) Sugar Industry
 - restructure and reform it into a commercially viable, internationally competitive and environmentally sustainable industry;
 - increase indigenous Fijian participation in the industry; and

- encourage sound environmental practice and sustainable land management.
- (iii) Non-Sugar Agriculture
- accelerate agricultural diversification in areas where there is competitive advantage;
 - strengthen subsistence farming as a basis for successful transformation into commercial farming; and
 - encourage sound environmental practice and sustainable land management.
- (iv) Forest Resources
- ensure sustainable development of forest resources;
 - identify the approach that facilitates effective and viable participation by and optimises the benefits to indigenous Fijians of the development of forest resources; and
 - provide appropriate institutional and physical infrastructure support.
- (v) Marine Resources
- ensure sustainable development of fisheries and marine resources.
 - promote indigenous Fijian participation through ownership in/of marine resource and marine resource processing companies; and
 - provide appropriate institutional and physical infrastructure support.
- (vi) Mineral Resources
- establish and facilitate the implementation of appropriate models for indigenous Fijian, especially landowners, that enhance their participation in the production, processing and marketing of mineral products, including mineral water; and
 - encourage environmental practice and sustainable mineral resources management.

Tourism

The tourism industry possesses not only the potential to contribute significantly to the economic growth of the country but it also presents numerous opportunities for the enhanced participation of indigenous Fijians in commerce and business.

The affirmative action policies for the sector are to:

- develop a varied portfolio of tourism products based on nature, culture, and flora and fauna in response to market demand and make Fiji a more attractive holiday destination whilst creating opportunities for indigenous Fijian participation in business.

- increase the marketing of small tourism businesses and indigenous Fijian businesses in particular.
- facilitate increased ownership of the tourism industry by indigenous Fijians.
- provide hands-on technical support in the management of indigenous Fijian tourism businesses; and
- strengthen institutional and operational capacity of the Ministry of Tourism.

Culture and Heritage

Fiji's diverse society creates a rich and colourful mixture of cultures. However, within this diversity, the indigenous cultures face a desperate battle for survival in the face of a non-conducive cosmopolitan livelihood, an apathetic youthful population and emphasis on economic development.

The identity of any peoples group rests in the uniqueness of their languages, dances, songs, and folklore. The indigenous Fijians are no different. To ease this tide of cultural erosion, Government will recognise its significance in the Fijian society.

Institutions such as the Institute of Fijian Language and Culture, National Trust of Fiji, and Fiji Arts Council need to be adequately resourced to ensure the protection, preservation and promotion of the indigenous culture. Educational programmes will play a significant role in creating awareness, interest and appreciation amongst the general public.

Rural Development

The majority (59%) of the indigenous Fijian population are still rural dwellers. Although socio-economic development has improved dramatically over the last decade, considerable disparities still exist in the distribution of the benefits of development between the rural and urban areas and between provinces. The majority of rural indigenous population still lack access to basic infrastructure and social services. Most rely on substance farming as the main means of attaining a livelihood.

Therefore the overall objective of future rural/regional development strategies is focussed on ensuring a more balanced spatial distribution of socio-economic development. Moreso, every effort will be given to maximising the utilisation of natural resources and harnessing the economic potential of the rural areas. An integrated approach with improved coordination amongst agencies will be pursued.

An important aspect of the Plan is the encouragement of greater self sufficiency and motivation amongst the rural population. This will involve using locally available resources, adopting efficient and cost effective methods of production and encouraging collective discipline for the proper maintenance of villages.

Monitoring and Evaluation

The lack of monitoring and evaluation has often led to delays in and under-performance of projects and programmes, as well as to failures to incorporate lessons learnt from past projects and programmes. In addition, government and donors have been increasingly concerned with the need for transparency and accountability. These factors have given prominence to monitoring and evaluation systems and an overall improvement in project and programme management.

The framework for monitoring and evaluating the 20 Year Plan will be based on the stated Performance Indicators of the various policies and programmes. The policies of the Plan, like those of the SDP, will be dovetailed into the corporate plans of line ministries.

Budgetary provisions will be strictly guided by the policies in the SDP and 20 Year Plan. The Ministry of Finance and National Planning will ensure the alignment of line ministries activities, as depicted through their corporate plans, with the policies of these plans.

It will be mandatory for all line ministries to report bi-annually to the agency nominated to monitor the Plan's implementation and to Provincial Councils on progress of implementation of the 20 Year Plan. Major reviews will be done at the end of every 5 years.

CHAPTER 1

OVERVIEW OF AFFIRMATIVE ACTION PLAN

1.1 Introduction

1.1.1 This affirmative action plan, titled the *Twenty - Year Affirmative Action Plan (2001-2020) for the Enhancement of Effective Participation of Indigenous Fijians and Rotumans in Socio-Economic Development* (hereafter referred to as “the Plan”), sets out the broad framework and specific approaches to policies aimed at enhancing the participation of indigenous Fijians in socio-economic development.¹

1.1.2 Two of the most pressing issues confronting Fiji today are:

- narrowing the socio-economic disparities between ethnic groups through more equitable sharing of resources and socio-economic restructuring; and
- maximising indigenous Fijian economic productivity in relation to resources such as land.

1.1.3 These imperatives are more urgent now as a result of the recent political crisis in which ethnic grievances relating to development, resource distribution and socio-economic progress were prominent. Since the colonial days, and even after independence in 1970, indigenous Fijians have often felt marginalised and disadvantaged, relative to other ethnic groups, in the area of socio-economic development. Government is therefore firmly committed to addressing the issue of indigenous development through this integrated affirmative action plan.

1.1.4 Within the international community, there is increasing recognition of the right of indigenous people to determine their own pace and direction of development and to have access to opportunities and benefits of development. The disadvantaged position of indigenous Fijians has, to a large extent, resulted from the colonial structures and policies, which locked them into a rigid subsistence system, while other ethnic groups enjoyed the benefits of direct participation in the mainstream money economy. This historical reality has always placed indigenous Fijians in a disadvantaged position, and makes the notion of a “level playing field”, which assumes “equal competition”, a futile one. This has been a fundamental source of frustration for indigenous Fijians; expressed widely in political grievances and acts of instability. As long as such disparity exists, it will continue to be used as basis for political mobilisation.

1.1.5 Past social engineering policies, which have been aimed at creating a harmonious multi-racial society and enhancing the economic development of indigenous Fijians, have succeeded to a limited extent only. The economic disparity between the two major ethnic groups therefore remains.

¹ In this Plan, the term indigenous Fijians also refers to Rotumans.

1.1.6 In a multi-cultural society such as that in Fiji, the need to recognise the aspirations of all ethnic groups is of paramount importance. This recognition should be based on a spirit of goodwill and trust. Development initiatives which attempt to address the disadvantaged position of a certain ethnic group, must be seen as promoting equity and consolidating national unity. This affirmative action plan does not attempt to undermine the aspirations and interests of other ethnic groups nor is it an attempt to promote ethnic domination or discrimination by indigenous Fijians. On the contrary, the Plan simply attempts to bridge the economic gap between indigenous Fijians and other ethnic groups. Ignoring the socio-economic disadvantaged position of indigenous Fijians as a group, or opposing attempts to address these disadvantages through development initiatives, is tantamount to supporting a system which perpetuates inequality and, by implication, neglect of the right to equality as provided for by a range of international declarations and conventions (see Section 1.12).

1.1.7 By addressing socio-economic disparity, the Plan targets one of the root causes of political tension in Fiji and should therefore constitute an integral component of national reconciliation and confidence building.

1.2 Framework and Approaches

1.2.1 The Plan has two main elements:

- to ensure ethnic equity in socio-economic development through the redistribution of resources and economic restructuring on a national scale; and
- to work toward intra-ethnic economic redistribution within the indigenous Fijian community to ensure class and spatial equity (Class, in this context, refers to differences in socio-economic status and conditions, while spatial refers to regional, provincial and urban- rural differences).

1.2.2 It is recognised that both equity and growth are fundamentally important to the success of this Plan. Sustained economic growth is necessary in order to underpin affirmative action, while equity is important to ensure that resources are distributed equally amongst the population. In the past, economic growth has only served to widen the gap as indigenous Fijians were not in a position to take advantage of new opportunities. A balance therefore needs to be achieved between equity and growth.

1.2.3 As a key guiding principle, the Plan incorporates the principles of good governance, accountability, transparency and observance of law and order. The Plan also incorporates the philosophy of sustainable development because of the importance of ensuring proper utilisation and rationalisation of resources.

1.2.4 The strategies in this Plan are specifically crafted for Fiji, in the light of relevant experiences in other countries where affirmative action for indigenous people is part of the national development strategy. The Plan is an integrated one, in that it blends diverse development strategies and goals into a unified policy framework. The diversity of strategies reflects the diverse sectors which are being targeted, as well as the many development areas in which indigenous Fijians need special attention.

1.2.5 In an attempt to be relevant and to maximise effectiveness, the Plan moves away from the conventional “top-down” approach to development and embraces the more democratic participatory mode. The direct participation of indigenous Fijians at all levels in the formulation, implementation and monitoring processes is vital to securing their confidence and co-operation, as well as in developing a feeling of ownership of the Plan. Following presentation to the Great Council of Chiefs, the draft Plan was submitted to all provincial councils at their meetings in March, 2002. Some significant comments were made immediately following these presentations. A number of provincial councils also established committees to look closely at the Plan and subsequently provide detailed written contributions. The draft Plan was also tabled at the 2002 National Economic Summit

1.2.6 Confidence building is an important psychological activity within the affirmative action programme, because it provides the necessary moral boost and will for change. The low self-esteem often found amongst indigenous Fijians, especially in relation to commerce and business, has resulted to a large extent, from the patronising colonial system of control, under the rigid communal structure, as well as the stereotypes that other ethnic groups have of indigenous Fijians being “lazy” and incapable of commercial thinking. Over the years, many indigenous Fijians have internalised these stereotypes and have treated them as part of their “Fijian psyche”. This has been a fundamental stumbling block to indigenous Fijian socio-economic development. The Plan attempts to address these perceptions by providing strategies both for psychological empowerment and the restoration of confidence and self-esteem, in order to develop an impetus for participation and advancement in the socio-economic sphere. Low self-esteem can lead to frustration and anger, which can be politically mobilised and re-directed towards other ethnic groups, causing tension and instability.

1.2.7 To ensure the socio-economic progress of indigenous Fijians, emphasis must be placed on development of their human resource skills, in facilitating their direct and active participation in socio-economic activities, in the creation of opportunities, as well as in the provision of financial, management and other assistance. Government will take a direct approach in the redistribution of resources and put in place appropriate restructuring policies in order to achieve these objectives. Redistribution deals with re-mobilising and redirecting resources towards disadvantaged sections of our community. Restructuring refers to institutional reforms aimed at facilitating the redistribution process and socio-economic progress.

1.3 The Need for an Integrated Affirmative Action Plan

1.3.1 There is a need to establish an ideological and development framework, which integrates a range of diverse strategies for affirmative action. This Plan synthesises various sectoral development approaches into such an integrated framework for affirmative action for indigenous Fijians. To date, the various affirmative action policies for indigenous Fijians have been largely piecemeal in nature. As a result, it has been difficult to systematically keep track of the progress and impact of affirmative action policies and strategies. This Plan is an attempt to create a coherent and workable affirmative action framework, which addresses the subject of indigenous Fijian development in a coordinated and transparent way. It provides the broad framework for

affirmative action, and outlines the specific policy directions for indigenous Fijian advancement in the various sectors.

1.3.2 Affirmative action policies need to be mainstreamed into the national development framework in order to avoid duplication and contradiction, to ensure that monitoring is carried out effectively by the Ministry concerned, and to guard against abuse. For this reason, the Plan is closely linked to the broad principles and approach of the Strategic Development Plan.

1.4 Defining and Contextualising Affirmative Action

1.4.1 Affirmative action refers to state or non-state-mandated preferential policies directed towards designated groups. Affirmative action policies of various forms exist in most countries in the world as ways of addressing the phenomenon of “inequality”. As such, they have an important role to play in the areas of conflict resolution, development, democratisation and equality of economic rights.

1.4.2 In conflict resolution, affirmative action helps address the grievances of particular groups who have been historically disadvantaged, and have used extremist political means to articulate these grievances. In this way, affirmative action directly targets the grievances by removing the existing inequalities, and thus assists in minimising political tension and conflict.

1.4.3 In the area of development, affirmative action develops and mobilises specifically targeted policies for the socio-economic advancement of selected disadvantaged groups. This is of critical necessity when particular groups, for various reasons, do not benefit from the mainstream development policies. As a tool of democratisation, affirmative action ensures equality of opportunities and participation for all citizens in the development process.

1.4.4 Perpetuation of a situation of socio-economic inequality and marginalisation is tantamount to a form of neglect of human rights because certain groups are denied the rights to enjoy certain important material and non-material resources to serve their basic needs. In such cases, affirmative action is a vehicle to promote equal access and equal economic rights.

1.4.5 Affirmative action attempts to address and correct the grievances of historically disadvantaged groups, some of whom are in fact minorities. While indigenous Fijians constitute a slight demographic majority², they are generally under-represented in various sectors of the economy, especially in the private sector. This is elaborated on in Chapter 2.

1.5 Designated Categories

1.5.1 The primary designated categories for the affirmative action policies are indigenous Fijians and Rotumans. In many ways, socio-economic status and ethnicity directly coincide. In such a situation, affirmative action is meant to ensure socio-economic parity between various ethnic groups. The sectoral strategies will focus on

² Fijians and Rotumans make up 52% of the population according to the 1996 population census.

specific areas in which indigenous Fijians are evidently disadvantaged.

1.5.2 Despite the fact that indigenous Fijians constitute the main designated category, the Plan also recognises the existence of other disadvantaged groups and the need to address their situation. The pro-indigenous Fijian thrust of the Plan does not therefore mean that the socio-economic positions of other disadvantaged groups are ignored. On the contrary, there are programmes to address the needs of these groups. However, the fact that indigenous Fijian socio-economic grievances have recently led to ethnic conflict, political instability, and the near collapse of both the state system and socio-economic order, make this affirmative action plan a matter of urgency. For this reason, pro-indigenous Fijian affirmative action is one of the priority strategies to assist in resolving outstanding economic and political problems.

1.6 Needs Assessment and Identification of Target Sectors

1.6.1 The Plan covers only the sectors in which indigenous Fijians are generally disadvantaged and it provides relevant affirmative action policies. The sectors in question are education, human resource development, public enterprise reform, resource-based industries, tourism, commerce and finance, and rural development. These areas are critical in facilitating the socio-economic advancement of the primary designated categories.

1.7 Implementation Strategies

1.7.1 The Plan contains a number of general strategies for promoting and enhancing the socio-economic conditions of indigenous Fijians.

- Firstly, it is committed to providing the necessary capital and technological inputs to the various identified sectors.
- Secondly, it aims to improve the levels of skills of indigenous Fijians in areas such as commerce, finance and other aspects of human resources.
- Thirdly, it attempts to create a sustainable development environment, which promotes self-sufficiency and maximum yield. A participatory approach, encouraging the active involvement of ordinary villagers and workers in the decision making process, is important. As far as is possible, the affirmative action policies will make full use of existing indigenous Fijian resources such as land and marine resources, labour and skills.

1.8 Time Frame

1.8.1 The designated time frame for the implementation of affirmative action policies is 20 years. This period is considered sufficient to put into place the various identified affirmative action measures and to achieve the desired targets. However, if some sectoral programmes achieve their respective targets before the end of this time frame, then affirmative action for those programmes will focus on maintaining and consolidating the progress made. Major reviews will be undertaken every five years while regular ongoing monitoring reviews will proceed on a six monthly basis.

1.9 The Equity Index

1.9.1 The Equity Index (EI) enables the extent of inequality within a particular sector or occupational category to be quantified and to be converted to measurable affirmative action targets. The index refers to the number of times the output for indigenous Fijians must be increased in order to equal the output of other ethnic groups. The EI is calculated in terms of Current Distribution Ratio (CDR), that is the ratio of output between the indigenous Fijians and other ethnic groups, relative to the national population, expressed as the Target Equity Ratio (TER).

1.9.2 Different countries have different TERs, depending on the ethnic population distribution. For Fiji, it is 1:1; representing the more or less equal proportion between the indigenous Fijian population (on one hand) and Indo-Fijian and Others (on the other). The ratio of 52% for indigenous Fijians and 48% for other ethnic groups (Indo-Fijians and Others) roughly translates into a 1:1 TER. Thus the 1:1 TER is the standard target to be achieved, and the EI is the number of times indigenous Fijian output needs to be increased to achieve that target within the 20 year time frame.

1.10 Targets

1.10.1 The ultimate target for the Plan is **"50/50 by 2020"**.

1.10.2 Different sectors will have different targets, based on their respective EIs and different time frames to achieve the respective targets. Depending on the nature of the sector and the prevailing circumstances, some of these are quantitative while some are qualitative in nature. For some sectors, there will be a mixture of both quantitative and qualitative targets.

1.10.3 The target is defined in terms of proposed outcome rather than input. The quality and quantity of outcome depends on how effectively the input is utilised and the process monitored.

1.11 Monitoring, Measuring of Progress and Evaluation

1.11.1 Every sector identified will need to put into place appropriate mechanisms to monitor the progress of the individual affirmative action programmes. This will require making both quantitative and qualitative assessments of the sector's performance on an ongoing basis, culminating in an annual report at the end of each year. The major review will be done every 5 years. Monitoring will involve the following: ensuring that recipients of preferential policies belong to the designated categories; constantly monitoring the relationship between input and output in order to gauge the level of success and wastage; the patterns of resource distribution; responses from the designated groups and the public at large; and determining whether a programme has achieved its targets.

1.12 Affirmative Action and International Conventions and Declarations

1.12.1 Critics of affirmative action in Fiji have argued that preferential policies directed at indigenous Fijians are in contravention of international conventions and declarations. The reasoning generally suggested is that affirmative action promotes domination by indigenous Fijians and both undermines the interests and suppresses the rights of other ethnic groups. The Plan does not in any way do any of these. Rather, it is an attempt to address the ethnic imbalance in the socio-economic sector, where indigenous Fijians are significantly disadvantaged. As such, it is aimed at promoting equity between the various ethnic groups. To perpetuate structurally embedded socio-economic inequality, as at present, constitutes a violation of rights to equality and thus contravenes a number of existing international conventions and declarations as outlined below.

1.12.2 The United Nations Universal Declaration of Human Rights (1948) and International Covenant on Civil and Political Rights (1966) both possess specific significance for indigenous peoples. The Declaration provides a universal standard of human rights for all peoples and nations, and proclaims the importance of traditional, political, and civil rights, as well as basic economic, social and cultural rights. The Covenant is concerned with civil and political rights based on the Declaration. This Plan does not in any way infringe on the political and civil rights of members of non-designated categories.

1.12.3 The 1989 International Labour Organisation (ILO) Convention No. 169, Convention Concerning Indigenous and Tribal Peoples in Independent Countries, emphasises the need for consultation with indigenous peoples regarding their economic development. Similarly, the Agenda 21 adopted by the United Nations Conference on Environment and Development in 1992, recognises the actual and potential contribution of indigenous peoples to sustainable development. This Plan is based on the principle that affirmative action must be part of a wider sustainable development process in which indigenous Fijians themselves directly participate.

1.12.4 The Vienna Declaration and Programme of Action, which emerged from the 1993 Conference on Human Rights, recognises the cultural contributions of indigenous peoples and reaffirms the commitment of the international community to their economic, social, and cultural well-being.

1.12.5 The United Nations 1993 Draft Declaration on the Rights of Indigenous Peoples commits itself to the rights of indigenous peoples to direct their own development, and determine and develop strategies for developing their resources.

1.12.6 This Plan attempts to fulfil the principles of equity on which these international conventions and declarations are based. Because it is geared at enhancing the socio-economic conditions of indigenous Fijians through the creation of socio-economic equity between all the ethnic groups, this Plan is within the objectives and spirit of the conventions and declarations referred to.

1.13 Affirmative Action and the Constitution

1.13.1 Affirmative action for indigenous Fijians was first prescribed in law under the 1990 Constitution, and was based on growing concerns by indigenous Fijians regarding their disadvantaged position in the economy, relative to other ethnic groups. It called for the promotion and safeguarding of the economic, social, educational, cultural and other interests of indigenous Fijians.

1.13.2 The 1997 Constitution expanded the designated categories to incorporate "disadvantaged" groups generally. It is within the spirit of the 1997 Constitution that this affirmative action plan has been formulated. Indigenous Fijians are largely disadvantaged in the area of commerce, business, finance and other important facets of socio-economic life. Because socio-economic inequality has a profound bearing on political and ethnic relations, the Plan attempts to resolve some of the issues of political stability and, therefore, advances this spirit and intentions.

1.13.3 The 1997 Constitution proposes the enactment of affirmative action legislation by Parliament to ensure that affirmative action policies are implemented within an established legal framework.

1.14 Affirmative Action: An International Framework

1.14.1 This affirmative action plan incorporates a compendium of relevant experiences from other countries, in particular in relation to the conceptualisation and implementation processes. While the Plan does not replicate any particular international model, it does however, encompass selected aspects of affirmative action policies and practices in other countries which are deemed appropriate to Fiji's unique situation. The Plan represents an approach specifically crafted to suit Fiji's complex socio-cultural, socio-economic and political circumstances.

1.14.2 In the past, Fiji, like a number of other countries such as South Africa and Namibia, based its affirmative action policies on the approach of Malaysia. Introduced through the New Economic Policy of 1970, Malaysia adopted a two-pronged approach: poverty alleviation and economic restructuring. The wealth of the indigenous Malays has generally increased as a direct consequence of these preferential policies. The Malaysian affirmative action model presents some interesting lessons for Fiji.

1.14.3 One of the first affirmative action regimes was in the United States of America. The pro-white preferential policies (under the Jim Crow laws) were used as means of maintaining the structural and ideological dominance of white hegemony. After the 1964 Civil Rights Act³ was enacted, pro-black affirmative action programmes were introduced and aimed at redressing the various types of deprivation in three ways: firstly, distributing skills and information to allow designated groups to compete meaningfully and acquire social mobility; secondly, to bring about swift social changes within a given time frame; and thirdly, those that require immediate implementation like the quota system. Affirmative action in the USA was initially conceived as strategies to provide genuine

³ The Civil Rights Act of 1964 was an historic legislation as it outlawed discrimination in employment and other fields.

equal opportunity. The underlying belief was that historical disadvantages could only be properly addressed through assertive and positive affirmative action.

1.14.4 Another major affirmative action undertaking was in Canada whose affirmative action programmes and Human Rights Act were seen as models for Fiji during the 1995/96 constitutional review. In Canada, concern for greater equity in the civil service for Anglophones and Francophones was raised, as early as 1962, when the Royal Commission on Government Organisation recommended proportional representation at all levels of the civil service to ensure "adequate service from government officials". To achieve this objective, proportional representation was vigorously pursued when processing promotions and new recruitments. Affirmative action for the indigenous population was also addressed. Recognising that there was a critical lack of involvement and representation in the public service of Indian, Metis, Non-Status Indian, and Inuit peoples, it was decided to actively encourage their greater participation at all levels, particularly at the middle and senior management and advisory levels. The Human Rights Act of 1978, crystallised affirmative action as a permanent component of Canada's political system. The Act declared that every individual should have equal opportunity, with other individuals, to make for himself or herself the life that he or she is able and wishes to have.

1.14.5 The country with possibly the largest number of affirmative action - designated groups is India. In 1953, the Kalelkar Commission identified 2,399 castes as OBCs (Other Backward Castes). The Mandal Commission Report, accepted in 1990 by the National Front Government, identified 3,743 OBCs. The Indian Constitution provides for three types of reservation for designated groups; in education, jobs, and in legislature⁴.

1.14.6 A "soft" form of affirmative action exists in Britain. Although affirmative action as such (in the preferential sense) is not legally permitted, there are however, laws that protect "equal opportunity"⁵.

1.14.7 Since coming to power after the historic 1994 elections, the African National Congress government of South Africa has put into place the Reconstruction and Development Programme as the basis for affirmative action. While blacks are now in political control of the country, economic power is still very much in the hands of the

⁴The reservation in legislature provides for a time limit of ten years but has been continually extended. The education and job reservations are not bound by time limits.

⁵The complex ethnic make up of Britain gave rise to the need to enact legislation to facilitate mutual ethnic relations, especially those pertaining to "equal opportunity." Some of these Acts (the Equal Pay Act of 1970, Sex Discrimination Act of 1975 and Race Relations Act of 1976) made issues of racial and sexual discrimination at work a matter of practical managerial responsibility. Equal Opportunities Policies (EOPs) have been in fashion in Britain with a variety of institutional and business interests for most of the 1980s. Opponents of the equal opportunity policies claim that these are unfairly protective of certain social categories only. In 1979, the Conservative Government attempted to change the EOP rules to embrace voluntaristic and business-led "solutions" to problems of the disadvantaged rather than compulsory state led programmes, established under successive Labour Governments in the 1960s and 70s.

whites, and affirmative action has been geared towards addressing this socio-economic disparity, a result of decades of apartheid.

1.14.8 The major difference between affirmative action in Fiji, South Africa and Malaysia, on one hand, and the US, Canada and India, on the other, is that in the case of the former countries, the designated groups are socio-economically disadvantaged although politically dominant. In the other countries, the designated groups are minorities, which are economically disadvantaged and politically subaltern. However, in all cases, the prevalent tendency is to target the socio-economically disadvantaged groups, even if they are politically dominant. While this Plan basically follows this globally accepted trend, Fiji's political situation is even more pressing and deserving of special attention at this point in time.

1.15 Significance of the Plan

1.15.1 The Plan is a significant departure from the existing affirmative action approach in that it establishes a coherent framework which integrates a diverse range of sectoral development strategies into a common affirmative action scheme. This Plan therefore addresses in a more systematic and holistic way, the concerns of all classes of indigenous Fijians. Almost all of the Development Plans to date have recognised the need to address the indigenous Fijian question, and specifically their disadvantaged socio-economic positions. However, this was in the main, done as an after thought or as a token gesture.

1.15.2 The recent ethnic conflict and tensions, in particular the grievances expressed by indigenous Fijians in relation to their economically retarded conditions, can no longer be ignored. Addressing the existing disparities through state preferential policies is the only viable strategy to provide the cushion for such political grievances.

1.15.3 Ignoring the socio-economic disadvantaged position of indigenous Fijians, which has resulted from years of economic marginalisation, from the colonial to the post-colonial period, equates with human rights neglect. The country has paid dearly for this. Commenting on the 1987 events, Professor Fisk said: "*The danger in the present situation is not simply that of another military coup. On the contrary, far worse alternatives are possible. The danger is that ethnic Fijian frustration might present itself in the form of an indignant and undisciplined reaction, lacking the control and direction that restrained disorder and violence during the 1987 episode. Further, there is the danger that in such a reaction, leadership could be taken over by the type of extremists who would seek and retain personal power, leading to a dictatorship, as has happened in so many countries elsewhere.*" This explicit warning was not heeded and the country paid the price. Many countries in the world, such as South Africa and Malaysia, are still experiencing the effects of political conflict, based on socio-economic disparity, and have used affirmative action as a means of providing economic and political reassurance for future stability.

1.15.4 After the 1987 events, Ratu Sir Kamisese Mara, in support of affirmative policies, said: "The special rights for indigenous peoples are not something new and are provided for under international law". He went on to stress that ... 'the Fijian people are all too aware of the destiny of the indigenous Aztecs of Mexico, the Incas of Peru, the Mayas of Central America, the Caribs of Trinidad, the Amerindians of Guyana, the

Maoris of New Zealand, and the Aborigines of Australia’.

1.15.5 It should be emphasised that the Plan does not intend to permanently institutionalise ethnic preferences. As has happened in certain countries, such a situation could lead to further conflict. A systematic, sensitive and rational approach has to be taken to avoid any negative impact on socio-political and economic relations which could harm the already precarious ethnic relation situation in Fiji. Affirmative action policies should therefore strike an appropriate balance between preventing conflicts that result from economic disparity and those that are as a consequence of preferential policies.

1.15.6 The Plan basically provides the broad framework for affirmative action policies. Its success rests ultimately on the sacrifice and perseverance of indigenous Fijians themselves to improve their own socio-economic situation. As important institutions in the implementation of the Plan, the roles of the Great Council of Chiefs, the Fijian Affairs Board and the Ministry of Fijian Affairs will be critical.

1.16 Outline of Plan

1.16.1 Except for the introductory chapters, which set the scene, the subsequent chapters in the Plan cover the specific affirmative action strategies for each particular sector. Each sectoral strategy identifies and overviews the problems of indigenous Fijian participation in that sector and sets targets for achieving equity. The chapters are briefly outlined below.

1.16.2 Chapter 2 provides a general background to the political and economic situation, focusing on the conditions which gave rise to socio-economic disparity. It also provides an analysis of this disparity.

1.16.3 Chapter 3 reviews the *Nine Point Plan*, one of the very first affirmative action programmes undertaken after the political developments of 1987.

1.16.4 As a response to the political grievances expressed during the 2000 event, the *Blue Print for the Enhancement of Indigenous Fijians and Rotuman Participation in Commerce and Business* was adopted by Government. Chapter 4 establishes the link with the overall Government macro framework and then reviews the implementation of this policy.

1.16.5 Chapter 5 examines indigenous Fijian educational disparity, reviews the shortcomings of education policies in the past and prescribes policies to address these problems.

1.16.6 Chapter 6 analyses the crucial role of human resources in affirmative action and indicates how this can be supportive of indigenous Fijian socio-economic development generally.

1.16.7 Chapter 7 reviews how indigenous Fijians have fared in the fields of commerce and finance and presents some approaches through which individual and communal ventures could be enhanced to maximise Fijian participation in the market economy.

1.16.8 Public enterprise reform was begun by Government in 1989. Chapter 8 presents how indigenous Fijians could benefit from this development.

1.16.9 Chapter 9 considers the contributions of a healthy population to socio-economic development. While recognising that indigenous Fijians benefit from the overall national health service delivery, it looks at specific areas of relevance.

1.16.10 Most of the nation's primary resources are on land owned by indigenous Fijians. Chapter 10 looks at resource-based industries and how these might be best utilised to enhance indigenous Fijian commercial endeavours and socio-economic development.

1.16.11 Chapter 11 details how tourism could significantly enhance indigenous Fijian participation in business. As a growing industry with potential for major expansion in the future, tourism could play a pivotal role in expanding the commercial interests of indigenous Fijians.

1.16.12 The socio-economic development of indigenous Fijians is interwoven with the development of their cultures. Recognising that a national cultural policy is being formulated, Chapter 12 focuses actions required in the short term aimed at developing and protecting culture and heritage.

1.16.13 Chapter 13 outlines how affirmative action could be refocused to benefit rural indigenous Fijians. This is critical given that 59% of indigenous Fijians live in rural areas.

1.16.14 Chapter 14 describes the process of evaluation and monitoring of the affirmative action process. This is important to ensure that resources are effectively utilised, in accordance with the original rationale of the affirmative action policies.

1.17 Broad Policy Framework

1.17.1 In order to address the socio-economic disparities of indigenous Fijians through more equitable sharing of resources, socio-economic restructuring and to maximise indigenous productivity as natural resource owners, a number of broad policies and strategies have been identified at the macro level. These are discussed in detail in each of the respective sectoral chapters.

Policies and Strategies

1.17.2 To strengthen, accelerate and increase the participation of indigenous Fijians in commerce particularly in the areas of corporate ownership, entrepreneurship and management through the following:

- identifying and assessing areas for the enhancement of indigenous Fijian participation in business;
- promoting greater equity ownership by all levels of indigenous Fijian society in strategic competitive industries and capital markets;
- encouraging ownership of commercial properties as long-term investments;

- encouraging ownership of small to medium sized businesses through preferential lending policies;
- providing assistance to indigenous Fijians wishing to set up and pursue businesses;
- providing well-targeted training programmes necessary for the acquisition of entrepreneurial skills at all levels of indigenous Fijian society;
- developing successful business models for utilisation in resource based industries such as forestry, fisheries, mineral resources, crops, livestock, tourism and even in the service sectors; and
- establishing a management information system which would record and monitor participation of indigenous Fijians in all aspects of commercial activities.

1.17.3 To strengthen the education and training of indigenous Fijians with a specific focus on identifying and nurturing skills and talents through the following:

- encouraging the community to place high priority on educational achievement and training as well as on the inculcation of appropriate values and attitudes;
- identifying training needs of indigenous Fijians;
- mounting and resourcing well-targeted training programmes aimed at developing professional and technical abilities and entrepreneurial skills of indigenous Fijians;
- strengthening curriculum alternatives that offer appropriate employment pathways;
- reviewing and, if necessary, refocusing and re-revamping non-formal education so that it can more effectively contribute to the re-training and equipping of school leavers; and
- establishing a management information system to trace and record participation of indigenous Fijians in all aspects of education, training and entrepreneurial development.

1.17.4 To develop and strengthen the capacity of organisations/Ministries to provide quality technical advice and to mount effective and efficient affirmative programmes for indigenous Fijians, including through the review of the Fijian Administration in order to enhance administrative support and quality advisory services, as well as to facilitate the participation of women in the rural machinery.

1.17.5 To ensure the future security of the rights of indigenous Fijians through:

- resolving and settling outstanding land disputes and claims;
- aligning affirmative action programmes with international laws, conventions, and declarations to ensure consistency;
- amending relevant legal instruments -
 - *Review of 1997 Constitution*: to ensure affirmative actions are more explicit in addressing the socio-economic gap between indigenous Fijians and other races
 - *Native Lands Trust Act*: to remove native land from the ambit of the Agriculture, Landlord and Tenant Act (ALTA) and to place it under the amended Native Land Trust Act (NLTA);

- *Fijian Affairs Act*: to facilitate the assurance of future security and rights of indigenous Fijians, particularly in the protection of the sanctity of their culture and tradition.
- *Fijian Affairs Regulation*: to give effect to changes introduced under new legislation; and
- *Fisheries Act*: to assure the future security and customary fishing rights and associated marine resources of indigenous Fijians.

Affirmative Action Targets

1.17.6 One of the fundamental requirements of affirmative action is to have specific targets for each identified sector for each specific time frame. The different sectors, as discussed in section 1.10, will have different targets. However, it is necessary to have an overall benchmark. Since the ultimate target is a 50% share by indigenous Fijians by the year 2020 in all economic activities, the specific targets are tabulated below.

Table 1.1: Affirmative Action Targets

Sector	Current %	Target			
		Year 5	Year 10	Year 15	Year 20
Household Income	1 : 1.3 ¹	1:1		Achieve parity in main income sub-groups	
Salaried Employment	51.4	To achieve parity in sub-groupings			
Wage Employment	43.8	50.0	To achieve parity in sub-groupings		
Government	61.5	Parity achieved			
Public Corporations	65.7	To achieve parity in sub-groupings			
Micro-finance		50	50	50	50
Small Business		20	30	40	50
Medium Business	≈ 4	10	20	30	40
Large Business	≈ 10+	15	20	25	30
Employment in RBI ²		50	Achieve parity in sub-groupings		
Ownership in RBI ²		30		40	50

Notes:

1. Shows disparity indigenous Fijians : Indo-Fijians
2. Resource-based industries

1.17.7 The issue of 50/50 share of various Government activities such as tenders, licences, quotas, etc. will be actively implemented.

Table 1.2: Government Activities – Affirmative Action Targets (%)

Sector	Current Share	Year 5	Year 10	Year 15	Year 20
Public and Corporate Tenders/Contracts	42.0	50	Aim for parity on value		
Rental of office space	53.2	Maintain share, aim for parity on value			
PWD Tenders	54.5	Aim for parity in all tenders			
Govt Supplies Contracts	5.1	30	50	Aim for parity on value	
LTA Licences	33.0	40	50	Aim parity in subgroups	
Coasting Trade Licences (FIMSA)	Na	10	20	30	50
Lands & Survey Dept Licences	12.5	25	50	50	50
Local Authority Business Licences	Na	20	30	40	50
MAFF Quarantine Export licences:	37.3				50
• Kava exports	45.3	50	50	50	50
• Root Crops Export	31.3	50	50	50	50
• Mixed Commodities Exp	8.6	25	50	50	50
Fishing Licences:	37.4				50
• IDA	42.9	50	50	50	50
• ODA	30.2	40	50	50	50
• Offshore	2.0	20	30	40	50
• EEZ	-	-	-	-	-
• Seafood Exports	7.2	20	30	40	50
Forestry Licences:	55.7				60
• Logging Rights	87.2	90	90	90	90
• Sawmill	7.7	10	20	30	50
• Preservative	-	10	20	30	50
• Export	-	10	20	30	50
• Import	-	10	20	30	50

Note: na = not available

CHAPTER 2

SOCIO-ECONOMIC AND POLITICAL BACKGROUND

2.1 Introduction

2.1.1 This chapter provides an overview of the socio-economic and political background to affirmative action in Fiji. In particular, it covers:

- the historical genesis of the indigenous Fijian people's socio-economic situation;
- the disadvantaged socio-economic conditions of indigenous Fijians and past attempts to address these; and
- the extent of socio-economic disparity between indigenous Fijians and other ethnic groups.

2.1.2 The fundamental objective of this chapter is to explore the inter-relationship between ethnic disparity and socio-economic disparity. As will be shown, empirical data supports the general argument put forward in Chapter 1 that the two are directly linked. Indeed, what has been alleged as perceived inequality, in fact has empirical and statistical basis. This is demonstrated by data drawn largely from the unpublished 1996 Census. While five years have since elapsed, the figures are still the most reliable available, as the entire Fiji population was enumerated, unlike other studies which were confined to selected population samples and variables.

2.2 Historical Background

2.2.1 Fiji became independent from Great Britain on 10 October 1970, after 96 years of colonial rule. The colonial state established a new socio-political structure, combining aspects of the British administrative system and traditional Fijian socio-political structures, under the native policy, in the context of 'indirect rule'. For years, the native policy, underpinned by a rigid codified communal system, dictated the general direction of the progress of indigenous Fijians. There were various attempts in history to change the communal system to suit the emerging circumstances, but on the whole, aspects of it still exist today. A number of institutions (such as the Great Council of Chiefs, Native Land Trust Board and Fijian Affairs Board), which were created during the colonial epoch to facilitate the 'development' of indigenous Fijians, still play pivotal roles. In more recent years, some of these institutions have made profound contributions by providing socio-political coherence within the indigenous Fijian community at a time when competition with other ethnic groups in the money economy and political arena was seen as posing a potential threat to indigenous Fijian communal interests.

2.2.2 Indigenous Fijians felt threatened because of the realisation that they did not have the necessary skills, expertise, capital and technology to compete on a level playing field with other ethnic groups in the money economy. This feeling of inadequacy was a direct result of the paternalistic native policy to which they were subjected. A consequence of the native policy was that it retarded indigenous Fijian participation in commerce and business because it locked the era into the village-based

subsistence sector under a codified and rigid communal scheme. This in turn marginalised Fijians from the mainstream money economy wherein other ethnic groups were actively involved.

2.2.3 Within the ambit of the communal system, various attempts were made in the mid-1900s to improve the socio-economic position of indigenous Fijians. This became more urgent when, by the 1946 Census, Indo-Fijians outnumbered indigenous Fijians.

2.3 Attempts to Address the Socio-economic Problems of Indigenous Fijians

2.3.1 A number of major institutional reforms were undertaken in the 1940s. Part of the reform was aimed at progressively incorporating indigenous Fijians into the mainstream institutions through gradual evolution within the Fijian Administration structure. A number of initiatives were introduced in the decade after the war to facilitate indigenous Fijian progress. Apart from the restructuring of the Fijian Administration, these included: the introduction of the co-operative movement (*Soqosoqo Cokovata ni Veivoli*) under the Co-operative Ordinance of 1947; the formation of the Fijian Banana Venture in 1950; the establishment of the Fijian Development Fund (*Lavo Musuki ni Veivakatorocaketaki*) by Ordinance No.14 of 1951; the creation of the positions of Economic Development Officers in 1954 (following the incorporation of economic development agenda into the Fijian Administration); and more rigid control of the *galala* (independent farming) system. These developments were, perhaps, amongst the very first forms of affirmative action consciously carried out specifically for the purpose of enhancing the socio-economic position of indigenous Fijians.

2.3.2 The Co-operative Society was dominated by indigenous Fijians and seen as a viable alternative to full-fledged individualism. Within ten years of formation, the number of co-operative societies in Fiji were as follows: 51 for indigenous Fijians, 5 for Indo-Fijians, and 22 for other ethnic groups and mixed membership. Although established outside the Fijian Administration, the Cooperative Society was, through practice, progressively incorporated into the communal ambit and unfortunately resulted in some conflicts. The main focus of conflict was between the more rigid communal structure, on one hand, and the collectivist co-operative system based on mutual co-operation, democratic leadership, and expectations of financial bonus (depending on performance), on the other. Thus, over the years, one of the biggest barriers to the efficiency of the co-operative movement was the way in which traditional politics and communal obligations interfered with the operation of many co-operative societies¹. In a major review in 1959, Professor Spate concluded that "the movement's history of difficulties illustrates perhaps better than anything else the inherent obstacles to economic advance imposed by the traditional system".

2.3.3 Sponsored by the Fijian Administration in 1950, the Fijian Banana Venture (FBV) was designed to facilitate banana cultivation and marketing amongst indigenous Fijians. Bananas were grown communally within the village on *mataqali* land. The industry experienced difficulties and did not perform as expected. Stiff competition from Latin American producers, a series of hurricanes and disease combined to cause the collapse of banana exports.

¹ Other problems include liberal credits to kinsmen and inter-village jealousies.

2.3.4 In as far as achieving its aim, the Fijian Development Fund (FDF), set up in 1951, was probably the most "successful" of the Fijian Administration institutions². Rather than mobilising resources to generate income on a long-term basis, the FDF was concerned mostly with the improvement of communal life by the development of village amenities. The Fund operated on the basis of compulsory deductions of £ 10 per ton of copra sold which were collected by the Fijian Affairs Board (FAB) and credited to the accounts of individuals or co-operatives and, sometimes, villages, bearing a 2% interest. A flat rate ledger fee of 10s. per account per year was charged³. The FDF was highly bureaucratic and paternalistic and discouraged individual economic enterprise.

2.3.5 The appointment of Economic Development Officers (EDOs) was intended to bridge the divide between the development policies of the Department of Agriculture (which encouraged individual farming) and the Fijian Administration (which encouraged communal farming). By employing EDOs, it was hoped that there would be "less danger of conflicting policies being pursued and that agricultural assistance for Fijians would be developed within the framework of the well established communal system rather than as in the past concentrated on a comparatively few individuals". The major responsibilities of EDOs, as laid down in a 1954 resolution by the Great Council of Chiefs, were to ensure that the cultivation of economic crops was undertaken as a communal service on family lands; building and repairing of housing; and that programmes of work were drawn up in consultation with those concerned and that they were carried out.

2.3.6 Another significant change was the increased regulation of the *galala* system (individual farming) in 1955. Under Governor Gordon's Land Ordinance XXI of 1880, it was envisaged that indigenous Fijians would eventually be granted individual holdings when the time was ripe. In the 1900s, Governor Im Thurn also favoured liberalisation of land holdings. In the 1930s, with the encouragement of the Department of Agriculture, there were cases of independent farmers settling outside villages but these required special exemptions granted by the District Administration. The number of exemptions increased during the war in the 1940s as part of efforts to produce supplies for the forces. Alarmed with the increasing number of exemptions, Government in 1944 declared, in a memorandum to the Administrative Officers Conference, that while a number of indigenous Fijians desired to "live as peasant farmers, independently of the system, either on their own lands or elsewhere", it was prepared to "encourage" this, but "within the limits laid down in the Native Regulations"⁴. In 1955, changes to the *galala* conditions under Native Regulations No.6 made commuting between villages and independent settlements more rigid. It also specified a number of conditions related to production

² It was set up primarily for copra farmers, to ensure that part of their earnings is directed to communal development. The success of the FDF was due to the high post-war copra prices. The main items which the FDF dealt with could be classified into three categories: firstly, relatively small items, say up to £ 1,000, which were widely distributed (ploughs, bullocks, tractors, cocoa fermentors, copra driers and surveying); secondly, "intermediate" projects, about £ 5,000 (fisheries, small mining, cattle); and thirdly, high capitalisation, skilled management (land development, purchase and development of estates, timber projects).

³ Copra was sold only to the Fijian Affairs Board (FAB) agents or licensed buyers. The FDF was controlled by a board of which the Secretary of Fijian Affairs was the Chair. Other members consisted of FAB members; legal and financial advisors to the Board; and a number of European and indigenous Fijian nominated members.

⁴ The 1956 Census estimated that there were about 1,300 *galala*. This represented a little over 3.5% of all ratepayers and a little over 5.5% of all indigenous Fijians engaged in agriculture.

which the *galala* should strictly follow. These conditions ensured that while independent farming was encouraged, it was to be carried out under the terms of the Fijian Administration.

2.3.7 The "reforms" mentioned above merely further crystallised communalism and did little to advance the economic situation of indigenous Fijians, at a time when the colonial economy had progressively shown a clear link between ethnicity and socio-economic position. The class structure in the 1940s and 50s had a distinctive ethnic dimension. The economy was dominated by expatriate and local European capital but there was a growing class of Indo-Fijian and Chinese entrepreneurs. At the bottom of the economic pyramid was a large mass of impoverished Indo-Fijian cane farmers and indigenous Fijians in semi-subsistence living. Heavy dependence on expatriate capital and the European monopoly of the commercial sector characterised the post-war export oriented economy. Europeans still dominated agricultural production, despite the increase in Indo-Fijian and indigenous Fijian farmers⁵.

2.3.8 By the 1950s, little had changed in relation to indigenous Fijian participation in commerce. The ethnic distribution of the average area of land under commercial farming per capita in 1958 showed that there were 53.1 hectares for Europeans, 2.8 hectares for Indo-Fijians, 2.6 hectares for Chinese and other Islanders, and 1.9 hectares for indigenous Fijians. If the 14,580 hectares of improved pasture land and 243 hectares of fodder crops under European ownership were included, then the average area per capita for this ethnic group increased to over 78 hectares. This represented 27.7% of the total farm land in Fiji. Regarding sugar production, the share of indigenous Fijians never exceeded 5% of total production between 1953 and 1957.

2.3.9 In addition, loans provided to indigenous Fijians for agricultural development were comparatively low. For instance, in the 1950s and 60s, the ethnic allocation of loans by the Agricultural and Industrial Loans Board (the forerunner to the Fiji Development Bank), which was set up to provide capital for agricultural development, disadvantaged indigenous Fijians. European borrowers, who accounted for only 15% of the total number of loans, received 53% of the total loan value. Indo-Fijian borrowers accounted for 53% of the total number of loans and received 34% of the total loan value. Indigenous Fijians received 25% of the total number of loans but only 7% of the total value. The figures for the financial year 1960/61 showed that the average size of an indigenous Fijian loan was half of that of an average Indo-Fijian loan and one tenth that of Part Europeans. The bank was generally blamed for "favouring" Indo-Fijians but the real situation was that indigenous Fijian land was communally owned and could not be used as collateral for loans. Legally, the bank could not make a claim on communally owned land. Even houses could not be used as collateral since they were built on communal land⁶. While communal land ownership was intended to "protect" indigenous Fijian land, it also became a major barrier to their economic development. On the other hand, Indo-Fijians

⁵In the late 1950s for instance, 557 Europeans were able to produce and export to the value of £2,159 each; 22,000 Indo-Fijians about £337; and indigenous Fijians £72.10s. Europeans had much larger and more productive commercial estates, while at the other extreme, indigenous Fijians were mostly subsistence village farmers with occasional semi-commercial farming.

⁶ Because of their distrust of banks, many indigenous Fijians joined credit unions. The credit union movement was introduced by Father Gainey in 1954. At the end of 1957, there were 231 credit unions with a membership of 24,148. Membership was predominantly indigenous Fijians. Many of the loans went to communal obligations.

used sugar cane crops on their leased farms as collateral for loans. Indigenous Fijians who have ventured into commercial farming on leased land, have been able to do likewise.

2.3.10 The overall impact of the protective and paternalistic communalism under the native policy no doubt led to the relatively low achievement of indigenous Fijians in various areas of the economy and professional service. For instance in 1953, as Table 2.1 shows, the per capita cash income of Europeans and Part-Europeans (\$468) was the highest, followed by Chinese (\$279), most of whom were shopkeepers, and then the Indo-Fijians (\$113). Indigenous Fijians had the lowest per capita income of only \$60. However, incorporating the contributions of subsistence agriculture, the difference in per capita income between indigenous Fijians (\$121) and Indo-Fijians (\$128) was not very significant. The figures show a low level of indigenous Fijian participation in the capitalist sector of the economy compared to other ethnic groups⁷.

Table 2.1: Estimated Per Capita Income By Ethnicity, 1953 (\$)

	Income per head (Cash and Subsistence)	Income per head (Cash only)
Indigenous Fijians	121	60
Indo-Fijians	128	113
Europeans/Part-Europeans	468	468
Chinese	302	279
Other Categories	147	113

Source: The Pattern of the Fiji Economy, The National Income, 1950-53. Legislative Council Paper No.44 of 1956.

2.3.11 Further, in 1958, as Table 2.2 shows, in a number of selected professions, there were only 2 indigenous Fijians, compared to 58 Indo-Fijians, 1 Chinese, 2 Part-Europeans and 74 Europeans.

Table 2.2: Numbers Qualified in Selected Professionals by Ethnic Group, 1958

Ethnic Group	Lawyers	Doctors	Dentists	Total
Indigenous-Fijians	-	1	1	2
Indo-Fijians	38	12	8	58
Chinese	-	1	-	1
Part-Europeans	1	1	-	2
Europeans	17	51	6	74
Total	56	66	15	137

Source: Legislative Council Paper No.1 of 1960.

2.3.12 This trend continued into the 1960s. Although there are no comparable figures to gauge how the figures in Table 2.2 have changed over the years, Table 2.3, provides a general picture of the distribution of gross income in 1967. It shows that the proportion of

⁷ Despite their shortcoming in the areas of commerce and professional service, indigenous Fijians seemed - by virtue of their preponderance in small scale, semi-subsistence agriculture - to have performed well in crop cultivation for local consumption. For instance, they cultivated about 45% of the 80,000 acres of crops for local consumption. But, they only produced a little under 32% of export crops acreage. Indigenous Fijians dominated banana cultivation but were represented in relatively low number in rice and sugar farming.

indigenous Fijians receiving cash income above \$5,000 was only 4%, compared to 16% for Indo-Fijians, 38% for Europeans and 24% for Chinese. In other words, indigenous Fijians were the least represented in the highest socio-economic strata. Indigenous Fijians dominated the lowest income bracket (\$1,000 or less), while there was almost equal proportion with Indo-Fijians in the \$1,001-2,000 income band.

Table 2.3: Distribution of Gross Cash Income of Individuals by Ethnic Groups, 1967 (%)

Income Range (F\$)	Fijians(%)	Indo-Fijians (%)	Europeans (%)	Chinese (%)
0-1,000	30	22	5	9
1,001-2,000	35	34	14	22
2,001-5,000	31	28	43	44
Over 5,000	4	16	38	24
Total	100	100	100	100

Source: Inland Revenue Department, National Accounts Report, 1967.

2.3.13 The continuing disparities and lack of indigenous Fijian progress was the subject of two major investigations. In his report, *The Fijian People: Economic Problems and Prospects*, Professor Spate argued that the lack of progress in commerce could be attributed to the rigid communal system under the native policy. A year later, the Burn's Commission concurred with this finding when they concluded that communal ownership of land undermined indigenous Fijian economic progress.

2.3.14 In an attempt to address the socio-economic problems of indigenous Fijians identified by these studies, Government as early as 1960, implemented a development plan for the ensuing decade which emphasised communications and agricultural development. The underlying intention "was clearly to boost economic growth in the Fijian sector of the economy, as a means of reducing racial tensions and as a necessary condition for ultimate political independence". At the same time, there was relaxation of the rigid Fijian regulations, and the *galala* plantation system was enthusiastically encouraged to create a new society of indigenous Fijians who were market oriented and free from restrictive communal regulations. Thus in 1961, the Land Development Authority (LDA) was established to administer and finance the new land development scheme aimed at the settlement of interior pockets of land by indigenous Fijians and others as independent farmers on secure tenancies. About 500 new farmers were resettled by the LDA in 1964, mostly in Lomaivuna. This number doubled in 1965. In 1967, 5140 new farms were created along new feeder roads, occupying a total area of 40,000 hectares. The Lomaivuna Scheme was for commercial banana cultivation, while the scheme on the island of Taveuni was for cocoa production. Less than a decade after the Lomaivuna Scheme commenced, "this ambitious programme quickly failed and collapsed altogether". This was due to "falling yields, disease and hurricane damage"⁸. Just before independence in 1970, the LDA was abolished and its responsibilities were taken over by Government departments.

⁸ The establishment cost was high, averaging £1,200. This included the cost of land clearance and planting, feeder roads and electricity supply but excluded personal loans to settlers, most of which were never repaid.

2.3.15 By the late 1950s and 1960s, the establishment of the forestry and tourism industries provided some hope for the future development of indigenous Fijians. Both these industries became important to indigenous Fijians because of the use of native forests (and labour) for logging and use of indigenous Fijian land (and labour) in tourism development. But in both cases, the investors were foreign companies, sometimes with local shareholders. The staff of the Forestry Department were largely Fijians. This created some difficulties with local chiefs who saw it as their right to decide which forests should be logged. Tourism, in particular, went through an unprecedented boom period after the enactment of two pieces of legislation: in 1962, which allowed duty free trading and in 1964, the Hotels Aid Ordinance, which was designed to encourage hotel investment.

2.3.16 The 1960s also saw dramatic changes in the political scene, as part of the transition process towards independence. Franchise was extended to indigenous Fijians (although only partially) for the first time in 1961, and further constitutional changes took place in succession in 1964 and 1965 to allow for greater electoral representation. In 1966, the first full election, still under the communal roll, took place. The 34 member Legislative Council was made up as follows: 12 indigenous Fijians, 12 Indo-Fijians, and 10 Europeans. The population distribution of 42% indigenous Fijians, 51% Indo-Fijians and 4% Europeans meant that Europeans were greatly over-represented *vis-à-vis* the other ethnic groups.

2.3.17 The year 1966 was also important because it marked the formation of the first indigenous Fijian political party, the Fijian Association. This later became the Alliance Party, an umbrella organisation that also incorporated the Indian Alliance (for Indo-Fijians) and General Electors Association (for Europeans, Part-Europeans, Chinese and Pacific Islanders).

2.3.18 Perhaps one of the most significant changes in the 1960s was the gradual relaxation of the rigid native policy rules. This was prompted by “a general feeling that the Fijians needed to be emancipated from the control of the Fijian Regulations and central authority”. This “emancipation” was part of the gradual opening up process to introduce indigenous Fijians into democratic politics and individualism. At one level, social and political liberalisation was taking place, but at another, it was not. Although the native regulations were lifted and legally imposed communal mobilisation was no longer the norm, the communal schema was maintained through other forms including a number of legislation. Importantly, after almost a century of colonial rule, communalism had become an entrenched component of mainstream indigenous Fijian social psyche. It continued to be the social basis for mobilisation in politics and economic development.

2.4 Post-Independence Development

2.4.1 By 1969, independence was inevitable and negotiations between the two major political parties, the Alliance Party (representing the indigenous Fijians and “Others” category) and the National Federation Party (representing the Indo-Fijians) started. The Alliance Party insisted on the protection of indigenous Fijian communal interests. On the agenda was a system that would strike a balance between communal franchise on one hand and common franchise on the other. The result was a constitution at independence which provided for a delicate ethnic balance by allocating 22 Parliamentary seats for indigenous Fijians, 22 for Indians and 8 for the General Voters. 27 of these were classed as communal seats or franchise (12 Fijians, 12 Indo-Fijian and 3 General Electors), and 25 were common

roll seats. The seat allocation was intended to draw a balance between the changing demographic pattern and the need to maintain the “paramountcy of Fijian interest”. Although Indo-Fijians made up 51% and indigenous Fijians 43% of the population in 1969 and 1970, it was felt that there was a need to keep a political “balance”, through recognition of the special interests of indigenous Fijians.

2.4.2 Upon independence, the economy was still dominated by expatriate capital. Local capital belonged mainly to Indo-Fijians and Chinese. Indigenous Fijians generally lived a subsistence or semi-subsistence existence. One of the most urgent tasks of post-independence Fiji, therefore, was to implement development initiatives for indigenous Fijians.

2.4.3 Consequently, the various Development Plans since have been geared towards this goal. For instance, Development Plan 7 (1976 – 1980) stated that “Government is committed to achieve a more equitable distribution of the fruits of development in this plan period”, especially in relation to “the rural population generally and the Fijian population in particular”. This statement was significant because the responsibility for indigenous Fijian economic development was no longer entirely in the hands of the Fijian Administration but was part of the national development strategy of the central government. Encouragement of indigenous Fijian participation in agricultural production in the 1980s was part of the drive towards diversification, which was emphasised in Development Plan 8 [1981-85]. This emphasis on primary industries was because of the perception that indigenous Fijians were more at home with the land. In this regard, the four most prominent projects, dealing with primary production, were the Seaqaqa Sugar Cane Scheme, the Yalavou Beef Scheme, the Native Land Development Corporation and the Farm Management Co-operative Association.

2.5 Some Socio-Economic Development Attempts

2.5.1 Initially, the Seaqaqa Sugar Cane Scheme (SSCS) was part of the attempt to integrate small holders into large projects as a way of improving the distribution of income to rural areas and decreasing the high rate of failure amongst the individual farms. Begun in 1974 through a loan from the World Bank, undeveloped native land was subdivided to settle about 802 farmers, consisting of both indigenous Fijians and Indo-Fijians. Since it was government policy to encourage greater indigenous Fijian participation in sugar cane cultivation, 448 indigenous Fijians compared to 339 Indo-Fijians were selected for the settlement. The Fiji Development Bank (FDB) provided loans to individual farmers. The scheme was under the overall supervision, management and technical support of the Fiji Sugar Corporation (FSC) which set the demanding target of 200,000 tons of cane to be harvested by 1980. This target was surpassed by 50% and the SSCS was hailed as an exemplary success. Relative to the size of the economy, the scale of the Seaqaqa scheme was indeed a massive undertaking. The loans by the FDB to the settlers within the same period accounted for 30% of its agricultural loan portfolio.

2.5.2 One of the major concerns about the scheme was the relatively low performance of indigenous Fijian farmers compared to their Indo-Fijian counter-parts. For instance, in 1981, a higher proportion of indigenous Fijians failed to produce sufficient cane to cover the credit allowance provided by the FSC at the beginning of the season to service input costs. The credit allowance, referred to as the Farm Basic Allowance (FBA), was calculated on the basis of the amount of land the farmer had prepared for planting and the

projected cane production. 53% of all the Seaqaqa farmers met their FBA repayments. Of these successful farmers, 32% were indigenous Fijians and 78% were Indo-Fijians. The difference in sugar production between indigenous Fijians and Indo-Fijians was significant. Overall in 1989, Indo-Fijians produced \$161.91 million (95%) worth of Fiji's sugar while indigenous Fijians produced only \$25 million (5%). This unequal pattern was similar to the production figures for the 1970s, and continued into the 1990s. For instance, in 1993 the figures were \$156.99 million (86%) for Indo-Fijians and \$22 million (12%) for indigenous Fijians⁹.

2.5.3 Another major affirmative action project was the Yalavou Beef Scheme. Developed in 1978, this project, which involved 25,110 hectares of native land in the Sigatoka Valley, provided 203 hectare-blocks to indigenous Fijian who were nominated by the landowning groups. By 1982, a total of 86 farmers had been settled on allocated blocks. Some of the problems encountered in Yalavou were very similar to those in Seaqaqa; although, in the case of the former, most of the farmers were from surrounding villages and were therefore still closely tied to their communities. Despite its problems, the Yalavou scheme continued to operate until August 1998 when it was temporarily closed because of "unscrupulous business practices", which included diversion of resources towards communal obligations.

2.5.4 One of the most ambitious initiatives was the establishment of the Native Land Development Corporation (NLDC) in 1974 as a commercial subsidiary of the Native Land Trust Board. The NLDC was to be involved in capital intensive projects (property management, real estate, merchandising and agricultural development) that were integrated into both the domestic and foreign markets. The first NLDC project was a \$1.2 million, 648 hectare mechanised sugar cane plantation within the larger Seaqaqa Sugar Cane Scheme. This was followed by a \$1.5 million investment in the mechanised production of pigeon peas in Western Vanua Levu. The third project was a \$1.5 million horticultural (mangoes and pawpaw) development for export adjacent to Nadi International Airport. In addition, NLDC was also involved in rice production. All the NLDC projects failed and their respective debts had to be met by Government.

2.5.5 A development strategy used in the 1970s/1980s was the formation of producer co-operatives. Development Plan 7 emphasised the formation of producer co-operatives to stimulate cash cropping amongst indigenous Fijians. Consequently, one of the major initiatives was the setting up of the Farm Management Co-operative Association (FMCA) in 1978. The objectives of the FMCA were also consistent with the strategic thrust of national agricultural development in Development Plan 8: to provide a management service to indigenous Fijian land owners who wished to pursue commercial development of their land; to ensure that land was developed on a sound commercial basis and used in accordance with proper principles of land utilisation; to provide a training ground for indigenous Fijian land owners and young farm managers in agricultural and management skills; and to provide income for the indigenous Fijian land owners and employment for people living in rural areas. The FDB provided capital support and financial management advice. The FMCA scheme had mixed success. Its initial and main project, the Tailevu Dairy Co-operative, accumulated debts and other projects encountered similar results and struggled to survive.

⁹ The balance was produced by other ethnic groups.

2.5.6 Notwithstanding this record, communal investment was encouraged at various levels of the indigenous Fijian society. At the provincial level, some of the early investments were in wholesaling and retailing co-operatives, shipping, bus companies, copra production, piggery, poultry, sugar cane and dairy farming, and investment in companies belonging to other ethnic groups. As an example, in the 1970s, the three provinces of Vanua Levu formed a company called Cakaudrove, Bua, Macuata Holdings Limited, often referred to simply as CBM, which had interests in a diverse range of investments. In addition, CBM purchased 2.5% of the shares in Stinson and Pearce Limited, a major local company. The province of Tailevu invested in dairy farming and other agricultural projects, while the province of Rewa invested in a bus company. Lau Province set up the Yatu Lau Company as its investment wing and invested in real estate, a bus company and in shipping. The Kadavu Development Company was established by Kadavu Province to operate an inter-island ferry service. Other provinces have been involved in similar communal investment.

2.5.7 Perhaps the most successful commercial affirmative action scheme was the Fijian Holdings Limited (FHL), which was formed in 1984 by the Great Council of Chiefs. FHL has grown into one of the biggest companies in the country and remains as the flagship affirmative action project of Government and the Fijian Affairs Board. However, the company has remained a communal enterprise as the shareholders were initially limited to the Fijian Administration institutions such as the provinces, NLTB and Fijian Affairs Board¹⁰. The provinces collected their capital through communal collections (*solivakavanua*). FHL was the first real attempt to develop communal capitalism (the mobilisation of communal resources for capitalist investment) on a large scale.

2.5.8 The consistent failure of indigenous Fijian businesses led in February, 1974 to the formation of a Project Evaluation Unit in the Ministry of Fijian Affairs. The Unit's terms of reference included "evaluation of projects and requests for financial assistance, provision of management, accounting, and extension services, technical and economic feasibility studies and the identification of obstacles to the entry of Fijians into commerce and industry". In 1975, the unit was renamed the Business Opportunity and Management Advisory Service (BOMAS) and was later transferred in 1989 to the FDB. A "soft loan" scheme, called the Commercial Loans for Fijians Scheme (CLFS), was established by the FDB in 1975 for the provision of capital (see Chapters 3 and 7 for details on this scheme).

2.6 Institutionalising Affirmative Action: The Post-1987 Period

2.6.1 The events of May, 1987 and the associated ethno-nationalist grievances, were to some extent based on the fear by indigenous Fijians of domination by Indo-Fijians. Institutionalised affirmative action was thus seen as the preferred way to address the existing disparity. The first attempt to legally establish affirmative action as part of state policy was under the 1990 Constitution. It provided that "...Parliament shall, with the object of promoting and safeguarding the economic, social, educational, cultural, traditional and other interests of the Fijian and Rotuman people, enact laws for those objects and shall direct the Government to adopt any programme or activity for the attainment of the said objects and the Government shall duly comply with such

¹⁰ Private shares were opened up in 1992, but only for those officially categorised as "Fijians"; that is, one is registered in the *Vola ni Kawa Bula (VKB)*, the indigenous population registration record, kept by the Native Lands Commission.

directions". This provision allowed directives to be issued to any state institution to undertake affirmative action policies. It is very similar to a provision of the Malaysian Constitution which vested power in the *Yang di-Pertuan Agong*, or King, acting on behalf of the Cabinet, to safeguard "the special position of the Malays and natives of any States of Sabah and Sarawak and the legitimate interests of other communities". Although various preferential policies for indigenous Fijians were already in place, this provision entrenched them in a permanent way.

2.6.2 The most specific affirmative action provision in the 1990 Constitution was in the form of the prescribed quotas for the public service. Section 127 (10) provided for equal opportunity for "citizens who are suitably qualified" and "fair treatment in the number and distribution of offices to which candidates of that community are appointed on entry". Furthermore, "each level of each department in the public service shall comprise not less than fifty percent Fijians and Rotumans and not less than forty percent of the members of other communities". This was gazetted in December, 1990 as part of the Public Service Commission Regulations.

2.6.3 A number of affirmative action initiatives were put into place either immediately after the 1987 coups, before the promulgation of the 1990 Constitution, or afterwards. Compared to the post-colonial affirmative action policies, which were bundled together with the national rural development programme, these provisions were more specific in focus and intention.

2.6.4 The first coherent affirmative action policies of the post-coup period were contained in the *Nine Point Plan* which was produced by the Fijian Initiative Group, a body comprising of indigenous Fijian professionals and entrepreneurs which met in 1988/89. The plan proposed nine initiatives: an injection of a \$20 million capital to the FHL via the FAB; a unit trust for indigenous Fijians be established; a compulsory savings scheme for indigenous Fijians be set up; further concessions on loans to indigenous Fijians; the establishment of a requirement for a Management Advisory Services Department; indigenous Fijians to have a minimum ownership of resource-based industries; the reservation of certain sectors of the economy for indigenous Fijian investment; a daily newspaper to be owned by indigenous Fijians; and the FAB be restructured and strengthened. Government approved this plan in 1989. A review of the implementation of this plan is presented in Chapter 3.

2.6.5 Another major plan was the *Ten Year Plan for Fijian Participation in Business* (Ten Year Plan), which was prepared by ESCAP/POC in 1995. More comprehensive than the *Nine Point Plan*, the Ten Year Plan suggested that the objective of affirmative action "should be the achievement of overall parity between Fijians and other communities in all spheres of activities within the shortest period of time possible". The five strategies suggested were: enactment of appropriate legislation with the objective of promoting and safeguarding the interests of indigenous Fijians; reorganisation and strengthening of the Fijian Administration; accumulation of savings to provide investment capital; ownership by indigenous Fijians of 50% of the corporate sector and other segments of the business sector by the year 2005; and development of indigenous Fijian entrepreneurship, business education and training. These strategies were in many ways similar to the basic tenets of the *Nine Point Plan* but the difference was in terms of urgency and the setting of specific targets.

2.6.6 Compared to the 1990 Constitution, the 1997 Constitution had a broader definition of the designated category. It directed that Parliament makes provision for programmes designed to achieve, for all groups or categories of persons who are disadvantaged, effective equality of access to: education and training; land and housing; and participation in commerce and in all levels and branches of service of the State. It went further to create provision for an Act that specified: the goals of the programme and the persons or groups intended to benefit; the means by which those persons or groups are to be assisted to achieve the goals; the performance indicators for judging the efficacy of the programme in achieving the goals; and if the programme is for the benefit of a group, the criteria for the selection of the members of the group entitled to participate in the programme.

2.6.7 In the context of the 1997 Constitution, the disadvantaged situation of the indigenous Fijians in the socio-economic sphere, therefore, deserves particular consideration. This is especially so when it has been a source of deep ethnic grievances and acts of political destabilisation.

2.7 The Continuing Ethnic Disparity

2.7.1 Despite attempts to address the problem of indigenous participation in commerce, the lack of a sizeable indigenous Fijian entrepreneurial class continues to be a major concern. As Table 2.4 shows, towards the end of 1986, there was a distinctive relationship between ethnicity and socio-economic status. About 60% of those working in Agriculture, Animal Husbandry, Forestry and Fishing, were indigenous Fijians compared to 40% for Indo-Fijians. This indicates that there was a preponderance of indigenous Fijians in rural-based activities, operating on a small scale from villages. Indigenous Fijians also dominated the service industries, the main activity being tourism. Most hotels are located on native land and employ local villagers (mostly as low paid workers) as part of the lease agreement. On the other hand, Indo-Fijians and other ethnic groups dominated a number of occupational categories: professional, technical and related workers (55%), administrative and managerial (74%), clerical and related workers (62%), and sales (74%).

Table 2.4: Occupational Categories of Economically Active of Fijians and Indo-Fijians (1986)

Occupational Category	Fijians (%)	Indians (%)	Total (No.)
Professional, technical and Related workers	45	54	15,574
Administrative and managerial	23	76	2,090
Clerical and Related workers	38	62	13,726
Sales workers	26	74	13,832
Service workers	60	40	14,479
Agriculture, animal husbandry, forestry Workers and fishermen	60	40	102,614
Production, related workers, transport Equipment operators and labourers	56	44	28,268
Workers not classified by occupation And unemployed	70	30	13,407
Total	56	44	203,991

Source: Calculated from Bureau of Statistics figures

2.7.2 The conspicuously low representation of indigenous Fijians in the commercial sphere was evident in the official company figures. For instance, between 1986 and 1987, only 15% of the 700 companies registered by the Registrar of Companies belonged to indigenous Fijians. Half of the companies were owned by Indo-Fijians, 20% by Others and 15%, were joint ventures involving all ethnic groups.

2.7.3 In 1986, about 36% of the "economically active" indigenous Fijians were in permanent employment and received a wage or salary. This ratio dropped to 35% in 1989. In addition, in the same year more than half (55%) of those engaged in rural agriculture (both subsistence and cash), such as animal husbandry, forestry and fishing, were indigenous Fijians compared to only 35% for Indo-Fijians. These figures indicated a preponderance of Indo-Fijians in the "middle class" socio-economic categories and indigenous Fijians in rural primary production. Most rural indigenous Fijian producers were village based semi-subsistence farmers, living within the communal setting. In fact, only 10% of the independent "rural settlements", for full-fledged commercial farming, outside of villages and including *galala*, belonged to indigenous Fijians. The remainder belonged to Indo-Fijians. To compound the problem, indigenous Fijians recorded a higher urban unemployment rate (15.6% compared to 9.7% for Indo-Fijians) and comprised over 70% of the prison population.

2.7.4 Up to 1997, less than 10% of the 101 local companies registered under the Tax Free Zones (TFZ) were owned by indigenous Fijians. Out of the 71 local companies operating in the TFZ the same period, only 7 were owned by indigenous Fijians. The figures for 1987 and 1997 may not be "comparable" because the sources of data are different (company registration compared to TFZ registration). Nevertheless, this information confirms the low level of indigenous Fijian commercial participation.

2.8 Current Ethnic and Socio-Economic Disparity: A Statistical Analysis

2.8.1 While ethnic disparity in the area of commerce and business has been largely assumed to be perceived, the 1996 Census showed that it is in fact real and empirically verifiable. The series of tables below (2.5 to 2.13) demonstrate this fact vividly.

2.8.2 Table 2.5 indicates that out of the total of 219,314 people employed in 1996 in the money economy, 46% were indigenous Fijians, 49% Indo-Fijians, and 6.0% were Others. This disparity, as other tables show, is partly caused by the higher skill levels of Indo-Fijians and thus their greater level of social mobility in recent years when compared to indigenous Fijians who are still largely locked into the subsistence sector.

Table 2.5: Employed Population, 15 years and Over, in the Money Economy (1996)

Ethnic Group	Number Employed	% of Total Employed	% of Total Ethnic Population
Indigenous Fijians	99,966	45.6	25.4
Indo-Fijians	106,260	48.5	31.4
Others	13,088	6.0	37.8
Total	219,314	100.1	

Source: Compiled and calculated from unpublished 1996 Census figures

2.8.3 One of the most significant areas of disparity is the corporate sector. It is significant because this sector is the powerhouse of the economy and dominance of this sector will mean significant control over the economy and wealth of the country. As Table 2.6 shows, indigenous Fijians were substantially under-represented in the various corporate occupational categories. According to the 1996 Census, there were only 764 indigenous Fijians (15.2%) compared to 3,223 Indo-Fijians (64.0%) and 1,044 Others (20.8%) in the Corporate Manager category. Despite the fact that they comprised only 5% of the population, the 'Others' population category dominated disproportionately the corporate sector. The two related sub-categories for the Corporate Manager category are Directors and Chief Executives (14% Fijian), and Small Business Managers (16% Fijian). In both cases, indigenous Fijians were outnumbered by about 1 to 5 by Indo-Fijians and Others. A lesser but still significant degree of disparity was in the Specialist Managers category where indigenous Fijians were outnumbered by about 1 to 2. For the Other Department Managers category, indigenous Fijians were disadvantaged by a factor of 1 to 4.

2.8.4 These figures clearly demonstrate the under-representation by indigenous Fijians in the higher echelons of commerce and business. They provide substantive proof that the indigenous Fijian grievances about their economically disadvantaged situation are not a result of mere perception, irrational nationalism and political emotions, as critics continually contend, but are based on empirically verifiable data.

Table 2.6: Corporate Manager Occupational Category by Ethnicity (1996)

Occupational Category	Fijian	Indian	Others	Total	% of total employed by category/ethnicity			% of total Workforce by ethnicity		
					F	I	O	F	I	O
	No.	No.	No.		%	%	%			
<i>1. Corporate Manager</i>	764	3223	1044	5031	15.2	64.0	20.8	0.76	3.0	8.0
Directors/ CEO	196	879	354	1429	13.7	61.5	24.8	0.20	0.83	2.7
Small Business Manager	568	2344	690	3602	15.8	65.1	19.1	0.6	2.2	5.3
<i>2. Specialist Managers</i>	193	285	118	596	32.4	47.8	19.8	0.19	0.27	0.9
Production and Operations Managers	193	285	118	596	32.4	47.8	19.8	0.19	0.27	0.9
<i>3. Other Departmental Managers</i>	335	1040	322	1697	19.7	61.3	19.0	0.33	0.98	2.5
TOTAL	2249	8056	2646	12951						

Source: Compiled and calculated from unpublished 1996 Census figures.

Note: F = Indigenous Fijians, I = Indo-Fijians, O = Others.

2.8.5 As shown in Table 2.7, the Equity Index of 6 means that to achieve parity, indigenous Fijian participation in the Corporate Manager Occupational category needs to be increased 6 times.

Table 2.7: Equity Index for the Corporate Manager Occupational Category for Indigenous Fijians in Relation to Other Ethnic Groups

Current Distribution Ratio	1: 6
Target Equity Ratio	1: 1
Equity Index	6

2.8.6 For occupations in the category of ‘Physical Science, Mathematics, Engineering’, the disparity was not very pronounced. In fact, as Table 2.7 shows, there were more indigenous Fijian Physicists and Chemists. Further, indigenous Fijians also comprised the highest numbers and proportions of mathematicians and statisticians (51%), and architect and engineers (44%), but lagged considerably behind in the computing profession, where they constituted only 30% of the total.

Table 2.8: Physical, Mathematics, Engineering Sciences Occupational Category by Ethnicity (1996)

	Fijian	Indian	Others	Total	% of Total Employed			% of Total		
					F	I	O	F	I	O
Physicists/ Chemists	105	80	39	224	46.9	35.7	17.4	0.11	0.08	0.30
Mathematicians and Statisticians	34	22	10	66	51.5	33.3	15.2	0.03	0.02	0.08
Computing professionals	82	143	50	275	29.8	52.0	18.2	0.08	0.13	0.4
Architects and Engineers	812	632	399	1843	44.1	34.3	21.6	0.8	0.6	3.0
Total	1033	877	498	2408						

Source: Compiled and calculated from unpublished 1996 Census figures

2.8.7 The Equity Index of 3 (Table 2.9) means that in order to achieve parity, indigenous Fijian participation in this category needs to be increased 3 times.

Table 2.9: Equity Index for Physical, Mathematics/Engineering Sciences Occupational Category for Indigenous Fijians in Relation to Other Ethnic Groups

Current Distribution Ratio	1:3
Target Equity Ratio	1:1
Equity Index	3

2.8.8 In the Business and Legal Professionals category, as Table 2.10 shows, Indo-Fijians outnumbered indigenous Fijians by a ratio of about 1 to 2. Within the legal fraternity, indigenous Fijians made up 27%, Indo-Fijians, 44% and Others, 28%. Again, indigenous Fijians were proportionately under-represented in this category.

Table 2.10: Business and Legal Professionals Occupational Category by Ethnicity (1996)

Occupational Category	Fijian	Indian	Others	Total	% of Total Employed by Ethnicity			% of Total Workforce by Ethnicity		
					F	I	O	F	I	O
	No.	No.	No.		%	%	%	%	%	%
Business Professionals	705	1362	302	2369	29.8	57.5	12.7	0.71	1.28	2.3
Legal Professionals	29	47	30	106	27.4	44.3	28.3	0.03	0.04	0.22
TOTAL	734	1409	332	2475						

Source: Compiled and calculated from unpublished 1996 Census figures

2.8.9 The Equity Index of 3 (Table 2.11) means that to achieve parity, indigenous Fijian participation in this category needs to be increased 3 times.

Table 2.11: Equity Index for Business and Legal Professionals Occupational Category for Indigenous Fijians in Relation to Other Ethnic Groups

Current Distribution Ratio	1:3
Target Equity Ratio	1:1
Equity Index	3

2.8.10 The ethnic disparity within the 'Physical and Engineering Science Technicians' category, as shown in Table 2.12, was relatively small as there were 928 (or 44%) indigenous Fijians, 964 (or 46%) Indo-Fijians and 212 (or 10%) Others. The ethnic differences in the Computer and Associated Professionals category was, however, quite marked: indigenous Fijians made up 36% compared to Indo-Fijians who accounted for 52%, while Others comprised 12% of positions.

Table 2.12: Physical and Engineering Science Technicians Occupational Category by Ethnicity (1996)

Occupational Category	Fijian	Indian	Others	Total	% of total employed by ethnicity			% of total workforce by ethnicity		
					F	I	O	F	I	O
	No.	No.	No.		%	%	%	%	%	%
Physical and Engineering Technicians	928	964	212	2104	44.1	45.8	10.1	0.93	0.9	1.6
Computer/Associated Professionals	225	314	70	609	36.9	51.6	11.5	0.23	0.3	0.5
Optical and Electronic Equipment	124	177	33	334	37.1	53.0	9.9	0.12	0.17	0.3
TOTAL	1277	1455	315	3047						

Source: Compiled and calculated from unpublished 1996 Census figures

2.8.11 The Equity Index of 2 (Table 2.13) means that in order to achieve parity, indigenous Fijian participation in this category needs to be doubled.

Table 2.13: Equity Index for Physical and Engineering Science Technicians Occupational Category for Indigenous Fijians in Relation to Other Ethnic Groups

Current Distribution Ratio	1:2
Target Equity Ratio	1:1
Equity Index	2

2.8.12 The figures for the Finance and Sales/Business Service occupational category (Table 2.14), again reflected significant disparities between indigenous Fijians and other ethnic groups. Indigenous Fijians were employed in 33% of the Finance and Sales jobs compared to 51% for Indo-Fijians and 17% for Others. There was a greater disparity in the Business Service sub-category with only 30% indigenous Fijians compared to 56% Indo-Fijians and 14% Others.

Table 2.14: Finance and Sales/ Business Service Occupational Category by Ethnicity (1996)

Occupational Category	Fijian	Indian	Others	Total	% of total employed by ethnicity			% of total workforce by ethnicity		
					F	I	O	F	I	O
					No.	No.	No.	%	%	%
Finance and Sales	431	662	219	1312	32.9	50.5	16.7	0.43	0.62	0.2
Business Service Agents	170	319	82	571	29.8	55.9	14.4	0.17	0.3	0.63
TOTAL	601	981	301	1883						

Source: Compiled and calculated from unpublished 1996 Census figures.

2.8.13 The Equity Index of 3 in the table below means that to achieve parity, indigenous Fijian participation in this category needs to be increased 3 times.

Table 2.15: Equity Index for Finance and Sales/ Business Service Occupational Category for Indigenous Fijians in Relation to Other Ethnic Groups

Current Distribution Ratio	1:3
Target Equity Ratio	1:1
Equity Index	3

2.8.14 The 'Extraction and Building Trade' occupational category was again dominated by Indo-Fijians. Table 2.16 illustrates that indigenous Fijians were employed in 31% of the jobs compared to 66% for Indo-Fijians and 7% for Others. In the 'Metal, Machinery and Related Workers' category, indigenous Fijians account for 27% of the jobs as opposed to 66% for Indo-Fijians and 7% for Others. The figures for 'Precision Handicraft and Print Workers' category, indicated that indigenous Fijians held 35% of jobs compared to 61% for Indo-Fijians and 5% for Others.

Table 2.16: Extraction and Building Trade Occupational Category by Ethnicity (1996)

Occupational Category	Fijian	Indian	Others	Total	% of total employed by ethnicity			% of total workforce by ethnicity		
					F	I	O	F	I	O
	No.	No.	No.		%	%	%	%	%	%
Extraction and Building Trade	3876	8298	503	12677	30.6	65.5	4.0	3.9	7.8	3.8
Metal, machinery and related trade workers	2138	5234	527	7899	27.1	66.3	6.7	2.14	4.9	4.0
Precision handicraft, print workers	430	752	62	1244	34.6	60.5	5.0	0.43	0.7	0.5
TOTAL	6444	14284	1092	21820						

Source: Compiled and calculated from unpublished 1996 Census figures.

2.8.15 The Equity Index of 3 means that to achieve parity, indigenous Fijian participation in the Extraction and Building Trade Occupational category needs to be increased 3 times.

Table 2.17: Equity Index for the Extraction and Building Trade Occupational Category for Indigenous Fijians in Relation to Other Ethnic Groups

Current Distribution Ratio	1:3
Target Equity Ratio	1:1
Equity Index	3

2.8.16 A pattern similar to the above is found in the 'Plant and Machine Operators/Elementary Occupations' category. Table 2.18 shows that Indo-Fijians dominated the 'Plant and Machinery Operators' category with 66% compared to 30% for indigenous Fijians and 4% for Others. But for the 'Elementary Occupations' category, which included various manual jobs, the ethnic proportions were relatively close to one another but indigenous Fijians were still at a disadvantage.

Table 2.18: Plant and Machine Operators/Elementary Occupations by Ethnicity (1996)

Occupational Category	Fijian	Indian	Others	Total	% of total employed by ethnicity			% of total workforce by ethnicity		
					F	I	O	F	I	O
	No.	No.	No.		%	%	%	%	%	%
Plant and Machine Operators	6779	14850	850	22479	30.2	66.1	3.78	6.8	14.0	6.5
Elementary Occupations	20826	23727	1204	45757	45.5	51.9	2.6	20.8	22.3	9.2
TOTAL	27605	38577	2054	68236						

Source: Compiled and calculated from unpublished 1996 Census figures.

2.8.17 The Equity Index of 3 (Table 2.19) means that to achieve parity, indigenous Fijian participation in this occupational category needs to be increased 3 times.

Table 2.19: Equity Index for Plant and Machine Operators/Elementary Occupational Category for Indigenous Fijians in Relation to Other Ethnic Groups

Current Distribution Ratio	1:3
Target Equity Ratio	1:1
Equity Index	3

2.8.18 The above tables clearly indicate that the disparity between indigenous Fijians and other ethnic groups in occupations and socio-economic status is considerable and deserves immediate attention. This requires enhancing the performance of indigenous Fijians in areas where they are disadvantaged through systematically targeted affirmative action policies. This is the reason the Equity Index is important as it provides the schematic framework within which the extent of inequity can be measured and affirmative action targets set.

2.9 Rural Indigenous Fijians and Development

2.9.1 Although indigenous Fijians own 83% of the land, including the rights to forestry and fisheries (*qoliqoli*), much of the land is non-arable and comprises mainly hilly, rocky and mountainous terrain. The bulk of the fertile alluvial lands are either under agricultural leases or are freehold properties belonging to other ethnic groups. This poses a direct challenge for rural indigenous Fijian participation in the market economy.

2.9.2 As outlined in Table 2.20, in 1995, the distribution of the economically active rural indigenous Fijians (who made up 30% of the total population) involved in commercial activities were as follows: 2.4% in retailing; 17.2% in cash cropping; 1.9% in livestock; 3.2% in fishing; 0.2% in forestry; 1.7% in the service industries; and 10.6% in paid employment. In other words, only 37% had some form of cash income. Taking the indigenous Fijian population as a whole, only about 6% were involved in business.

Table 2.20: Village and Settlement Businesses by Types and Provinces in 1995 (No. of People)

Province	No. of Villages	Retail	Manufacturing	Cash Crop	Live Stock	Fishing	Forestry	Service	Paid Employ	Subsist	Totals
Ba	112	156	0	979	239	330	88	49	2111	14155	18107
Bua	107	92	0	219	46	19	1	12	88	1892	2369
Cakaudrove	146	167	1	1888	84	275	4	58	301	1507	4285
Kadavu	90	113	0	4	7	50	0	19	150	2667	3010
Lau	119	140	4	848	3	75	1	22	458	2438	3989
Lomaiviti	107	95	0	610	2	65	0	13	595	1949	3329
Macuata	210	38	1	1542	65	523	31	641	554	603	3998
Nadroga	133	138	8	1629	198	136	2	0	794	52	2957
Naitasiri	146	121	0	423	94	2	0	1	329	4144	5114
Namosi	42	56	0	4	18	23	0	33	316	844	1294
Ra	202	112	0	1313	41	40	2	6	197	5206	6917
Rewa	55	91	1	684	171	194	1	141	520	601	2404
Serua	40	36	4	463	118	144	0	17	146	98	1026
Tailevu	143	194	3	682	178	194	3	84	394	5061	6793
Total	1652	1549	22	11288	1264	2070	133	1096	6953	41217	65592
Percentage	2.5	2.4	0.7	17.2	1.9	3.2	0.2	1.7	10.6	62.8	100

Source: Ministry of Fijian Affairs

2.9.3 Although partial in coverage, Table 2.20 shows that the economic disparity between provinces is also very conspicuous. Ba, with 18,107 people in businesses, had the highest. Situated in the middle were Cakaudrove, Lau, Macuata, Naitasiri, Rewa and Tailevu. At the lowest levels were Namosi and Serua. Clearly, to effectively address the socio-economic development of indigenous Fijians, affirmative action must include both class and spatial distribution of resources.

2.10 Other Areas of Socio-Economic Disparity

2.10.1 The 1997 *UNDP Fiji Poverty Report* indicated a clear disparity between indigenous Fijians and other ethnic groups in household income. Table 2.12 shows that indigenous Fijian households earned significantly less than Indo-Fijian ones by a disparity ratio of 1:1.3. When compared to the average income of 'Others' households, the disparity was higher. The report highlighted that the average weekly household income for indigenous Fijians was 36% lower than that for 'Others', 20.3% lower than that for Indo-Fijians and 13% lower than the national average. On a per capita income basis, the average income of an indigenous Fijian was 43.5% lower than for "Others", 20.3% lower than for Indo-Fijian and 15.5 % lower than the national average.

Table 2.21: Average Weekly Income by Ethnicity

	Average Household Income	Average/Capital Income
National	\$199.31	\$44.68
Indigenous Fijian	\$173.65	\$37.74
Indo-Fijian	\$217.89	\$49.50
Others	\$271.08	\$66.77

Source: *UNDP Poverty Report, 1997*

2.10.2 While on average, indigenous Fijians earned a lower weekly income than Indo-

Fijians, the latter have a more severe income disparity. For example, the average household income disparity ratio (Table 2.22) for the first 10 percentile compared to the last 10 percentile for Indo-Fijians is 28.2:1 compared to 14.1:1 for indigenous Fijians. In other words, the disparity was twice as much between the richest and poorest Indo-Fijians when compared to that for indigenous Fijians.

2.10.3 Table 2.22 shows that while the average household income disparity for the first 10 percentile between indigenous Fijians and Indo-Fijians was marginal, at the tenth 10 percentile it was substantial (1.7:1). This meant that the overall racial disparity increased with income, with the top 10% of Indo-Fijian households earning over \$45,500 per annum compared to \$27,900 for the top 10% of indigenous Fijians on average.

Table 2.22: Average Weekly Household Income (\$) by 10% Groupings and Ethnicity

10% Grp	Average Household Income		Household Disparity Ratio: Indo-Fijian/Indigenous Fijian	Average per Capita Income		Per Capita Disparity Ratio Indo-Fijians/Indigenous Fijians
	Indo-Fijian	Indigenous Fijian		Indo-Fijian	Indigenous Fijian	
1	32.4	38.1	0.9	7.1	8.1	0.9
2	60.8	67.6	0.9	13.6	13.8	1.0
3	81.6	89.5	0.9	17.8	17.5	1.0
4	101.5	107.9	0.9	22.1	21.5	1.0
5	124.2	126.7	1.0	27.3	25.6	1.1
6	152.5	147.8	1.0	32.8	30.4	1.1
7	186.7	175.3	1.1	40.3	36.2	1.1
8	240.6	217.6	1.1	52.5	44.4	1.2
9	327.9	288.5	1.1	74.8	60.2	1.2
10	914.4	537.1	1.7	227.6	131	1.7

Source: UNDP Poverty Report, 1997.

2.10.4 With regards to the percentage of household with unacceptable housing characteristics, the UNDP Report showed that a higher proportion of indigenous Fijian households (Table 2.23) did not have electricity and used kerosene for light, and wood for cooking fuel.

Table 2.23: Households with Unacceptable Housing Characteristics (%)

	No Safe Source of Water	No Electricity	Use Kerosene Light	Wood for Cooking Fuel	Use Pit Toilet
National	16.9	44.7	33.4	56.2	43.7
Fijian	11.5	62.1	52.5	65.1	34.9
Indo-Fijian	21.8	29.2	16	49.7	54.5
Others	6.4	34.1	27.1	32.7	12.7
Urban	2.5	18.2	12.8	18.4	23.3
Village	18	77.9	67.6	85.6	41.2
Settlement	35.4	64.2	23.5	75.1	74.3

Source: UNDP Poverty Report, 1997.

NOTES: 'Unsafe water source' means household uses borehole, well, river, or creek

'No electricity' means no connection to home.

'Use kerosene light' means as usual form of lighting for the household.

'Use wood for cooking fuel' means as usual form of fuel.

'Use pit toilet' means uses neither flush nor water-seal.

2.10.5 The UNDP Report concluded that while the level of education for indigenous Fijians was higher than that for Indo-Fijians at the primary school level, the former were disadvantaged at the secondary and tertiary levels. Table 2.24 shows the extent of the disparity between indigenous Fijians and other ethnic groups in relation to educational attainment. Education disparity has significant implications on disparity at other levels of the economy and within society generally.

Table 2.24: Level of Formal Education by Gender, Ethnicity and Residence for People Aged 15 Years and Over, 1989-90 (%)

<u>Rural Males</u>	Indigenous Fijian	Indo-Fijians	Others	Total
No Formal Education	20.6	21.8	18.6	21.5
Below Fiji Junior	62.3	55.1	59.3	58.5
Fiji Junior	9.8	11.2	5.3	10.1
NZSC or Equivalent	4.5	6.6	8.1	5.7
NZUE/Form 7	2.1	4.1	4.9	3.3
Tertiary	0.7	1.1	3.5	1
<u>Rural Females</u>				
No Formal Education	17.4	24.6	22.5	24.6
Below Fiji Junior	67.8	45	56.6	57.4
Fiji Junior	7.2	8.8	5.8	9.3
NZSC or Equivalent	3.9	5.2	7.4	5.4
NZUE/Form 7	1.6	2.7	5.3	2.6
Tertiary	0.4	0.5	2.4	0.6
<u>Urban Males</u>				
No Formal Education	17.5	19.2	15.5	17.8
Below Fiji Junior	42.6	38.3	30.7	40.8
Fiji Junior	14.6	15.1	11.3	14.3
NZSC or Equivalent	13.7	13.3	15.2	13.3
NZUE/Form 7	8.9	10.3	16.8	10
Tertiary	2.8	3.8	10.5	3.8
<u>Urban Females</u>				
No Formal Education	16.5	17.3	16.8	18.8
Below Fiji Junior	45.9	34.6	33.3	46.2
Fiji Junior	16.1	13.7	12.2	13.7
NZSC or Equivalent	13.3	12	16.5	12
NZUE/Form 7	6.5	9.3	18.3	7.1
Tertiary	1.8	3.4	11.4	2.2

Source: UNDP Poverty Report, 1997.

2.11 Conclusion

2.11.1 The socio-economic disparity between indigenous Fijians and other ethnic groups is a reality and requires particular attention. As the chapter has demonstrated, in some cases the disadvantaged position of indigenous Fijians in relation to other ethnic groups is as high as 1: 5 in terms of comparative ratio. In other cases, indigenous Fijians are only marginally disadvantaged. However, the overall ratio confirms the distinct disadvantaged position of indigenous Fijians. Disparity in various education professions and income levels remain significant and justifies particular attention in this Plan.

CHAPTER 3

THE NINE POINT PLAN

3.1 Introduction

3.1.1 The socio-economic disparity between indigenous Fijians and other ethnic groups has been clearly recognised and Chapter 2 presented supportive empirical data. Indeed, successive governments have attempted to assist indigenous Fijians play a more prominent role in the commercial life of the nation. However, the first coherent and explicit affirmative action policies were contained in the *Nine Point Plan*, which was produced by the Fijian Initiative Group⁶ and adopted by the Interim Government in 1989. This Chapter reviews the progress made in implementing this plan.

3.1.2 The major initiatives proposed in the *Nine Point Plan* were the following:

- (x) injection of \$20 million into Fijian Holdings Limited from Government by way of a loan to the Fijian Affairs Board;
- (xi) establishment of a unit trust for indigenous Fijians;
- (xii) establishment of a compulsory savings scheme for indigenous Fijians;
- (xiii) further concessions to be granted under the Commercial Loans to Fijians Scheme administered by the Fiji Development Bank;
- (xiv) creation of a Management Advisory Services Department in the Fiji Development Bank;
- (xv) minimum ownership requirements of selected resource-based industries;
- (xvi) reserving identified sectors of industrial/commercial activities for indigenous Fijians;
- (xvii) ownership by indigenous Fijians of at least one daily English newspaper; and
- (xviii) re-structuring and strengthening of the Fijian Affairs Board.

3.2 Injection of \$20 million into Fijian Holdings Limited (FHL) from Government by way of a loan to the Fijian Affairs Board (FAB)

3.2.1 In 1989, Government provided an interest-free loan of \$20 million to be paid over 20 years to the FAB to advance and broaden the involvement of indigenous Fijian in commerce. The FAB in turn used this loan to buy shares in FHL.

⁶ This group comprised indigenous Fijians in senior executive positions in public enterprises and the private sector.

3.2.2 FHL's investment portfolio has grown significantly. In 1994, the company had invested over \$27 million in nine companies. FHL's ownership of the corporate market in 2000 is presented in Table 3.1 below. The company's equity investments in selected established and successful businesses have greatly increased the involvement of indigenous Fijians in the commercial life of the country.

Table 3.1: FHL Shareholdings in Subsidiary/Associated Companies, 2000

Companies	Ordinary Shareholding (%)	Preference Shareholding (%)
Basic Industries Limited	50.1	
Carlton Brewery (Fiji) Limited	30.1	
Carpenters Properties Limited	50.01	
Communications Pacific Limited	100.0	
Credit Corporation Fiji Limited	7.0	
Fiji Industries Limited	50.1	
Fiji Sugar Corporation Limited	8.9	
Fiji Television Limited	10.4	
Fijian Property Trust Company Limited	89.7	
FHL Securities Limited	100.0	
Goodman Fielder (Fiji) Limited	10.0	100.0
Marsh Limited	15	
Merchant Bank of Fiji	100.0	
Sheraton Fiji Resort & Sheraton Royal Denarau Resort		100.0
Sun Fiji News Limited	30	
Taubmans Paints(Fiji) Limited	35.0	
Unit Trust of Fiji	3.3	

Source: Baseline Survey

3.2.3 FHL has controlling interest in 7 of the above companies, a number of which are quite substantial. The company has stated that 82.7% of its total investment portfolio is held in unlisted equities, of which up-to-date valuations are not publicly available. However, the 1994 shareholding structure, shown in Table 3.2, may be indicative.

Table 3.2: FHL Investment Portfolio at 30 June, 1994

Company	(No.)	Shareholding (%)	Total Cost of Shares (\$)
BASIC INDUSTRIES LTD:			
Original	1,232,000	41.0	1,242,486
Ex Pioneer	1,500,000	50.0	2,270,132
Ex FDB	268,000	9.0	309,741
Ex BPss (FIL shares)	1,050,000		1,050,000
Humes Ind (ex CSR)	2,000,000		2,000,000
FIJI SUGAR CORPORATION (Ex Government)	4,732,100	13.2	2,860,557
FIJI PROPERTY TRUST Co. LIMITED (Ex FDB)	2,600,000	89.7	2,613,000
CARLTON BREWERY (Fiji) LIMITED (Ex FDB)	600,000	30.0	3,587,850
UNIT TRUST OF FIJI	500,000		700,000
MOTIBHAI & CO LTD	2,000,000	100(P)	2,007,125
MERCHANT BANK OF FIJI (Ex FDB)	1,428,500	50.0	1,435,643
CARPENTERS PROP- ERTIES LTD (Ex FDB)	3,000,001	30.0	3,021,657
	2,000,000	20.0	2,010,000
GOODMAN FIELDER WATTIES	2,000,000	100(P)	2,003,757
			27,111,948

Source: *Baseline Survey*

3.2.4 FHL's net operating assets have grown from \$33.5 million to \$47.4 million over the period 1993-2000. The rate of return on investment has almost always been in double figures since 1993, and the company has consistently paid dividends (20c for Class A and 5c for Class B shares). One of the principal reasons for FHL's success has been the generous support provided by Government.

Table 3.3: Distribution of FHL Shareholding, 2000

Holding in Shares	No. of Holders	% Holding
Less than 500	304	0.5
501-5,000	366	2.2
5,001-10,000	47	0.9
10,001-20,000	47	2.9
20,001-30,000	16	1.3
30,001-40,000	11	1.3
40,001-50,000	8	1.4
50,001-100,000	39	10.1
100,001-1,000,000	14	12.7
Over 1,000,000	1	66.7
	853	100.0

Source: *Baseline Survey*

3.2.5 Some 670 of the 853 shareholders own parcels of 5,000 shares or less each, and make up 2.7% of total holdings. However, 15 shareholders each have share parcels of more than 100,000 and collectively own 79.4% of the total holdings.

3.2.6 FHL is the flagship of indigenous Fijian involvement in commerce. The preferential treatment received by FHL serves to substantially reduce the risk when compared to companies which raise funds at market rates.

3.2.7 FHL clearly constitutes an enabling institution for affirmative action and is well placed to use its influence to encourage the increased involvement of indigenous Fijians in commerce, including through board membership and employment, award of contracts, etc. The company's performance will also be measured by indigenous Fijians regarding the achievement of these goals.

3.2.8 A blemish in the distinguished performance by FHL is that the provincial shares, acquired through the \$20 million loan, have been categorised as Class B shares which attract a much lower dividend. This has resulted in allegations to the effect that public funds have been used to subsidise Class A shares in the company.

3.3 Establishment of a unit trust for indigenous Fijians

3.3.1 Indigenous Fijians have been encouraged to join the Unit Trust of Fiji (UTOF) and the number who own units has increased significantly. Indigenous Fijians held about 40% of the UTOF units in 1994 (Table 3.4).

Table 3.4 Distribution of Unit Holders of UTOF

	1992	1993	1994
Government of Fiji	209,827	228,991	248,038
Fiji National Provident Fund	2,059,135	2,059,135	2,059,135
National Mutual	301,449	327,581	360,319
Sugar Cane Growers	384,616	384,616	384,616
UTOF (Management) Ltd	74,869	74,869	74,869
Assoc. & Groups	448,992	478,161	470,274
Individuals	1,179,465	1,045,254	1,627,991
Sub Total			
Indigenous Fijian Shareholdings			
Fijian Affairs Board	392,233	560,685	560,685
Fijian Development Fund Board	193,450	210,220	226,979
Fijian Holdings Ltd	500,000	500,000	500,000
Provincial Councils	298,614	348,475	252,599
Sub Total			
Grand Total	6,042,650	6,217,987	6,765,505

Source: *Baseline Survey*

3.3.2 In 1999, UTOF had shares in 17 companies, including all the companies listed on the South Pacific Stock Exchange except for FHL and Toyota Tsusho (South Sea) Co. Ltd. UTOF has also invested in bonds, etc. issued by statutory bodies such as the FDB and Housing Authority. The market value of UTOF investments in 1999 was estimated at nearly \$23 million, compared to a book value of around \$14.5 million.

3.3.3 Of its 17 equity investments, 3 have market values below book values while one is on par. None of these investments could be said to be in majority Fijian-owned companies.

3.4 Establishment of a Compulsory Savings Scheme for indigenous Fijians

3.4.1 It is generally accepted that one of the root causes of failures in business of indigenous Fijians is the lack of capital or savings with which to finance business start-ups. This is due to a combination of factors, not the least of which are traditional and cultural practices, especially excessively costly ones. In order to address this problem, a Compulsory Savings Scheme for indigenous Fijians will be established.

3.4.2 A study is being conducted to formulate the detailed administrative, financial and legal framework for the scheme. The report was to have been submitted in mid-2002. Extensive consultations will be undertaken during the study and prior to implementation. In general, the Compulsory Savings Scheme is intended to automatically deduct a proportion of gross earnings at source which would be accumulated in the contributor's name. Three envisaged purposes of the scheme are equity contributions towards commercial undertakings, down payment for the first family home, and payment for education. Clear guidelines will be established for withdrawals and these will be closely monitored. While a scheme of this nature will be complex, it will nevertheless have significant potential to make a major impact on the economic situation of indigenous Fijians.

3.5 Further concessions under the Commercial Loans to Fijians Scheme

3.5.1 The desire to involve a greater number of indigenous Fijians in business has been addressed to some extent by the establishment in 1975 of the Soft Loans to Fijians Scheme at the FDB. In 1988, the scheme was replaced by the Commercial Loans to Fijians Scheme. This scheme has provided concessional interest rates (subsidised by Government) to indigenous Fijian and eligible General Elector borrowers. Loans were made in the areas of agri-business, financial institutions, infrastructure construction, manufacturing, mining and quarrying, professional and business services, tourism, transport and communication, wholesale, retail and restaurants; and real estate.

3.5.2 Loans approved under this scheme declined significantly over the period 1996-1999. Real estate loans have comprised more than 70% of the total loans. While loans to agriculture recorded a fall, those made to the fisheries sector fluctuated considerably. Details on the scheme are presented in Chapter 7: Commerce and Finance.

3.6 Creation of a Management Advisory Services Department in the FDB

3.6.1 The FDB in 1989, assumed responsibility for the Business Opportunities Advisory and Services (BOMAS) from the Fijian Affairs Board. This unit was restructured, refocused and redesignated the Client Advisory and Training Department to be later renamed the Management Advisory Services Division. The FDB receives an annual grant of \$200,000 from Government to meet part of the Division's training costs.

3.6.2 The number of training programmes conducted by the Department are presented in Table 3.6. Since 1997, training has been targeted to address specific issues and problems associated with a particular business sector. More training has been conducted on commercial cash cropping, cane farming, and poultry production. As a result of these courses, improvements in record keeping and loan repayments have been reported.

**Table 3.5: Training Undertaken by the Management
Advisory Services Division, FDB (1995-1999)**

Year	No. of Training Conducted	No. of Participants
1995	17	242
1996	10	139
1997	6	81
1998	8	95
1999	9	108

Source: Fiji Development Bank

3.7 Minimum Ownership of Resource-Based Industries

3.7.1 The largest share of the country's natural assets – land, forest, fisheries, etc. – is owned by indigenous Fijians. However, receiving commercial returns on these assets has been elusive. In some cases, contracts with other parties have served to tie up these resources and deny access by the owners over an extended period of time, while rental incomes have been extremely low.

3.7.2 Stakeholding in natural resources development was envisaged to take the form of shareholding by landowner entities established under company legislation or by statute. This would involve redirecting shares held by Government in return for concessions and other forms of assistance granted to private sector development companies.

3.7.3 As a result, in 1997 Government approved a policy on share equity partnerships by different ethnic groups, employees and resource owners in public enterprises to be privatised. The Fiji Electricity Authority and Fiji Harwood Corporation Limited, for example, are required to include resource owners on their boards as well as in other areas. Along with other citizens, resource owners can participate in the acquisition of between 19% and 24.5% of a designated entity's shares. A similar arrangement is also available to employee groups in organisations such as Air Terminal Services and recently, Telecom Fiji Limited. These policies have not yet been pursued with any firm commitment.

3.8 Reserving Identified Sectors of Industrial/Commercial Activities for Indigenous Fijians

3.8.1 It is recognised that until they are able to compete effectively in the free market economy and have achieved the target equity level, policy interventions such as licensing, tariff barriers, special tax concessions, etc. are required to promote participation by indigenous Fijians in business.

3.8.2 The Foreign Investment Act (1999), amongst other things, defined the areas of activities reserved for locals and prohibited to foreign investors. However, this piece of legislation apart, very little progress has been made. The distribution between ethnic groups of the contracts of Government and Government-owned enterprises varies enormously. Details of award of contracts by Government Ministries and public enterprises are shown in Chapter 7: Commerce and Finance.

3.8.3 In relation to Government licences, permits, etc., the experience is also varied. With the exception of forestry licences, in none of the areas (land transport permits, import licences, fishing licences, export licences) have indigenous Fijians achieved parity. Details are contained in Chapters 7: Commerce and Finance, and Chapter 10: Resource Based Industries.

3.9 Ownership by indigenous Fijians of at least one daily English newspaper

3.9.1 Ownership of a daily English newspaper was deemed desirable to ensure matters Fijian receive a fair print coverage. The Daily Post was identified in the plan as meriting support as it was, then, the only Fijian-owned daily newspaper.

3.9.2 The Fiji Daily Post is now partly (44%) owned by Government. The intention is for the Government's shares to be sold in due course to indigenous Fijians. The Fijian Holdings Limited is a part owner of the Sun Fiji News Ltd which also publishes a daily newspaper.

3.9.3 With the advent of television, indigenous Fijian ownership has been in the form of Yasana Holdings Limited acquiring majority interest in Fiji Television Limited. Fijian Holdings Limited also owns slightly over 10% of shares in this company. Individual indigenous Fijians are also shareholders.

3.10 Restructuring and strengthening of the Fijian Affairs Board

3.10.1 While the FAB has a central role to play in the implementation of this affirmative action plan, the organisation's present modus operandi may serve as a constraint. As outlined in Chapter 2, the desire, based on very noble intentions, to protect things Fijian, could ironically prove to be detrimental to indigenous Fijians themselves. Perhaps the fact that the FAB is, to a large extent, governed by legislation, some of which have remain unchanged since enactment in the 1940s, may have insulated it and impeded any real impetus for change. There is therefore an urgent need to restructure and strengthen the Fijian Administration, to enable it to be more responsive to and pro-active in addressing the needs of indigenous Fijians. Subsumed in this endeavour is the need for the FAB to be afforded the requisite resources to enable the organisation to undertake these functions effectively.

3.10.2 The current restructuring of the FAB commenced in 1993 with the Hays Review. A further review by Pricewaterhouse Coopers, was completed in early 2002 and is being studied by a committee of the FAB. This review is expected, amongst other tasks, to consider the delegation of a number of FAB responsibilities to provincial and tikina councils. The FAB Secretariat will also have its functions redefined and revamped to complement the new-look provincial administration. This study will also

review the Fijian Affairs Act and the Great Council of Chiefs Regulations to determine the need for independent legislation for this august body.

3.10.3 To improve village governance at the tikina and provincial levels, some specific measures have already been implemented. These include formal recognition and remuneration of the *turaga-ni-koro* as the chief administrator of the village, revival of the *tikina makawa* as one of the administrative units in the province, and training of district/provincial officials. In response to a decision of the *Bose Levu Vakaturaga*, the Fijian regulations were amended in 1996 to allow women's representatives to be appointed to tikina and village councils.

3.10.4 To complement the restructuring process, a sum of \$3.2 million was allocated to cover operating costs and to set up the Small Business Unit and other units in the FAB.

3.11 Conclusions

3.11.1 While the Nine Point Plan was a necessary and important initiative, it was essentially a stop-gap measure, addressing the issues of capital and the means for increasing equity ownership. The Plan did not address the more intransigent long term problem of enhancing the technical, management and entrepreneurial skills of indigenous Fijians.

3.11.2 Implementation of the Nine Point Plan is largely incomplete, having lost some momentum after the more easily executed strategies were implemented, leaving the more involved and long term strategies still to be addressed.

CHAPTER 4

THE BLUEPRINT AND GOVERNMENT'S POLICY FOR THE ENHANCEMENT OF INDIGENOUS FIJIANS/ROTUMANS PARTICIPATION IN COMMERCE AND BUSINESS

4.1 Introduction

4.1.1 The full and successful implementation of this affirmative action Plan depends on a number of fundamental preconditions. Amongst others, these include: political and administrative commitment, allocation of the required resources; and the consistency of the Plan with the overall Government macro-economic framework. It is therefore imperative to establish a strong linkage between the Plan and the overall macro-economic framework of Government policies. This chapter addresses this important aim.

4.1.2 In considering the Government macro-economic framework, one of the key benchmarks is the Human Development Index (HDI). The HDI produced by the UNDP in 2002 ranked Fiji at 72nd place out of the 177 member countries surveyed. The HDI is based on three indicators: longevity, as measured by life expectancy at birth; education attainment, as measured by a combination of adult literacy (two thirds weight) and combined primary, secondary and tertiary enrolment ratios (one third weight); and the standard of living, as measured by real GDP per capita. This international survey indicated that significant developmental progress has been achieved in Fiji compared to other developing countries with similar characteristics.

4.1.3 Despite this good progress, 25% of the nation's population according to the UNDP Poverty Study, still live below the poverty line and substantial disparities occur in the distribution of the benefits of development, in particular to indigenous Fijians. A large section of the indigenous population still does not have their basic needs met—these include access to good health, an acceptable quality of education, clean water, electricity, etc. Many are without reasonable housing. More than half of the population still live in rural areas which need greater attention in the provision of basic living facilities and poverty alleviation programmes. Disparities and conflicting interests between the two major ethnic groups on a wide range of issues have contributed to distrust and dissatisfaction, and this has fuelled political instability.

4.1.4 Indigenous Fijians now make up 52% of the population and given a projected growth rate of 1.8% per annum and, as shown in Chapter 6, will assume a greater proportion in the future. Indigenous Fijians are also by far the largest landowners as they have customary proprietary rights to about 83% of all land, together with associated traditional fishing rights or *qoliqoli*.

4.1.5 It is therefore critical to ensure the equitable participation of indigenous Fijians in all aspects of the nation's socio-economic life in order to secure enduring peace, stability and sustainable development. In this connection, Government recognises the need to create an enabling environment to facilitate the security of the rights and

interests of indigenous Fijians and to enhance their participation in all aspects of national life. The Government is also firmly committed to providing special support measures and assistance in administration, education, business, land and housing. The special support measures to be undertaken are outlined in this Plan, and are complementary to the specific short-term initiatives contained in the Blueprint which will be discussed later.

4.2 National Vision and Goals

4.2.1 Government's overall vision for the nation as a whole is as follows:

“To build a united Fiji with a multi-ethnic and multi-cultural society where all different communities can live together in peace, harmony and prosperity; where the aspirations of the Fijians and Rotumans are realized and the paramountcy of their interest is secure, and where the provisions of important social services such as education and health to all our communities will be a priority, so that the quality of life of our people is continuously improving”.

4.2.2 This vision is summarized as “A Peaceful, Prosperous Fiji” and gives birth to seven major national goals which are:

- ❑ recovery of the economy and laying of the foundation for growth and expansion of GDP at an annual growth rate of not less than 5%;
- ❑ creation of employment and income generating opportunities for the people;
- ❑ securing the interests of Fijians and Rotumans, including affirmative action for their equal and equitable participation in all aspects of economic and social life;
- ❑ alleviation of poverty including more effective social welfare programmes;
- ❑ a more equitable distribution of national wealth and development opportunities to ensure improvements to the standard of living of rural communities;
- ❑ the effective maintenance of law and order, to secure the safety of citizens, their families and properties; and
- ❑ the preparation and promulgation of a Constitution which will be generally acceptable to the people as the framework for good governance and include the provision and protection of the fundamental rights and freedoms of all citizens and groups. The Constitution will also provide for the judicial equality of all citizens and their protection under the rule of law administered by an independent judiciary.

4.3 National Policy Framework

4.3.1 The National Policy Framework required to achieve the broad goals and visions of Government is contained in the Strategic Development Plan for 2003-2005. The ultimate objectives of Government's economic policies are to create the climate-environment conducive to consistently strong economic growth which, in turn, would generate expansion in employment and income, and a reduction in poverty. This will require monetary and fiscal stability, a strong external reserves position, and high levels of both investment and productivity growth.

4.3.2 The medium term economic growth target of 5% per year is expected to generate an employment growth of around 2.5% per year, or an additional 12,000 jobs annually, in addition to those that become available because of retirement and emigration. The medium term target for poverty reduction is for a fall in the percentage of the population living below the poverty line by 5% per year. Monetary policy will be targeted to ensure that inflation remains under 3% on average over a five-year period. This is consistent with inflation rates in our main trading partners and within generally accepted international norms.

4.3.3 Foreign exchange reserves will be maintained at levels sufficient to cover at least 4 months of imports which is considered necessary to buffer any shocks to the economy. Consistent with this objective, a surplus will be targeted for the Balance of Payments. On the fiscal front, the medium-term target for Government's fiscal balance is at the level of 3% of GDP.

4.3.4 Investment is a crucial requirement for sustained economic growth. To achieve the targeted economic growth on an ongoing basis, the investment to GDP ratio will have to be at least 25%, compared to the present level of around 11%. Public sector investment will therefore be targeted at 30% of total Government expenditures.

4.3.5 The macro-economic targets that Government has set for the medium term are presented in the table below:

Table 4.1: Medium Term Macroeconomic Targets

Economic Growth	5% per year
Employment Growth	2 % per year
Productivity Growth	2 % per year
Poverty Reduction	5 % per year
Inflation	2-3 % per year on average over a 5 -year period
Foreign Exchange Reserves	4-5 months of import cover
Government Deficit	less than 3 % per year over a 5-year period
Government Debt	less than 40 % of GDP
Investment	above 25 % of GDP

Sources: RBF/Ministry of Finance and National Planning

4.3.6 The political, monetary and fiscal goals/policies outlined below are linked to Government's "vision" and national objectives and are set within a comprehensive and integrated framework in order to achieve economic stability.

Political Stability

4.3.7 To achieve the above macro-economic targets, it will also be necessary to fulfil the following political goals:

- establishment of institutional mechanisms to facilitate enduring racial harmony and co-existence;
- strengthening the involvement of indigenous Fijians in the mainstream of economic development;
- providing a foundation of judicial integrity as a key pre-condition for economic stability and sustainable development; and
- establishing proper governance procedures to achieve accountability, budgetary integrity and transparency.

Fiscal Stability

4.3.8 The fiscal policy over the medium-term will be based on the following three principles:

- maintaining low deficit positions and containing debt within manageable levels;
- establishing a broad based taxation system and delivering goods and services on a user-pays basis; and
- directing resources to priority or focal sectors (health, education, social welfare and infrastructure) and away from non-focal sectors.

Prudent Deficits and Debt

4.3.9 A prudent deficit and debt policy will be implemented to keep deficits low in order to achieve a low debt stock. Government intends to control deficits carefully to ensure that the overall debt level remains manageable.

4.3.10 Prior to May, 2000, the debt stock was approximately \$1.4 billion which equated to 39% of GDP. At the end of the year 2000, the debt was estimated to be 46.6% of GDP. Internationally, the “rule of thumb” is that a debt level above 40% of GDP is unsustainable, particularly for an economy that has a narrow base. Since Fiji depends heavily on three major exports - sugar, tourism and garments - the economy faces a high risk of being adversely affected in the event that one or more of these sectors declines. Government is therefore committed to keeping the debt below 40% of GDP in the medium term.

Revenue Policy

4.3.11 Government’s revenue policy for the short to medium term is to achieve a taxation system that is simple and broad-based. The following five principles will guide its formulation:

- i. to promote, and not retard, economic growth through over-taxation;
- ii. to address the distributive/equity aspect of resources;
- iii. to broaden the base and raise sufficient revenue to meet Government’s targets;

- iv. to minimise the level of distortions; and
- v. to promote the user-pays principle.

Direct Taxation

4.3.12 Fiji's tax policy is designed to create a conducive investment environment. As part of Government's taxation reforms, new company tax measures were announced in the 2001 Budget. Corporate tax, for both resident and non-resident companies, was reduced to 34% effective from 1st January 2001 and further reduced to 32% effective from 1st January, 2002. In addition, the top personal tax rate was brought into line with the top company tax rate to allow a reduction in the tax burden for sole traders and partners, as well as boosting investment growth. The tax burden will also be reduced for those in the lower income bands by increasing the thresholds.

Indirect Taxes

4.3.13 As part of further tariff reforms announced in the 2001 budget, a new tariff band has been introduced to reduce duty rate on production inputs and to reduce discretionary decisions on the Tariff Schedule.

Expenditure Policy

4.3.14 Expenditure policy will focus on the efficient provision of the appropriate public goods and services, at the right quality and cost. The following three principles will determine the formulation of expenditure policy over the medium term.

(i) Expenditure for Growth

Economic growth increases the size of the economic pie which can then be distributed amongst the various sections of the community. Growth is therefore the engine for improving living standards and will be a key objective of expenditure. Expenditure will be directed to goods and services that are essential for the promotion of economic growth.

(ii) Expenditure for Social Welfare

The benefits of growth should be equitably shared amongst all sections of the community. In this regard, emphasis will be placed on community-wide development, poverty alleviation and other support for the underprivileged.

(iii) Capital rather than Operating

Capital expenditures, such as investments on schools, hospitals and infrastructure, are important in increasing productive capacity. Hence, channelling resources from operating to capital expenditure will be a key objective.

Monetary Stability

Exchange Rate Management

4.3.15 A stable and appropriate exchange rate is a significant component of Government's overall macroeconomic framework for growth and development. Since 1975, the Fiji dollar has been pegged to a basket of trading partner currencies. This arrangement has served the country well as it provides stability and enables forward planning to be undertaken with confidence. It also helps to keep inflation low by loosely linking monetary policy and inflation to that prevailing in key trading partners.

Interest Rate Policy

4.3.16 Monetary policy is conducted using short-term interest rates as a policy instrument. The Reserve Bank of Fiji (RBF) influences short-term interest rates through open market operations, which in turn impact on commercial bank lending and borrowing interest rates. Interest rates directly affect spending and inflation. If interest rates are too high, spending will be weak and the economy will not grow at its potential. On the other hand, if interest rates are too low, spending will outstrip the capacity of the economy to produce goods fuelling inflation and reducing the purchasing power of consumers. The RBF will therefore ensure that interest rates move in line with economic conditions.

Foreign Exchange Policy

4.3.17 Foreign exchange control policies ensure that an adequate stock of foreign exchange reserves is maintained in order to facilitate trade and investment. Over the years, exchange controls have been progressively removed in line with the increasing openness and export orientation of the economy. However, following the events of May 2000, a temporary tightening of controls across a variety of transactions was imposed to protect reserves. Foreign exchange controls have been gradually removed since September, 2000. Liberalisation is expected to continue over the next few years as part of the overall policy to free up the financial markets. However, further relaxation will be contingent upon the assessment of the adequacy of foreign exchange reserves and of the risks of financial or economic instability.

Financial Sector Development Policies

4.3.18 Monetary policy is transmitted to the economy via financial prices, largely through interest rates. The financial sector development policies are therefore focused on operating policies and market development.

4.3.19 In many countries, the central bank uses very short-term interest rates to influence financial conditions, because these rates are more directly controllable by authorities. In Fiji, the RBF uses the 91-day RBF Note rate as its indicator rate because this is the most liquid part of the market. In the year 2000, shorter RBF Notes have been increasingly used. The success of this approach means that it is possible to move to a shorter maturity note as target rates. This will be considered for implementation in the future as it will give the Bank increased control over monetary conditions. Increased control over monetary policy will also occur with greater competition in the

money market. At present, the FNPF has a very dominant position in the market and this inhibits active competition for funds at market-determined prices. The FNPF's position of monopoly will be revised with a view to improving the effectiveness of monetary policy transmission.

4.3.20 The effectiveness of monetary policy will also be enhanced through the further development of secondary markets for the money market and capital market securities. Monetary policy is transmitted to commercial interest rates through interest rates on market securities, so the development of an active secondary market will increase the responsiveness of interest rates to policy changes. Over the next few years, the RBF, in partnership with financial market institutions, will continue to develop financial instruments and market mechanisms to facilitate active secondary trading.

4.3.21 At present, the RBF conducts monetary policy by using its own securities. Since there is a large stock of outstanding securities, the interest paid to Note holders is a substantial drain on the Bank's profitability. Over time, the Bank will build up its portfolio of Government securities, through active trading in the secondary market, to allow it to conduct open market operations using Government securities. This will reduce the cost of monetary policy operations.

4.4 Plan's Vision and Broad Goals

4.4.1 In keeping with the overall national vision and major national goals, the specific vision for the development of the indigenous Fijians over the next twenty years is:

“ A multi-ethnic and multi-cultural society where the special place of indigenous Fijians and Rotumans as the host communities are recognised and accepted, and where their rights and interests are fully safeguarded and protected, alongside those of other communities, in the overall national development and in the interests of maintaining peace, stability, unity and progress in Fiji.”

4.4.2 In relation to this vision, and in line with the broad goals of Government, the broad objectives of this Plan are:

- ❑ to strengthen and accelerate greater participation of indigenous Fijians, particularly in the areas of corporate ownership, entrepreneurship and management;
- ❑ to enhance and accelerate the improvement of indigenous Fijian educational achievement in terms of knowledge, skills, attitude and Christian values;
- ❑ to develop and strengthen the capacity of organisations to provide quality technical advice and to effectively and efficiently implement affirmative action programmes; and
- ❑ to ensure the future security of the rights of indigenous Fijians.

4.4.3 Furthermore, the enhancement of the participation of indigenous Fijians in all aspects of life should be charted on the needs for “security, ownership/investment and growth”. These are generally in line with the national emphasis on “reform, investment and growth”.

4.5 The Blueprint and the Need to Mainstream

4.5.1 A key goal of Government is to secure the interests of indigenous Fijians, including affirmative action for their equal and equitable participation in the economic and social life of the country.

4.5.2 The 2000 Blueprint was a major initiative of the Interim Government to enable the indigenous Fijians to fully exercise their rights of self-determination. This also safeguards the paramountcy of their interests in Fiji's multi-ethnic and multi-cultural society. The programme also aims to improve and enhance the opportunities, amenities and services for indigenous Fijians in their development and participation.

4.5.3 The major cause of the events of May 2000 was the socio-economic gap which has become a principal source of discontent among indigenous Fijians. The lack of mainstreaming of indigenous Fijian concerns into the national goals will serve to contribute to further political instability. The 2000 political crisis instantly affected Fiji's economy, and resulted in significant reductions in the outputs of key sectors such as tourism, garments and Government services. Large scale redundancies and social difficulties also occurred and as a result, the economy contracted by 3.2%.

4.5.4 Since 1987, there has been a concerted effort to bring to the fore issues pertaining to indigenous Fijians. However, despite these efforts, indigenous Fijians continued to lag behind in many economic activities. A key factor in this disparity was the lack of an enabling environment to facilitate the participation of indigenous Fijians and moreso, the general lack of appropriate mainstreaming of affirmative action policies into national policies. Although affirmative action policies held a special place in past Government development plans, they were not interwoven into the national policies; lacked detail and comprehensiveness. At the same time, they were usually largely reactive and often lacked adequate research, design, and long term planning. These factors contributed to failures.

4.5.5 The Nine-Point Plan (comprehensively reviewed in Chapter 3) was a necessary and important initiative. However, it did not address the more intransigent long-term problem of enhancing the technical, management and entrepreneurial skills of indigenous Fijians which needed fundamental remedial measures. Essentially, the plan was a stop-gap measure, which addressed the issue of capital and the means of increasing equity ownership.

4.5.6 The Blueprint was therefore designed to be a catalyst and to provide an enabling environment to improve and enhance opportunities, amenities and services for indigenous Fijians in their development and effective participation in all facets of socio-economic development. The 20-Year Plan will complement those activities in the Blueprint and cover a much longer time frame.

4.5.7 The Blueprint addresses three areas: legislation, policy direction and budgetary provision. Although actions have been specifically identified under these broad categories, they are not mutually exclusive since most of the actions are inter-related.

4.5.8 Under legislative actions, the following will be put in place:

- (i) *New Constitution*
The Constitution will be reviewed to give effect to the collective desires of indigenous Fijians that the national leadership positions of Head of State and Head of Government should always remain with them.
- (ii) *Law on Affirmative Action*
Enabling legislation on affirmative action for indigenous Fijians will be a substantive provision of the new Constitution.
- (iii) *Strengthening of the Great Council of Chiefs (GCC)*
A review of the GCC Regulations will be undertaken to determine the need for separate stand-alone legislation for this body, given its enhanced authority under the Constitution.
- (iv) *Compulsory Savings Scheme*
A savings scheme will be established for indigenous Fijians to finance in the main business equity.
- (v) *Tax Exemption for Fijian Companies*
To assist indigenous Fijian-owned companies with their cash-flow needs in the formative stages of their operations, exemptions will be granted from company tax for a specified period. This will require enabling legislation such as amendments to the Company Tax provisions. This scheme will be consistent with the tax concessions provided to companies in the tourism, mining and garment industries.
- (vi) *Fijian Development Trust Fund*
A \$20 million endowment fund is to be provided to establish this trust fund. This capital endowment is to be invested to earn interest income to support activities related to the indigenous Fijian languages, cultures and history, leadership and training, as well as for any other purpose approved by the GCC.
- (vii) *Schedule A and B Lands*
The control of Crown Schedule A and B lands will be transferred from the State to the NLTB to accommodate the needs of landowning units for more land as well as landless indigenous Fijians.
- (viii) *Agriculture Leases on Native Land Moved to Native Land Trust Act*
The Native Land Trust Act will be amended to include appropriate provisions for the leasing of native land contained in the Agriculture Landlord and Tenant Act.
- (ix) *Review of Legislation to Improve Service*
A review will be undertaken of both the Native Land Trust Act and the Native Lands Act to ensure that their provisions are consistent and conducive to the effective delivery of services to indigenous Fijians and others, by the NLTB and the Native Lands and Fisheries Commission.

- (x) *Ownership Rights to Customary Qoliqoli*
Specific legislation will be enacted to confer ownership rights, similar to customary ownership of land, of all traditional qoliqoli (fishing grounds) to customary owners.
- (xi) *Land Claims Tribunal to Settle Land Claims*
A Land Claims Tribunal will be established to deal with land compensation and other claims.
- (xii) *Royalty for Underground Water*
Legislative measures will be introduced to manage and regulate the sustainable development of groundwater resources and to ensure that all groundwater belongs to the State, while royalties payable for the use of groundwater are to be shared with native landowners.

4.5.9 Under policy actions, the following will be put in place:

- (i) *Fijian Education Fund*
The Fijian Education Fund will be augmented to cover scholarships (currently \$5 million), with supplementary assistance (additional to the Ministry of Education's) and research into Fijian education issues. The fund is specifically intended for capital development of indigenous Fijian schools and the provision of scholarships for tertiary studies in the legal, commercial, scientific and technological fields where indigenous Fijians are underrepresented. The Fund will provide library books, stationery and equipment.
- (ii) *National Small Business Agency*
A National Business Agency will be established under the umbrella of the FNTC, to provide training, advisory services, business information, etc. for all citizens.
- (iii) *Setting Aside Major Licences*
50% of major licences will be reserved for indigenous Fijians (e.g. import licences, taxi permits, etc.)
- (iv) *Setting Aside of Major Contracts*
50% of Government contracts will be reserved for indigenous Fijians.
- (v) *Setting Aside of Government Shares*
50% of Government shares in companies will be reserved for indigenous Fijians, as these become available for sale. Priority will be given to provincially owned companies as well as to joint ventures with majority control by indigenous Fijians.
- (vi) *Purchase of Shares in Yasana Holdings Limited (YHL)*
An interest-free loan will be provided to the Fijian Affairs Board for the purchase of shares in YHL, which will then be invested in other companies, similar to the operations of Fijian Holdings Limited.

- (vii) *Special Loans Scheme*
The FDB Special Loan Scheme for indigenous Fijians will be continued while excluding other communities which will be covered by a separate scheme.
- (viii) *Small Business Equity Scheme*
A small business equity scheme will be established in the FDB for all citizens, with a ceiling funding of \$5 million. The objective is to allow more small businesses to get off the ground. Once companies are established and operating profitably, the FDB will sell its share to other shareholders or new investors.
- (ix) *Lease of Commercial Buildings*
Commercial office buildings owned by provinces and tikina companies will be leased to assist their engagement in commercial activities.
- (x) *Land Use Commission*
The Land Use Commission will not proceed and support will be channeled to land development programmes under the Ministry of Agriculture, Fisheries and Forests and the Land Development Authority, as well as for land development for the following:
- resettlement of evicted tenants;
 - low-cost housing through the Housing Authority; and
 - resettlement of squatters.
- Government will assist the commercial development of native land through the NLTB. This is to enhance the participation of indigenous Fijians and the underprivileged and interested landless in commercial farming through the development of native and freehold land.
- (xi) *Establishment Assistance*
Establishment assistance will be provided to indigenous Fijian landowners taking up cane farming on their reverted land. The scheme will be administered by the FDB and FSC.
- (xii) *Payment of Mining Royalty*
A percentage of mining royalties to be paid by Government to landowners will be determined by Cabinet, and not by Parliament, as provided for in the 1997 Constitution.

4.5.10 Under budgetary actions, the following provisions will be put in place:

- (i) *Freehold Land Buy-Back*
The continuation of the annual allocation of \$500,000 for the purchase of freehold land for the original indigenous Fijian landowners who are short of land.

(ii) *Annual Grants to Provincial Councils*

The reinstatement of the annual grant of \$1.5 million for provincial councils, to support their participation in business.

4.5.11 To achieve socio-economic stability and in particular the macro-economic targets, the principal components of the Blueprint highlighted above must be taken into consideration in the formulation of strategies for the future direction of the economy.

CHAPTER 5

EDUCATION

5.1 Introduction

5.1.1 This chapter examines the nature of indigenous Fijian education, identifies some of the existing problems and proposes a number of remedial strategies. In particular, the chapter focuses on the following:

- a review of education policies, especially in relation to indigenous Fijian education, including affirmative action policies implemented since 1984;
- an analysis of educational disparity between indigenous Fijians and other ethnic groups; and
 - setting targets for indigenous Fijian education and outlining strategies for achieving these within the duration of the Plan.

5.1.2 An important challenge facing Fiji today is the under-representation and under-achievement of indigenous Fijians at the secondary and tertiary education levels. Social problems confronting indigenous Fijians, such as increasing unemployment, urban poverty and the growing number of prison inmates, all contribute to reinforcing their disadvantaged position.

5.1.3 There is a clear recognition that education provides opportunities for upward social mobility and thus plays a pivotal role in addressing the question of ethnic disparity. Education will therefore have a crucial place in this affirmative action plan.

5.1.4 However, it needs to be recognised that the number of indigenous Fijians achieving high levels of education through existing affirmative action education policies has been increasing. Despite this progress, indigenous Fijians are still educationally disadvantaged in relation to other ethnic groups.

5.2 A Review of National Education Policies

5.2.1 Government has provided grants to schools for many years. A primary school with less than 50 students receives an annual grant of \$3,500; a school with a roll between 50-99 is given \$4,000 while one with 100-149 students is allocated \$4,500 per annum. Larger schools with over 150 students qualify for a grant of \$30 per student per year.

5.2.2 This is the principal financial assistance provided to schools every year, and is based on size: the larger the roll, the greater the grant. There is no consideration of the socio-economic context or the geographic setting of the school. 80% of primary schools are in rural areas with 38% classified as very remote. The majority of the rural and all of the very remote schools are indigenous Fijian schools and a substantial number have small enrolment numbers. The current method of determining the grant

does not give adequate recognition to the specific conditions of indigenous Fijian schools.

5.2.3 In addition, a capital projects programme is also implemented. Each year, a budget of \$850,000 is provided for this programme with \$500,000 allocated for primary schools, \$100,000 for junior secondary schools, and \$250,000 for secondary schools. In the year 2000, assistance was also provided by the European Union (\$992,000) and Australia (\$1 million).

5.2.4 The Compulsory Education Policy aims to keep students at school at least up to class 8 level. Initiated in 1997 with an annual allocation of \$784,000, assistance under this scheme has supported the upgrading of hostels, other capital developments such as the construction of teachers' quarters, hostel facilities, classrooms and ablution blocks, and community awareness programmes in specified education districts. For the year 2000, total funding for the programme was \$3.6 million. The programme has benefited many rural indigenous Fijian schools but the need is still significant.

5.2.5 The policy of improving the quality of science education in rural schools has resulted in the allocation of \$7 million for this purpose for the triennium 1996-98. Assistance was provided for the construction of new science laboratories, provision of diesel generators to provide electricity, provision of science equipment and chemicals, and mounting of in-service courses for science teachers.

5.2.6 An area that needs serious consideration is access for school leavers who have not successfully completed secondary school education. Many indigenous Fijians, particularly in rural areas, have been pushed out of the formal system by circumstances beyond their control such as poverty, difficulty in reaching school due to distance or isolation, or difficulty in coping with school work. These constraints contribute to poor performance in national examinations. Opportunities need to be provided for these students to access the school system again to pursue an education, irrespective of age.

5.3 Disparity in Educational Achievements

5.3.1 The marked disparity in educational achievements between indigenous Fijians and other ethnic groups has been a cause for considerable concern over the years. The reason is that, education, as a vehicle for social mobility, has implications on levels of employment, socio-economic well-being and social achievement generally. The under-achievement of indigenous Fijians in education impacts on their participation in areas and levels of the economy.

5.3.2 Table 5:1 shows that, from 1966 to 1969, the numbers of indigenous Fijians who passed the New Zealand School Certificate (NZSC) Examination were equivalent to one third to a half of the number of Indo-Fijian passes. This trend occurred despite the fact that the percentages of passes amongst the two ethnic groups were almost equal. In part, the disparity was due to the smaller numbers of indigenous Fijians successfully accessing Form 5. It could be argued that this difference may have provided Indo-Fijians with an edge in terms of professional attainment in later years, as shown in Chapter 2.

Table 5.1: NZSC Examination Passes for Indigenous Fijians and Indo-Fijians (1966 – 1969)

Number of Candidates						
Indigenous Fijians				Indo-Fijians		
Year	Sat	Passed	%	Sat	Passed	%
1966	110	64	58	157	96	61
1967	158	77	49	504	186	37
1968	272	133	49	757	378	50
1969	487	223	46	1414	545	39

Source: Education Department

5.3.3 In the same period, as Table 5.2 shows, only 105 indigenous Fijians passed the New Zealand University Entrance (NZUE) Examination compared to 361 Indo-Fijians. This meant that 250 percent more Indo-Fijians had potential access to post-secondary education and employment opportunities. The pass rates, especially in the latter years, were relatively similar.

Table 5.2: NZUE Examination Passes for Indigenous Fijians and Indo-Fijians (1966 – 1969)

Number of Candidates						
Indigenous Fijians				Indo-Fijians		
Year	Sat	Passed	%	Sat	Passed	%
1966	45	16	36	106	64	60
1967	88	22	25	200	78	39
1968	80	23	29	281	87	31
1969	131	44	34	404	132	33

Source: Education Department

5.3.4 The disparity in educational achievement between indigenous Fijians and the other ethnic groups was marked from 1970. As Table 5.3 shows, except for 1976, the difference in pass rates between Indo-Fijians and indigenous Fijians in the NZUE Examination was as high as 20 percentage points. In addition, the number of passes has been overwhelmingly in favour of Indo-Fijians. For instance, in 1970 Indo-Fijians achieved 122 more NZUE passes. In 1987, the difference escalated to 709. Indeed, from 1980, the difference was almost always more than 500. This shows that the educational disparity for these years was not only in terms of the proportion of passes, but also in terms of absolute numbers.

Table 5.3: NZUE Examination Pass Rates of Indigenous Fijians and Indo-Fijians Pass Rates (1970 – 1988)

Year	Indigenous Fijians			Indo-Fijians			Difference in Number of Passes
	Sat	Passed	%	Sat	Passed	%	
1970	202	45	22	501	167	33	122
1971	224	55	25	585	146	25	91
1972	252	63	25	684	225	33	162
1973	202	58	29	709	232	33	174
1974	240	67	28	807	246	31	179
1975	293	76	26	912	299	33	223
1976	318	96	30	1107	322	29	226
1977	478	107	22	1405	411	29	304
1978	576	170	30	1710	647	38	477
1979	804	183	23	2037	681	33	498
1980	922	184	20	2305	771	33	587
1981	1000	219	22	2278	825	36	606
1982	1117	258	23	2512	837	33	579
1983	1300	334	26	2581	950	37	616
1984	1259	333	27	2597	947	37	614
1985	1433	391	27	2478	874	35	483
1986	1483	345	23	2447	933	38	588
1987	1622	368	23	2493	1077	43	709
1988	1951	441	23	2651	1047	40	606

Source: Ministry of Education Annual Reports

5.3.6 The educational disparity increased during the 1990s. As Table 5.4 shows, in 1989, the proportion of indigenous Fijian passes in the Fiji School Leaving Certificate (FSLC) was 41% compared to 54% for Indo-Fijians. By 1999, the difference had increased to 18 percentage points, equivalent to some 1749 more Indo-Fijian passes.

Table 5.4: FSLC Examination Pass Rates of Indigenous Fijians and Non-Indigenous Fijians (1989 – 1999)

Year	Number of Candidates					
	Indigenous Fijians			Non-Indigenous		
	Sat	Passed	%	Sat	Passed	%
1989	2987	1247	42	4010	2179	54
1990	3366	1420	42	4006	2263	57
1991	3844	1595	42	4603	2618	57
1992	4317	1516	35	4894	3006	61
1993	4750	1806	38	5280	3217	61
1994	5012	1899	38	5340	3287	62
1995	5274	2062	39	5720	3458	61
1996	5489	2126	39	6029	3556	60
1997	5376	2102	39	6248	3695	59
1998	5402	2076	38	6612	3948	60
1999	5202	2309	44	6560	4058	62

Source: Ministry of Education Annual Reports

5.3.7 The educational achievement of indigenous Fijians at higher levels has consistently been lower. For instance, in 1975, the pass rate in the Fiji Seventh Form Examination for indigenous Fijians was 44% compared to 75% for Indo-Fijians and 63% for Others.

5.3.8 The disparity in educational achievement at the secondary school level has affected the distribution of scholarships for tertiary education. Because only a small number of indigenous Fijians were academically qualified in the 1970s and 1980s, a lower number of scholarships were awarded to this category than those given to Indo-Fijians (Table 5.5). Even after the 50-50 policy came into effect in 1977, indigenous Fijians were not able to fulfil their scholarship quota. It was not until 1989 that indigenous Fijians managed to fully utilise their 50% quota.

Table 5.5: Ethnic Distribution of Government University Scholarships (1970- 94)

Year	Total Number	Indigenous Fijian %	Indo-Fijian %	Others %
1970	182	33	53	14
1971	263	34	55	11
1972	338	31	57	12
1973	407	34	58	7
1974	460	34	57	8
1975	557	38	55	8
1976	633	43	50	7
1977	644	38	57	7
1978	676	25	58	6
1979	450	40	55	5
1980	1344	42	53	5
1981	1347	41	55	4
1982	1194	45	52	4
1989	1133	54	46	
1990				
1991	1135	53	47	
1992	1232	54	46	
1993	1237	53	47	
1994	1514	50	50	

Source: Public Service Commission.

5.3.9 The continuing disparity in education between indigenous Fijians and other ethnic groups inevitably leads to inequality at various levels of society. It is for this reason that the issue needs special attention.

5.4 A Review of Affirmative Action Policies in Education

5.4.1 Over the years, affirmative action policies aimed specifically at indigenous Fijian education have included:

- the establishment of junior secondary schools from the 1970s, to increase the number of indigenous Fijians at the secondary school level and generally, to improve the education of indigenous Fijians;

- the reservation of 50% of Government university scholarships for indigenous Fijians since the mid-1970s;
- the introduction in 1971 of a ‘public relations’ campaign designed to promote a greater appreciation amongst indigenous Fijian parents, especially in rural areas, of the educational needs of their children;
- the award of scholarships to all deserving indigenous Fijian applicants since 1975;
- the establishment in 1984 of the Fijian Education Fund to finance more scholarships and institutional improvements to indigenous Fijian schools; and
- the conversion in 1985 of a teachers college into a residential college for foundation students at the University of the South Pacific.

5.4.2 The two affirmative action policies that are still currently being implemented are the Fijian Education Fund and the reservation of half of all Government scholarships for indigenous Fijians.

5.4.3 With regard to the latter, as previously shown, until 1982 indigenous Fijians had not fully claimed their quota. In the period 1970-88, indigenous Fijians utilised only 42% of all the Government and aid-funded degree scholarships. On the other hand, Indo-Fijians have utilised more than half of the scholarships.

5.4.4 In response, Government decided in 1989 to replace the 50-50 allocation policy with a 50+ allocation in favour of indigenous Fijians. This resulted in indigenous Fijians utilising over 50% of scholarships for the first time in 1989, as illustrated in Table 5.5.

5.4.5 The Fijian Education Fund was established in 1984 and is administered by the Ministry of Fijian Affairs. It commenced with an allocation of \$3.5 million which was increased to \$4.77 million in 1994. This was further increased to \$5 million in the 2001 budget. The submission from the Ministry of Fijian Affairs to the 2000 Fiji Islands Education Commission made a case for an increase to \$10 million.

5.4.6 The foci of the Fund for the first seven years were the improvement of the physical infrastructures of schools and provision of educational resources and equipment. Since 1991, there was a shift in emphasis from capital developments to the provision of scholarships. In 1993, for instance, under 5% of the funds was used on capital developments while over 90% was utilised on scholarships.

5.4.7 Through scholarships provided by the Fijian Education Fund, a total of 2,708 indigenous Fijians have graduated from overseas and local tertiary institutions in the period 1984-1999. Such an achievement was only possible with affirmative action. While cognisant of the positive outcomes, the initiative has attracted criticisms, many of which appear to be based on a less-than-full understanding of the scheme. The operations and requirements of the scheme therefore need to be made more transparent.

5.5 Research on Fijian Academic Underachievement

5.5.1 Research is important to generate information needed to better understand indigenous Fijian under-achievement in education. Significant research has already been conducted on this issue and should be examined and analysed to determine how the findings can be utilised to improve the education of indigenous Fijians.

5.5.2 Research undertaken in recent years has tried to throw more light on the broad context of institutional, socio-cultural, psychological and historical-structural factors involved. In designing the curriculum, these critical factors must be taken into consideration. It is also important to study the effects of rural isolation, gender, ethnicity and class on indigenous Fijian education. What is clear is that there are no easy answers or mono-causal explanations to under-achievement at school. History, class, gender, race/ethnicity, location/space and cultural orientations all interweave with social, cultural and political realities to produce a very complex situation. It is critical therefore, that sound research forms the basis for future action on indigenous Fijian education.

5.6 The 2000 Fiji Islands Education Commission Report

5.6.1 The report of the recent Fiji Islands Education Commission reflected continuing national concern with the education of indigenous Fijians. The Commission report advocated the need to take a pragmatic approach by placing Fijian education centrally as a means of fostering social justice and inter-communal harmony. It noted, that if indigenous Fijian under-achievement is not addressed, a greater degree of exclusion and a further widening of the educational gap relevant to other ethnic groups in the country will result.

5.6.2 The Commission report expounded at some length on what needs to be done at the systems level to address issues of access, participation, relevance and equity of the educational system. It also considered the organisation, management, financing and delivery of education, and the quality of teaching. The Ministry of Education has begun to examine and analyse the Commission's recommendations with a view to improving the system as a whole.

5.6.3 Some of the more important findings and recommendations that will have direct implications for indigenous Fijian education are substandard teaching and learning conditions, teacher education, school management, funding, and curricular and assessment issues. A consistent recommendation of the Commission is for the establishment of minimum standards for primary and secondary school buildings, facilities and equipment, consistent with Occupational, Health and Safety Regulations. Moreover, additional funding should be provided for primary and secondary boarding schools and the per capita grant to schools be increased. The Commission also recommended that the teacher-pupil ratio for single-grade, dual-grade and multi-grade primary classes should be significantly reduced to improve teaching and learning conditions. Furthermore, the Commission considered that the training of teachers, heads of department, principals and school management committees is critical, particularly at the secondary school level.

5.7 Fijian Language and Culture

5.7.1 The need to teach the Fijian language and culture to students of all ethnic groups emanates from the belief that, as future adults, they could be important means of creating national unity and reconciliation. Apart from the need to vigorously tackle the special needs of indigenous Fijian education, the Education Commission also called for the integration of the Fijian knowledge system within the official knowledge system. It

also stressed the urgent need to immediately include the Fijian language and literature in the curriculum. The most recent Education Commission, as well as previous ones, received strong recommendations from all sections of society to make the Fijian language compulsory in schools.

5.7.2 The report also noted that “recent diaspora studies reveal the widespread cultural movement is...towards a quest for one’s cultural and religious roots”. In fact, recent research studies indicate the colonising and often deleterious effects of an imposed curriculum taught in a foreign language and infused in a foreign worldview and alien cultural values.

5.7.3 It is important that the curriculum reinforces the systems of knowledge, wisdom and values of students of the nation, particularly for indigenous Fijians who make up a very small proportion of the world’s population. The formal schooling system is a permanent fixture in Fiji and occupies the bodies and minds of students for a large part of each school day. It is imperative, therefore, that the knowledge and values inherent in the Fijian cultural system are not left to chance but become part of formal instruction.

5.7.4 A special subcommittee on indigenous Fijian Education established in 2000 by the Ministry of Education, also recognised the need to include the Fijian language and culture in the curriculum. More specifically, the Blueprint for Affirmative Action on Fijian Education recommends the following actions:

- A Fijian studies programme for schools is to be developed. Initially, it should consist of theoretical and practical courses dealing with the Fijian language, culture and performing arts. The programme should be designed and implemented to promote the unique identity of the Fijian language and culture and to ensure their survival in a rapidly changing world.
- Fijian studies should be made compulsory and examinable for all indigenous Fijian students up to Form 7 level.
- An alternative Fijian studies curriculum is to be developed and made compulsory for students of the other ethnic groups.

5.7.5 While there is consensual agreement by all communities regarding the need for Fijian studies, a number of important questions should be addressed. These relate to how Fijian will be taught; the contents of the course; the values which need to be imparted; the skills and attitudes to be inculcated; the type of knowledge to be emphasised; and how the course will be packaged. It will be critical for this revamped Fijian studies curriculum to meet the needs of indigenous Fijians in these changing times.

5.7.6 The issues of policy, resources, research and teacher training are particularly pertinent. The Education Commission recommended the following actions be taken regarding the issue of indigenous knowledge:

- policies must be developed to include indigenous knowledge in the curriculum;
- resources should be allocated for the training and development of teachers to teach in this area and for the preparation and production of appropriate texts;

- working across disciplines, research should be conducted into and a systematic recording undertaken of known indigenous knowledge, traditional and oral literature, traditional health issues and maintained for posterity; and
- institutions should be identified to teach courses that will promote the acquisition of entrepreneurial skills linked closely to indigenous Fijian arts, customs and traditions as well as in the areas of tourism, mechanics, information technology and marine resource.

5.8 The Way Forward: A Strategic Plan for Fijian Education

5.8.1 The Fijian Education Unit of the Ministry of Education will be restructured and resourced with adequate funds and personnel. In the process, the Unit will be provided with the level of political and administrative leadership needed to ensure that the issue of indigenous Fijian education receives the focus, drive and commitment in order to realise success. This will help facilitate a more co-ordinated, holistic and integrated approach.

5.8.2 One of the key challenges identified by the special sub-committee in 2000 is the lack of employment opportunities and pathways for indigenous Fijians who are talented in arts, music and sports. Academies for Sports, Music and Creative and Performing Arts will therefore be established to assist indigenous Fijian students explore and capitalise on their currently undervalued aesthetic/affective skills and talents.

5.8.3 Other areas in which indigenous Fijians can be offered alternative life opportunities for self-employment are agricultural studies, marine studies, and tourism education.

5.8.4 Micro-enterprise education was also identified as a critical area in curriculum reform to enable indigenous Fijians to successfully manage their small businesses.

5.8.5 The current business-related curriculum for both primary and secondary schools is grossly inadequate. Accounting and Economics are the only subjects offered and these are tertiary-oriented and not geared for those who drop out of school early. It is clear that the current programmes do not equip early school leavers with the relevant know-how and skills for self-employment. In this regard, a relevant and dynamic primary and secondary school curriculum will be developed, with inputs from the Fijian Indigenous Business Council (FIBC), financial institutions, successful indigenous Fijian and non-Fijian entrepreneurs, and other relevant agencies/personnel, which would develop and enhance Fijian entrepreneurial knowledge, attitudes and skills. In this way, the link between this 'grassroot' business education and indigenous Fijian participation in business will be strongly forged at the school level, as opposed to the current focus of business training for adults. This approach will also assist in the development of a business ethos/enterprise culture amongst indigenous Fijians early in life.

5.8.6 It has been observed that small numbers of indigenous Fijian students enrol in accounting and economics courses at the Fiji Junior, Fiji School Leaving Certificate and Form Seven levels. At the same time, it has been noted that there is a significant decline in the numbers of indigenous Fijians taking business-related subjects as the level of education rises. For instance, in 1999, only 263 indigenous Fijians enrolled to

sit the Seventh Form Accounting Examination compared to 4,201 and 10,355 in the Form Six and Form Four national exams respectively. Given the theoretical emphasis of the current business related subjects in the school curriculum and its tertiary level orientation, a relevant micro-enterprise education curriculum will be developed for the primary and secondary school levels.

5.8.7 Research on indigenous Fijian education will be afforded careful attention and greater priority. The research findings will be shared with agencies linked to indigenous Fijian education. The Fijian Education Unit will be responsible for this research and will be appropriately staffed.

5.8.8 Funding for indigenous Fijian schools will be increased. A grant of \$8 million annually over the next five years and \$10 million annually thereafter is recommended. 40% will be used for scholarships and the remaining 60% to upgrade and develop school hostels and laboratories, purchase teaching resources, library books, computers and equipment. Assistance will also be provided in the areas of special education, pre-school and vocational education studies.

5.8.9 There will also be a review of the existing formula for the allocation of all primary and secondary school scholarships, grants and other resources. Assistance should give emphasis to accessibility, economic status, and the education need. A scholarship fund will be established for indigenous Fijian secondary school students in order to increase opportunities for students from the lower socio-economic groups to remain in school.

5.8.10 Teacher training will be strengthened further through:

- developing and employing aptitude tests, in addition to examination marks, in the selection of candidates for teacher training;
- strengthening the teaching of Fijian studies in primary teacher training institutions and introducing Fijian studies as a specialist subject in its own right at the Fiji College of Advanced Education (FCAE);
- providing increased refresher courses for teachers in indigenous Fijian primary and secondary schools; and
- introducing new curriculum initiatives at FCAE in Tourism Studies, Leisure, Creative and performing arts, information technology and micro-enterprise education.

5.8.11 An intensive adult or community education programme will be mounted. A programme of this nature can also be an avenue through which current attitudes and practices are changed so that there is an improvement in the academic achievement of indigenous Fijians. While many indigenous Fijian parents may value formal education, they may not always be knowledgeable about how to assist their children in the educational process. This is particularly true of parents who have had limited experiences of or exposure to an education, especially higher education.

5.8.12 To enhance adult education, access by the adult learner to the system will be encouraged so that he/she can successfully complete the Fiji Junior, FSLC and Seventh Form programmes. The necessary structure to support and implement this policy will be developed. Initially, it is envisaged that Adult Education Units will be attached to a

few selected technical and vocational institutions. Financial and infrastructural resources as well as appropriately trained staff will also be provided.

5.8.13 Over and above what Government does, there is a crucial role for chiefs, religious bodies, community leaders, NGOs and educated indigenous Fijians in promoting an education ethic in the indigenous Fijian community. A strengthening partnership with the community will be a major policy objective of this Plan.

5.9 Blueprint for Affirmative Action on Fijian Education

5.9.1 The ten objectives of the *Blueprint for Affirmative Action on Fijian Education (2001-2010)* are to:

- strengthen administrative and organisational support for indigenous Fijian education;
- enhance indigenous Fijian access to quality education and training at all levels of education;
- increase indigenous Fijian participation in higher education;
- meet the needs of indigenous Fijian school leavers;
- strengthen the management, financing and monitoring of all indigenous Fijian schools;
- strengthen education in rural and isolated areas;
- establish standards, accountability and transparency in indigenous Fijian schools;
- review current policies and practices that disadvantage indigenous Fijian students;
- upgrade the quality of indigenous Fijian teachers; and
- strengthen community participation.

5.9.2 The proposals outlined in this Plan are fully in line with the objectives of the Education Blueprint.

5.10 Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>Equalise Access, Participation and Outcomes for Indigenous Fijian Students.</p>	<ul style="list-style-type: none"> • Formulate minimum standards for school buildings such as classrooms, science laboratories, libraries, TVET workshops, ablution blocks, student dormitories and teachers' quarters. • Upgrade the quality of indigenous Fijian schools to at least the above minimum standards. • Improve indigenous Fijian boarding facilities in terms of hostel and leisure facilities and the creation of counsellor positions. • Provide appropriate teaching and learning resources. • Provide electricity to all schools. • Provide computers and information technology resources to all Fijian schools. • Provide suitably qualified teachers and upgrade the quality of teachers in indigenous Fijian schools. • Provide suitably trained and 	<ul style="list-style-type: none"> • Indigenous Fijian primary and secondary schools are progressively upgraded such that by 2010, none is of sub-standard quality. • By 2008, boarding facilities of all indigenous Fijian schools are upgraded to these minimum levels and thereafter maintained. • Counsellors for boarding schools to be trained and appointed to every indigenous Fijian boarding school by 2008. • Leisure programmes are developed for boarding schools, and relevant equipment and resources, provided. • Each indigenous Fijian school is provided with basic equipment/resources such as photocopiers, computers and printers, library books and school textbooks, science chemicals, etc. • All Fijian schools to have access to electricity. • By 2010, all indigenous Fijian schools should have access to computers and a specially trained computer teacher.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	<p>experienced school principals and Heads of Department.</p> <ul style="list-style-type: none"> • Provide suitably trained school managers. 	<ul style="list-style-type: none"> • By 2010, the staffing of all rural indigenous Fijian school to be by competent and appropriately trained teachers. • By 2005, all Heads of Department and leadership positions, such as Vice Principal and Principal, are filled by suitably qualified and trained people. • Training of school managers to occur in a cyclic period of three years. • Indigenous Fijian participation in higher levels of schooling and at the tertiary level to increase by 20% each year. • Quality of passes at FSLC and Fiji Seventh Form Examination (FSFE) to improve with an increased percentage in the upper grade levels. • By the year 2020, indigenous Fijian exam outcomes at these levels are on par with the rest of the community.
<p>Provide Alternative Employment Pathways of Fijians in the School Curriculum</p> <p>(a) Introduce alternative curricula choices in schools commensurate with the main economic activity of selected</p>	<ul style="list-style-type: none"> • Develop alternative curricula such as agricultural studies, marine studies, tourism studies, creative and performing arts, sports and leisure 	<ul style="list-style-type: none"> • Introduction of an alternative curricula developed in conjunction with the community and other stakeholders by 2005 for Forms 3-5 at least.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
areas/districts	<p>studies, etc.</p> <ul style="list-style-type: none"> • Train teachers so they can competently teach these subjects. • Appropriate accreditation to be awarded on these subjects for students who do not make it to Form 6. 	<ul style="list-style-type: none"> • Trialling of new curricula at Form 3 level in selected schools. • Training of teachers in these areas in 2003-2004.
(b) Introduce micro-enterprise education and strengthen business-related subjects in schools.	<ul style="list-style-type: none"> • In conjunction with stakeholders, develop a relevant primary and secondary school micro-enterprise curriculum that will empower students for self-employment. • Train teachers so they are able to competently teach these new subject. • Review the current business-related subjects to make them more relevant for school leavers who wish to be self-employed. 	<ul style="list-style-type: none"> • Development of a micro-enterprise curriculum and introduced it in all indigenous Fijian schools in 2005. • Accounting and Economics curriculum reviewed and made more relevant.
(c) Establishment of academies for sports, music, and creative and performing arts.	<ul style="list-style-type: none"> • Build to international standards three new academies: one each for sports, music, and creative and performing arts. • Ensure that the academics are competently resourced re staffing, equipment and funding. 	<ul style="list-style-type: none"> • Three academies established: one every three years beginning in 2003. • Academies are well staffed and well resourced. • Curriculum for each academy is professionally developed utilising the

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	<ul style="list-style-type: none"> • Develop curriculum for these academies, perhaps to start at the equivalent of Form Five level. • Develop appropriate criteria for the selection of participants at these academies. • Develop appropriate accreditation. • Develop linkages with the world of work and entertainment. • Develop networks with relevant international institutes and academies. 	<p>qualified human resources, both local and abroad.</p> <ul style="list-style-type: none"> • Local and international networking in process.
<p>Promote an Education Ethic in the indigenous Fijian Community.</p>	<ul style="list-style-type: none"> • Set up a mobile public relations team to raise education awareness within the indigenous Fijian community. • Develop meaningful networks with agencies such as the GCC, village, tikina and provincial councils, churches, NGOs and appropriate indigenous Fijians on issues related indigenous Fijian education. • Mobilise women's groups and church groups to support schools in their neighbourhood. • Mobilise the media to run appropriate programmes on 	<ul style="list-style-type: none"> • Establishment of a competent and well resourced team by 2003. • Conduct of regular workshops, seminars and conferences for parents, community and church leaders, etc. • Networks developed with these agencies. • Groups in the community actively support neighbourhood schools. • Increased and regular publicity on education issues for the indigenous Fijian community in the media.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	indigenous Fijian education.	
<p>Develop a Comprehensive Fijian Studies Curriculum</p> <p>(a) Introduce Fijian studies as a compulsory subject for all Fijian students up to Form 7 level.</p>	<ul style="list-style-type: none"> • Develop the Fijian studies curriculum with stakeholders including elders from the community and educated indigenous Fijians. • Introduce Fijian studies at all levels from primary school up to Form 7. • Teachers trained to teach the subject. • Passes in Fijian studies will be incorporated as a required subject for recruitment into the public service. 	<ul style="list-style-type: none"> • Curriculum developed progressively and completed by 2009. • Fijian studies to be implemented in Classes 1-4 and Form 1 beginning in 2004 and progressively so that by 2009, all classes and forms are covered. • Appropriately trained teachers are ready to teach by the beginning of 2004. • Increasing number of indigenous Fijian recruits into the civil service engaged on the precondition of having taken Fijian studies up to the last year of schooling.
<p>(b) Introduce an alternative Fijian studies curriculum which is to be a compulsory subject up to Form 4 level by the non-indigenous students.</p>	<ul style="list-style-type: none"> • Develop a Fijian studies curriculum for non indigenous Fijians. 	<ul style="list-style-type: none"> • An alternative Fijian studies curriculum is developed for non indigenous Fijians and implemented by 2005 at the latest.
<p>Strengthen Research and Information Networks.</p>	<ul style="list-style-type: none"> • Research will be on issues relevant to indigenous Fijian education will be accorded importance and priority. 	<ul style="list-style-type: none"> • Recruitment of at least two appropriately trained personnel to conduct research.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	<ul style="list-style-type: none"> • Research findings to be shared with other agencies with a vested interest in Fijian education. 	<ul style="list-style-type: none"> • Research findings are to be disseminated and discussed at all appropriate forums.
<p>Strengthen the education and training of indigenous Fijians by increasing their access to and participation in teacher training, undergraduate and postgraduate studies in all fields.</p>	<ul style="list-style-type: none"> • Review the system of award of pre-service and in-service scholarship. • Award scholarships to strengthen indigenous Fijian participation in occupational areas where involvement is weak. • Institute a 70:30 quota of all government scholarships in favour of indigenous Fijians for teacher training, undergraduate and postgraduate programmes in the years 2003 – 2007. • Redeploy funds, if there is a shortfall in the utilisation of the scholarship quota, to programmes that benefit indigenous Fijian education. • Reduce the number of extension units required as a qualifying criteria for inservice scholarship for indigenous Fijian teachers. 	<ul style="list-style-type: none"> • Review carried out and recommendations implemented by 2004. • A study is carried out to determine areas where indigenous Fijians are weak. • Increased access of indigenous Fijian teachers to tertiary studies. • Full utilisation of scholarship funds every year. • Increased number of qualified indigenous Fijians in areas of national shortage.
<p>Development of programmes of study at teacher training institutions.</p>	<ul style="list-style-type: none"> • Review primary and secondary teacher training curricula so as to make them more responsive to the learning needs of indigenous Fijian students. 	<ul style="list-style-type: none"> • Curricula reviewed and implemented. • Mounting of refresher courses for all indigenous Fijian teachers in a three year cyclic period.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	<ul style="list-style-type: none"> • Upgrade teaching standards. • Implement a pilot project to train an elite group of teacher trainees specifically to teach in indigenous Fijian rural and isolated schools. • Introduce new curriculum initiatives at FCAE and LTC in tourism studies, creative and performing arts, music, micro-enterprise education, information technology, etc • Strengthen the teaching of Fijian studies in teacher education institutions. 	<ul style="list-style-type: none"> • A group of specially trained teachers to be recruited in rural/isolated schools. • Implementation of new curricula in the subject areas. • Fijian studies curriculum developed and implemented in 2002. • Fijian studies is treated as a specialised subject in its own right at teacher training institutions.
Increase funding for indigenous Fijian schools.	<ul style="list-style-type: none"> • Increase funding to schools disadvantaged by their location or isolation. • Establishment of a scholarship scheme for the upper secondary school level to help retain bright students from poor families. • Establish a roll-over fund to provide low-interest loans to school management committees to upgrade and maintain their schools. 	<ul style="list-style-type: none"> • Primary and secondary school funding is based on location, economic need, accessibility to government infrastructures, sources of income for the community and accessibility to other sources of funds. • Scholarship scheme established in 2004 to operate based only on economic need and academic excellence. • Fund provides low-interest loans to school management committees.
Providing ‘catching-up’ opportunities for the adult	<ul style="list-style-type: none"> • Develop a policy on adult education. • Identify a TVET centre in each 	

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>learner.</p>	<p>division to set up Adult Education Units.</p> <ul style="list-style-type: none"> • Train secondary school teachers with a focus on adult teaching/learning. • Provide appropriate funding for each Adult Education Unit. 	
<p>Strengthen Existing Administrative Structures</p> <p>Strengthen the Fijian Education Unit so it is better able to service the needs of indigenous Fijian education.</p>	<ul style="list-style-type: none"> • Set up the Fijian Education Board to provide advice to the Minister on the development of Fijian Education and monitor the implementation of this Plan. • Reorganise, strengthen and upgrade the Fijian Education Unit to raise its implementation and planning capacities. 	<ul style="list-style-type: none"> • Establishment of the Board in 2004, at the latest, with membership comprising nominees of the GCC, churches, Fijian Teachers Association, relevant Ministries, and representatives of NGOs and indigenous Fijians in the business and other sectors. • The Unit is strengthened with a full complement of appropriately trained staff, equipment, vehicles and other relevant resources by the beginning of 2004. • Appointment of nine additional Senior Education Officers (Fijian Education) to plan, coordinate, monitor and facilitate the development of indigenous Fijian education.

CHAPTER 6

POPULATION, HUMAN RESOURCES DEVELOPMENT AND UTILISATION

6.1 Introduction

6.1.1 Human resources will be accorded the utmost priority as the country strives to attain overall economic and social development. Indeed, the significant loss to Fiji's stock of human capital in the last decade and a half accords even greater significance and urgency to human resource development as one of the prerequisites to achieving full recovery in the short term from the devastating economic effects of recent political events.

6.1.2 Based on current indicators, the indigenous Fijian population will assume increasing dominance as a ratio of the total population. Consequently, while overall human resource development is critically important, ensuring that indigenous human resources possess the skills being lost through emigration is an immediate imperative.

6.2 Review

6.2.1 At the time of the first census in 1881, the Fijian population was 114,748 and continued to decline to an all time low of 84,475 in 1921. A recovery then commenced and by the 1936 census, the population was 97,651. The population surpassed the 1881 count in 1946 when it reached 118,070. Thereafter, it grew at an annual average rate of 0.5%. In 1881, Rotumans numbered 2,452 but then declined to the lowest level of 2,176 in 1911. The Rotuman population then began to increase in 1921 and between 1946 and 1996, grew at an annual average rate of 1.2%.

6.2.2 By the 1946 census, the demography of Fiji changed significantly when the number of indigenous Fijians was exceeded for the first time by Indo-Fijians. This situation arose as a result of natural increase and immigration. In 1996, this situation was reversed as a consequence of low fertility rates and increased emigration. Up to the 1996 census, the Fijian population grew by a little more than three times since the first census in 1881 whilst the Rotuman population grew four fold. The Indo-Fijian population multiplied 576 times over this period.

6.2.3 According to the 1996 census, the total population was 775,077 (Table 6.1): Fijians numbered 393,575 and made up 51% of the total; Rotumans totalled 9,727 and accounted for 1%; the number of Indians was 338,818 which represented 44%; and 'Others' numbered 32,957 and comprised 4%. The age and sex structure shows that Fiji's population has slowly become less youthful, albeit the Fijian population is on average younger than the other ethnic groups.

Table 6.1: Age - Sex Structure by Ethnic Groups (1996)

Age Cohort	Indigenous Fijians	%	Indo-Fijians	%	Rotumans	%	Others	%	Total
<5 years	54,049	13.7	34,888	10.3	1,189	12.2	4,088	12.4	94,214
5-9	48,218	12.3	34,229	10.1	1,092	11.2	3,556	10.8	87,095
10-14	46,885	11.9	41,404	12.2	1,120	11.5	3,446	10.5	92,855
15-19	40,436	10.3	39,011	11.5	1,025	10.5	3,210	9.7	83,682
20-24	33,638	8.5	29,372	8.7	799	8.2	3,146	9.5	66,955
25-29	31,039	7.9	27,121	8.0	820	8.4	2,680	8.1	61,660
30-34	29,539	7.5	28,041	8.3	688	7.1	2,573	7.8	60,841
35-39	25,626	6.5	27,048	8.0	637	6.5	2,468	7.5	55,779
40-44	20,075	5.1	21,620	6.4	547	5.6	1,938	5.9	44,180
45-49	17,073	4.3	17,896	5.3	445	4.6	1,667	5.1	37,081
50-54	13,550	3.4	13,457	4.0	375	3.8	1,301	3.9	28,683
55-59	11,466	2.9	9,493	2.8	335	3.4	951	2.9	22,245
60-64	8,436	2.1	6,091	1.8	249	2.6	683	2.1	15,459
65-69	5,895	1.5	4,147	1.2	204	2.1	515	1.6	10,761
70-74	3,681	0.9	2,260	0.7	90	0.1	326	1.0	6,357
75+	3,969	1.0	2,740	0.8	112	1.1	409	1.2	7,230
Total	393,575	100	338,818	100	9,727	100	32,957	100	775,077

Sources: 1986 and 1996 Census Reports

6.2.4 Table 6.2 presents the distribution of the indigenous populations by province and specifically identifies the urban populations in each. As is evident, except for the provinces of Ba, Naitasiri and Rewa, at least three-quarters of indigenous Fijians in all other provinces live in rural areas. The distribution of population in the three provinces specified above is skewed by the presence of urban indigenous Fijians, principally from other provinces. Overall however, 59% of indigenous Fijians live in rural areas.

Table 6.2: Indigenous Fijian Populations by Province (1996)

Province	Rural	Rural/ Total Fijian in Prov.(%)	Urban	Total Fijian Pop. in Province	Total Pop. of Province	Total Fijian/ Total Pop. (%)
Eastern Division						
Kadavu	9,413	100	-	9,413	9,535	98.7
Lau	12,002	100	-	12,002	12,211	98.2
Lomaiviti	12,046	82	2,673	14,719	16,214	90.7
Rotuma	2,810	100	-	2,810	2,810	100.0
Central Division						
Naitasiri	18,257	26	52,580	70,837	126,641	55.9
Namosi	5,221	100	-	5,221	5,742	90.4
Rewa	8,809	15	50,084	58,893	101,547	57.9
Serua	6,606	78	1,859	8,465	15,461	54.7
Tailevu	28,314	87	4,148	32,462	48,216	67.3
Northern Division						
Bua	10,473	95	519	10,992	14,988	73.3
Cakaudrove	29,353	93	2,232	31,585	44,321	71.2
Macuata	17,168	77	5,195	22,363	80,207	27.8
Western Division						
Ba	32,789	47	37,113	69,902	212,197	32.9
Nadroga/Navosa	24,763	88	3,417	28,180	54,083	52
Ra	16,858	92	1,515	18,373	30,904	59.4
Total	234,882	59	161,335	396,217	775,077	52

Source: 1996 Census Report

6.2.5 Between 1986 and 1996, as Table 6.3 shows, the urban population grew by an average rate of 2.6% while the rural population declined by an average rate of 0.5% annually. The yearly rate of growth for urban indigenous Fijians of 4% was the highest. The urbanisation of Fiji, and indigenous Fijians in particular, has increased in the last inter-censal period. While rural/urban migration (as people, amongst other

reasons, searched for regular paid employment or moved for the education of children) was a major factor, the extension of urban boundaries also contributed.

**Table 6.3: Urban and Rural Population, 1996
(Annual growth since 1986)**

	Rural	Urban
Indigenous Fijians	235,544 (0.5%)	167,758 (4.0%)
Others	180,038 (-1.7%)	191,737 (1.6%)
Total	415,582 (-0.5%)	359,495 (2.6%)

Source: Fiji Islands Bureau of Statistics

Note: Figures in brackets indicate annual growth since 1986.

6.2.6 Nationally, the total fertility rate declined in the last inter-censal period. The fertility rate for indigenous Fijians also declined but was 60% higher than that for Indo-Fijians. However, the fertility rate for urban indigenous Fijians was lower than that for urban Indo-Fijians. The fertility rate for rural indigenous Fijians was the highest. The Infant Mortality Rates have remained unchanged although for the two major ethnic groups, marginal declines were registered. The “life expectancy at birth” fell marginally, for both the total population and for indigenous Fijians. These trends reflect a worsening health situation for the population as a whole and for indigenous Fijians in particular.

6.2.7 Based on declarations on departure cards, gross emigration was around 5,000 per year after 1987. In 1998-1999, the emigration level was a little more than 4,800 annually. It rose to nearly 5,300 in the year 2000 and 6,300 in 2001. Indo-Fijians comprise 88% of those who emigrated and indigenous Fijians, 8%.

6.2.8 Looking into the future, the national population is projected to be 900,000 by 2006 and reach the million mark by 2016. By ethnic groups, it is projected that the number of Fijians will be around 490,000 in 2006 and reach 600,000 in 2020 (Table 6.4). Over the same period, the average growth rate for Rotumans will be 1.2% per year. Taking this rate, it is projected that the total Rotuman population for 2006 will be around 11,000 and reach 12,400 in 2020. These projections take into account the expected levels of (net) migration over this period.

**Table 6.4: Estimated Population by Ethnic Origin and Sex
(2006 – 2020)**

	2006			2016			2020		
	Males	Females	Total	Males	Females	Total	Males	Females	Total
Fijians	248,729	240,883	489,612	292,935	283,620	576,555	306,832	297,076	603,908
Rotumans	5,593	5,374	10,967	6,306	6,059	12,365	6,615	6,357	12,972
Indians	178,478	172,030	350,508	188,036	180,695	368,731	187,736	180,406	368,142
Others	26,844	23,755	50,599	34,336	30,750	65,086	37,562	33,638	71,200
Total	459,644	442,042	901,686	521,613	501,124	1,022,737	538,745	517,477	1,056,222

Source: Fiji Islands Bureau of Statistics

6.2.9 The labour force totalled 298,000 in 1996, which represented an inter-censal increase of 23,000 or an average annual rate of 0.8%. The indigenous Fijian labour force has been growing at a steady rate, due mainly to significant increases in the participation of women.

6.2.10 It is estimated that in 1996, some 14,900 people (9,800 males and 5,100 females) left schools and tertiary educational institutions to seek employment. Little change is deemed to have occurred in subsequent years and these figures would have remained very much the same. Those who have completed Form 5 education or less make up 53% of all school leavers. It is highly probable that this group would be placed at a particular disadvantage as they would not be eligible for tertiary training and would be by-passed for employment by the formal sector.

6.2.11 Between 1986 and 1996, an estimated (net) 12% (33,000 of 274,000) of the 1986 labour force emigrated. By occupational distribution, the loss through emigration was particularly severe at the middle and high level skills (defined as those requiring post-secondary qualifications) both in qualitative and quantitative terms. Fresh graduates taking up entry-level positions more than offset the numbers lost but do not compensate for experience.

6.2.12 The employment structure has been undergoing shifts typical of other developing countries. One of these is an absolute shift out of agriculture to manufacturing (Table 6.5). Since the latter tends to be urban based, this structural shift has also contributed to the greater overall urbanisation.

Table 6.5: Employment by Broad Sector (1986-1996)

Economic Sector	1986		1996	
	No.	%	No.	%
Formal Sector	80,000	31.2	110,081	39.2
Non-Agricultural Informal Sector	43,115	16.8	46,826	16.7
Money Economy Agriculture	67,726	26.4	62,407	22.3
Subsistence Agriculture	65,506	25.6	61,191	21.8
Total	256,347	100.0	280,505	100.0

Source: Fiji Islands Bureau of Statistics

Note: Figures for Informal Sector are residual.

6.2.13 As shown in Table 6.6, the bulk (60%) of open unemployment occurred in the age groups 15- 19 and 20–24 years. These are the youths of the country. In addition, open unemployment in these age groups is higher for females (36%) than for males (24%).

Table 6.6: Age/Sex Distribution of Unemployment (1996)

Age Group	M a l e s			F e m a l e s		
	Econ. Active	Unemployed	%	Econ. Active	Unemployed	%
15 – 19	16,503	2,448	14.8	7935	1854	23.4
20 – 24	27,668	2,532	9.2	14745	1934	13.1
25 – 29	28,629	1,381	4.8	13833	1000	7.2
30 – 34	28,987	925	3.2	13824	765	5.5
35 and over	98,265	2,316	2.4	47381	2110	4.5
Total	200,052	9,602	4.8	97,718	7,663	7.8

Source: *Fiji Islands Bureau of Statistics*

6.2.14 Unemployment, as Table 6.7 below illustrates, rose for both male and female youth as the level of education attained increased, with the rates highest for those who have completed post-secondary studies. It appears that the problem of unemployment is therefore not only one of youth but more specifically of educated youth. It is important, however, to place this in proper perspective. Some youths may have set their sights too high and faced difficulty gaining employment, while the level of education attained could also have been overstated. These factors could have contributed to this unusual trend.

Table 6.7: Youth Unemployment by Sex and Education Level (1996)

Level of Education	Males			Females		
	Econ. Active	<i>Unemployed</i>	%	Econ. Active	Unemployed	%
Primary	11,455	401	3.5	3,512	185	5.3
Secondary	30,427	4,168	13.7	17,429	3,138	18.0
Post-Secondary	2,169	402	18.5	1,632	460	28.2
Unrecognised	120	9	7.5	107	5	4.7
Total	44,171	4,980	11.3	22,680	3,788	16.7

Source: *1996 Census*

6.2.15 However, the level of unemployment is a poor indicator of the incidence of worklessness. The more relevant concept is under-employment, which takes into account the absence of continuous employment over the year, and very low productivity and incomes among those working full-time over the year. Whilst recognising these definitional difficulties, the issue of the productive and gainful employment of the youth of the nation is extremely important.

6.3 Key Issues

6.3.1 Nationally, the socio-economic indicators generally reflect improvements in the standard of living: infant and child mortality rates have declined, a life expectancy that is above the WHO target, an adult literacy rate of over 90%, etc. However, by ethnicity and gender, these indices have worsened, especially for indigenous Fijians. This trend needs to be arrested and the policies outlined in Chapter 9: Health will go a long way to achieving this.

6.3.2 High quality education and training is fundamental to improving the stock of Fiji's human resources. Nationally, substantial progress has been made in quantitative terms. Emphasis will now be placed on not only the quality, but also the geographic and

ethnic characteristics of education and training. The greatest challenge will be to address the poor performance of indigenous Fijian students and the affirmative action measures outlined in Chapter 5: Education are designed for this purpose.

6.3.3 A significant stock of Fiji's human resources has been lost since 1987. The majority were highly skilled Indo-Fijians. Consequently, national human resource development initiatives are now of even greater significance. Those aimed at developing the professional and technical capabilities of indigenous Fijians are especially urgent if the skills being lost are to be regained.

6.3.4 The continued migration of indigenous Fijians to urban areas presents important policy ramifications for any programme designed to bring about their socio-economic development. Such a spatial shift of population is a direct result, amongst other factors, of the uneven distribution of economic activities, in particular formal sector jobs/paid employment. To effectively curb urban drift, new income generating opportunities in rural areas should be identified and the requisite support services and infrastructure facilities put in place. The role of non-formal education should be reviewed, revamped and refocused so that it is able to spearhead the development and improvement of professional capabilities of rural people.

6.3.5 The net annual addition to the labour supply, i.e. school leavers, those re-entering the labour force, etc., is estimated to be 17,000 people. Of these, 8,000 will enter the formal sector and the 9,000 will join the informal sector. The majority (88%) of those joining the labour force each year are school leavers and over half are those who have completed Form 5 education or less. As stated earlier, this category will be placed at a particular disadvantage as they will not be eligible for tertiary training and will probably be by-passed for employment by the formal sector. Re-training these individuals will therefore be necessary. Vocational Training Programmes and Non Formal Education will be strengthened so that they can equip the target group with skills they need.

6.3.6 A major factor hindering economic growth and development is the persistent shortage of skilled, middle and high level human resources. It is not only a problem of meeting the skills demands of employers but also one of the steady and continuing loss of skills due to emigration. In the last inter-censal period, a substantial proportion of the middle and high level labour was lost and this was almost exclusively from the formal sector of the economy. Within the formal sector, the public service, where over two-thirds of such personnel were employed, suffered the greatest loss.

6.3.7 Even in the formal sector, under-employment is pervasive in the form of mis-application of employee skills, poor work habits, low utilisation of technology, and other factors which, together, result in lower productivity than that found in similar work in other countries.

6.3.8 As in many developing countries, females are employed in relatively fewer occupations. However, in Fiji they dominate a number of occupations: primary school teachers, nurses, secretaries, customer service clerks, housekeepers and restaurant workers, garment workers, domestic workers, and subsistence agriculture workers. The limited access of women to the full range of occupations represents a use of the country's human resources that is less than maximum.

6.4 Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>Development of the human resources of indigenous Fijians to maintain the pool of national skills to facilitate achievement of economic recovery and growth in the short term.</p>	<ul style="list-style-type: none"> • Fastrack skills upgrading and re-training programmes to meet projected shortages. • Promote a higher level of vocational training in fields where skills shortages are projected. • Promote the further development of the skills of women. • Raise the mandatory age of retirement to 60 years. • Increase both the share and number of places at tertiary institutions for indigenous Fijians. 	<ul style="list-style-type: none"> • Achievement of full economic recovery and growth in the short term. • Shortage of professional skills in the short term is minimised. • Completion of a study to identify areas of potential skills shortages.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>Minimise urban migration by creating remunerative employment opportunities in rural areas through the development of business enterprises.</p>	<ul style="list-style-type: none"> • Identification of potential viable income generating/business opportunities in rural areas based on market demands. • Provision of the requisite support infrastructure and services such as management, marketing, financial, etc. • Mounting appropriate short term courses to develop business skills. 	<ul style="list-style-type: none"> • Reduction in urban migration. • Increased business activity in rural areas. • Conduct a jobs/training needs analysis and formulation of appropriate curriculum for business training. • Increased number of skills courses mounted specifically for rural areas.
<p>Rejuvenate non-formal education (NFE) so it assumes a more central and proactive role in developing the skills of the country.</p>	<ul style="list-style-type: none"> • Review, revamp and refocus if need be, courses offered by NFE training providers to support the aim of minimising the shortage of skills. • Focus some training programmes on target groups such as school leavers with minimum-cum-unemployable qualifications and women. 	<ul style="list-style-type: none"> • Increased number of and, more importantly, participation at NFE courses mounted to remedy projected skills shortages. • Achieving target milestones in the nine components of primary health care. • Adequate levels of drugs, medical supplies and equipment maintained and number of health professionals provided.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>Improve the nation's health status and life expectancy.</p> <p>Optimise the gainful employment of the youth population.</p>	<ul style="list-style-type: none"> • Increase financial support to NFE training institutions. • Provide efficient and effective primary and preventative health services. • Provide efficient and effective curative health services. • Improve rural and community health services. • Co-ordinate education curriculum with skills requirements. • Create income generating and business opportunities in the informal sector for youths. 	

CHAPTER 7

COMMERCE AND FINANCE

7.1 Introduction

7.1.1 The socio-economic development of indigenous Fijians is at the heart of this affirmative action plan. Almost invariably, this endeavour is closely associated with greater participation by indigenous Fijians in commerce; through increased ownership of businesses, a greater number holding senior executive positions in the private sector, and generally an increased share in all spheres of the economy.

7.1.2 As outlined in Chapter 2, previous involvement in commercial activities by indigenous Fijians, has been disappointing. Yet indigenous Fijians have excelled internationally on a number of fronts including on the battlefields, in sports, and in peacekeeping duties. These achievements demand discipline, commitment and perseverance; traits which are among the prerequisites for commercial success. It is clear that indigenous Fijians do have the inherent potential to succeed in business as confirmed by the existence of a number of very successful indigenous businesses. These ventures include the Fijian Holdings Limited, Mavana Holdings Limited, Mucunabitu Iron Works Contractors Cooperative and Cicia Plantation Cooperative, all of which involve different forms of collective participation. Examples of successful 'individual' enterprises include The Hot Bread Kitchen, Taina's Travel Services Limited, a number of legal and medical practices, and the many small agri- businesses (market stalls) run almost totally by women.

7.1.3 To realise the broad goal of greater participation in commerce, policy interventions should be designed to eliminate, or at the very least minimise, the weaknesses and where possible, to exploit the positive aspects of indigenous Fijian culture and society. Policy interventions should create the enabling environment to increase the likelihood of success and reduce the scope for failure. It is to be expected however, that with any portfolio of opportunities, there will be successes as well as disappointments. While poor performances should not be used to belittle or stigmatise affirmative action programmes, appropriate lessons should be drawn from them.

7.2 Review of Past Policies

7.2.1 Depending on the perspective adopted, any review of the participation of indigenous Fijians in commercial activities can be a mammoth task. Indeed, a good portion of this Plan may be taken as such a review. To avoid duplication, this chapter will confine its scope to strictly commercial activities undertaken by indigenous Fijians.

7.2.2 *Micro and Small Enterprise Development*

7.2.2.1 There is no universally agreed definition for a micro and small enterprise (MSE). Three criteria normally used are: the number of persons employed, annual turnover, and level of investment. The Small and Micro-Enterprise Development Act (2002), defined a micro-enterprise as “any enterprise which has a turnover or total assets not exceeding \$30,000 and employs not more than 5 employees” and small enterprises as those “with a turnover or total assets between \$30,000 and \$100,000 and employs between 6 and 20 employees”.

7.2.2.2 According to the 1996 Census, of a labour force of 297,770, some 64% (169,735) were engaged in MSEs. Furthermore, of the 76,675 families in rural areas, 63% were engaged in informal money or economic activities. In urban areas, 34% of the total of 67,942 families were also involved in informal money/economic activities.

7.2.2.3 A baseline survey undertaken in late 2000/early 2001, as part of the preparatory work for this Plan, estimated that one quarter of all registered businesses, including cooperative societies, were owned by indigenous Fijians. Based on a sample provided by the Bureau of Statistics, the distribution by sector of these indigenous businesses was estimated to be along the lines shown in Table 7.1. As will be noted, the largest concentration of businesses (42%) was in the Wholesale/Retail Trade, Restaurants and Hotels sectors, a reflection of the dominance of co-operative societies. The next most important sector was agriculture, which accounted for nearly one fifth of all indigenous businesses.

Table 7.1: Estimated Distribution of Indigenous Fijian Business by Sector

Sector	Percentage
Wholesale/Retail Trade, Restaurant & Hotels	41.8
Agriculture	19.4
Manufacturing	12.9
Finance	12.4
Transport	8.5
Services	3.5
Construction	1.0
Mining	0.5
Electricity & Water	0.0
Total	100.0

Source: Baseline Survey

7.2.2.4 According to the number of staff employed, over half (54%) of indigenous Fijian businesses employed five or less people whilst another 24% employed between 6 and 10 people (Table 7.2). Taken together, about 90% of indigenous Fijian businesses employed 20 or less people which, in terms of one of the above definitions, means that indigenous Fijian businesses are mostly micro and small enterprises.

Table 7.2: Indigenous Fijian Businesses by No. of Employees (2000)

No. of Employees	Percent
1-5	53.6
6-10	24.4
11-20	9.8
21-50	7.3
51-100	0.0
101-200	0.0
200+	4.9
Total	100.0

Source: Baseline Survey

7.2.2.5 MSE development has enormous potential but is constrained by a number of key factors. Firstly, it has not been normally perceived as a priority area and, as a result, an MSE culture is not well developed. Secondly, the regulatory requirements, designed principally for conventional businesses, are necessarily complex and, when coupled with the lack of legal literacy amongst both micro-finance institutions and the entrepreneurs, can be a serious constraint. Lastly, support services have been largely ineffective because of the weak networking and coordination, limited enterprise experience, and inadequate research (market, training needs, etc.).

7.2.3 Cooperative Movement

7.2.3.1 Tremendous growth was experienced in the three decades after the establishment of the cooperative movement in 1947. However, in more recent years, the importance of the movement has declined. As shown in the table below, at the end of 2001, there were 443 operating societies which represented a decline of 24% when compared to 1995. Indeed, the cooperative movement has often been associated with high prices, mismanagement, nepotism and other social traits. Nevertheless, cooperative societies, most of which are rural-based, service 26,000 families or about one third of all the families in rural areas. The cooperative movement is therefore still an important agent of development, especially in rural and remote areas where it provides a range of much needed services.

7.2.3.2 The total sales by consumer cooperative societies in 2001 amounted to \$6.26 million which represented a decline of 36% over the 1995 trading result. The decline is the result of the demise of some societies and therefore the loss of clientbase. Consumer cooperative societies operate mainly in rural indigenous Fijian communities, where very few private retail traders will venture, and therefore, perform an important function.

**Table 7.3: Operating Cooperative Societies by Type
(1995-2001)**

Type \ Year	1995	1996	1997	1998	1999	2000	2001
Consumer	149	130	126	143	134	130	126
Consumer/Marketing	183	159	157	127	124	113	109
Producer/Marketing	25	20	19	18	15	8	8
Savings and Loans	123	122	121	121	119	116	111
Land Purchase	47	44	44	44	43	43	42
Land Holding	12	14	14	13	10	10	10
Workers	3	5	5	4	4	4	4
Others	37	37	32	23	23	31	27
Total	579	531	518	493	472	461	443

Source: Department of Cooperatives

7.2.3.3 Consumer/Marketing societies combine, as the name suggests, retailing activities with the marketing of commodities such as copra, yaqona, marine products and handicrafts. More prevalent in the Northern and Eastern Divisions, the numbers of this type of cooperative has dropped (Table 7.3) while the volume of business has increased by 4% to \$1.25 million.

7.2.3.4 Production/Marketing Cooperatives are involved in the production and selling of milk, cocoa, sugar cane, ginger and, on a smaller scale, fish and pineapple. This category of cooperative has been beset by a range of problems such as a lack of skilled personal/technical expertise, unreliable transportation services, and ineffective marketing arrangements.

7.2.3.5 Introduced in the sugar cane growing areas in the 1960s, Savings and Loans Cooperatives promote thrift among members and also provide loans for “productive and provident purposes”. The total loan portfolio in 2001 was \$7.3 million; \$6 million of which was in members’ equity and \$1.3 million in deposits from members, with some external borrowings.

7.2.4 Corporate Business Development

7.2.4.1 The three dominant vehicles for ownership of the corporate sector by indigenous Fijians are Fijian Holdings Limited (FHL), Yasana Holdings Limited (YHL), and the Unit Trust of Fiji (UTOF). The FHL and UTOF are covered in detail in Chapter 3: The Nine Point Plan.

7.2.4.2 The UTOF was launched in 1998, in response to a suggestion from the Fijians Affairs Board and the NLTB, as “an investment vehicle for the man in the street, particularly the Fijian people”. While the situation may have changed since, some 40% of the units in UTOF in 1994 were owned by indigenous Fijians.

7.2.4.3 Incorporated in 1994, Yasana Holdings Limited owns shares in R B Patel Group Ltd and also holds majority shares in Fiji Television Limited.

7.3 *Financial Assistance*

7.3.1 *Commercial Loans to Fijians Scheme*

7.3.1.1 The major source of finance for indigenous Fijian participation in business has been the Fiji Development Bank (FDB). The Soft Loan to Fijians Scheme which was introduced in 1975, provided a maximum loan of \$100,000. Major aspects of the scheme were: the relaxation of some security requirements, interest rate was subsidised by 1%, and a requirement for a one third cash contribution by the successful applicant. Loans under the scheme were for “almost any business, including small investment”, provided these are shown to be viable. The main areas of activity were: transportation, small shops and investments.

7.3.1.2 To broaden the assistance provided, a new scheme titled the Commercial Loans to Fijians Scheme (CLFS), was introduced in 1988. This new scheme provided loans to an expanded range of areas (see Chapter 3 for details) and Government increased its interest rate subsidy to 5.5% for loans up to a maximum of \$200,000. The maximum loans possible were \$0.5 million for individuals and \$1 million for legal entities and companies.

7.3.1.3 Between 1975 and 1988, loans approved under the Scheme amounted to \$26.5 million. Following a review of lending guidelines in 1988, loan approvals increased significantly to an average of \$3 million a month. Over the period 1996-1999, loans approved under the CLFS, as shown in Table 7.4, decreased drastically from \$19 million to just below \$5 million. Real estate loans made up more than 70% of the loan. Loans outstanding in this sector rose from \$40 million in 1996 to \$60 million in 1999. In 1997, due to ‘excessively competitive and difficult market’ conditions, which the Bank felt created additional risks, temporary suspensions were imposed on lending for taxis, freight vehicles, wholesaling and retailing, and specific categories of real estate. As to be expected, the suspensions resulted in substantial reductions in the number of loans in these areas.

Table 7.4 : FDB Loans to Fijians, Rotumans & Eligible General Electors by Business Type (\$000)

Business Type	1996	1997	1998	1999
Agro-Industry	57	16	119	
Financial Institutions	638	456	729	155
Infrastructure Construction	57			
Manufacturing	46	272	152	95
Mining & Quarrying		9	15	
Professional & Business Services	2,337	303	285	110
Real Estate	14,369	11,110	2,597	3,562
Tourism	100	107	120	138
Transport & Communication	421	1,120	1,152	726
Wholesale, Retail & Restaurants	520	380	148	212
Total	18,545	13,773	5,317	4,998

Source: Baseline Survey

7.3.1.4 Generally, loans to agriculture, as illustrated in Table 7.5, have declined over the period 1995-1999. Loans to the fisheries sector have fluctuated; but increased in 1999 to almost double the total value recorded in 1998.

Table 7.5 : FDB Loans to Indigenous Fijians for Agriculture and Fisheries (\$000)

	1995	1996	1997	1998	1999
Agriculture	1,854	1,519	931	1,622	1,183
Fishing	226	76	569	161	300
Total	2,080	1,595	1,500	1,783	1,483

Source: Baseline Survey

7.3.1.5 The CLFS currently comprises five constituent programmes: Business Purchase and Establishment; Transportation, Plant, Equipment and Vessels; Real Estate Investment; Investment in Shares; and Working Capital. The major aspects of each programme are outlined in the table on the next page.

7.3.2 Fixed Asset Grant Scheme

7.3.2.1 Introduced in 1990, this scheme provided a cash grant to indigenous Fijians who borrowed from the FDB for the purchase of fixed assets for businesses. The quantum of the grant was equivalent to 10% of the fixed asset cost, with a maximum of \$20,000 per project. The scheme was discontinued in 1990 because of abuse.

7.3.3 Small Business Equity Scheme

7.3.3.1 The Fiji National Provident Fund (FNPF) commenced this arrangement in 1990 which allowed a member to withdraw part of his/her total credit for investment in a small business. Withdrawal is tied to an approved loan from the FDB.

7.3.4 Share Investment Scheme

7.3.4.1 Established by an amendment to the FNPF Act in 2001, this scheme became operational in 2002. It allowed FNPF members to voluntarily invest part of their savings, one third or \$10,000 (whichever is less), by buying shares in approved companies. The amendment also created a company, the FNPF Nominees Limited, to administer the scheme on behalf of members by buying and selling shares, receiving dividends and crediting these to members' accounts, etc.

7.3.4.2 The scheme was used by some FNPF members who acquired shares in Amalgamated Telecom Holdings Limited (ATH) through the recent public offer. This public offer raised \$21 million which was broadly distributed as follows: 63% in cash purchases by individuals and companies; 24% by the ATH employees through the Employee Share Ownership Scheme; and 13% through the FNPF Share Investment Scheme.

7.3.4.3 Nine hundred and ninety nine (999) members used the scheme to purchase shares in ATH. 843 of these, or 84%, were indigenous Fijians who invested a total of \$2.3 million, which represented 82% of the total amount invested through the scheme.

7.3.4.4 Of the 1,011 investors (individuals, companies, trusts and social organisations) who made cash purchases, indigenous Fijians collectively invested \$1.9 million, which was 15% of the total cash purchases. These indigenous investors included 5 provincial councils (or the business arm of a council), and a trust fund.

7.3.5 *Seed Capital Revolving Fund (SCARF)*

7.3.5.1 Introduced as part of the 2002 Government budget, SCARF consists of three schemes, each of which aims to promote indigenous Fijian participation in tourism, fisheries and forestry businesses by providing seed funding. Administered by the FDB, equity contributions under this scheme comprise at least 35% of the total cost, with the applicant contributing 10% and Government, through SCARF, contributing 25%. If the project is considered viable, but the applicant is unable to raise his/her contribution, the SCARF element can be increased to 35%. SCARF is treated as part of the loan but is interest free. Government provides a 5.5.% subsidy on the FDB loan component. Both SCARF and the FDB loan are to be repaid. The other policies of the scheme vary for each sector and these are set out in Table 7.6.

Table 7.6 : Constituent Programmes of the Commercial Loans to Fijians Scheme

Programmes	Business Purchase & Establishment	Transportation, Plant, Equipment & Vessels	Real Estate Investment	Investment in Shares	Working Capital
Particulars					
Loan Details					
Individuals, Partnerships & Coops: loan amount & interest rate.	A: Up to \$500K - 8% B: Above \$500K - 13.5%	A: Up to \$500K – 8% B: Above \$500K – 13.5%	A: up to \$500K - 8% B: above \$500K – 13.5%	A: up to \$500K – 8% B: above \$500K – 13.5%	A: up to \$500K – 8% B: above \$500K – 13.5%
Tikina & Province: loan component & interest rate.	A: up to \$1m - 8% B: above \$1m -13.5%	A: up to \$500K – 8% B: above \$500K – 13.5%	A: up to \$1m – 8% B: above \$1m – 13.5%	A: up to \$1m – 8% B: above \$1m – 13.5%	A: up to \$1m – 8% B: above \$1m – 13.5%
Cash Equity Contribution (% of total project cost).	Type 'A' loans: 20% Type 'B' loans: 35%	Type 'A': 20% Type 'B' : 35%	Type 'A' : 20% Type 'B' : 35%	50%	20%
Exclusions		•Loans for taxis in greater Suva – Nausori area.	•Residential buildings in Housing Authority estates •Executive houses for rental •Rental for occupation by family/ relations		
Other Conditions	Loan terms: establishment and construction – 20 years; purchase – 15 years	•Project locations – in the 2 main islands within 1km of Govt feeder road; in outer islands within 3km of inter-island port of call •Loan Terms (years): - New used Vehicles: 3-4 -Used Vehicles: 3, -Tractors & Heavy Equipment: 7 - Marine vessels: 2-7 depending on loan value -Plant & Equip: 10 years or shorter working life.			Loan Term: 5 years

Notes:

- Eligibility: For individuals – Fijians to be registered in the Vola ni Kawa Bula, Rotumans to be registered in the Birth Register, and General Electors to be registered in the Electoral Roll and of Melanesian, Polynesian or Micronesian origin. For businesses – 100% owned by eligible individuals.
- Compiled from FDB flyers on the programmes.
- K = thousand.

7.3.5.2 In order for applications to be considered, applicants must meet a number of minimum conditions such as the satisfaction of various administrative/legal requirements of establishing a business – company registration, business licence, etc.; completion of a business plan or feasibility study; have 5 years experience operating a similar business at supervisory level or completed the Start Your Business/Improve Your Business courses offered by the Small Business Advisory Unit and the Department of Cooperatives.

Table 7.7: SCARF Lending Policies by Sectors

Sector \ Policy	Tourism	Fisheries	Forestry
Loan Purposes	<ul style="list-style-type: none"> ▪site, accommodation infrastructure development ▪land/water activities 	<ul style="list-style-type: none"> ▪logging, saw milling, further processing 	<ul style="list-style-type: none"> ▪purchase of longline/dropline fully equipped vessels
Exclusions	<ul style="list-style-type: none"> ▪existing business with turnover exceeding \$100,000 p.a. 	<ul style="list-style-type: none"> ▪used vehicles over 3 years old 	<ul style="list-style-type: none"> ▪purchase of small boats and engines
Maximum Loan excluding SCARF	▪\$65,000	▪\$162,500	▪\$325,000
Maximum SCARF	▪\$35,000	▪\$87,500	▪\$175,000
Total Maximum Loan	\$100,000	\$250,000	\$500,000

Source: FDB

7.4 Support Services

7.4.1 The FDB is one of the few Government agencies to implement specific affirmative action initiatives for indigenous Fijians. As outlined previously, the Bank administers the major schemes which provide financial assistance to indigenous Fijians. Assistance has been provided by way of training and hands-on management experience and business expertise but has been limited in impact.

7.4.2 In 1989, the Business Opportunities Management Advisory Service (BOMAS) was transferred to the Bank from the FAB, restructured and renamed the Management and Advisory Services Division. With an annual contribution from Government of \$200,000 toward costs, the Division conducted a range of training courses for the Bank's clients. As Table 3.6 shows, the number of courses and trainees has declined since 1995.

7.4.3 The Bank also established the FDB Nominees Limited as a vehicle to provide, for a fee, management services to selected clients with significant loan exposures. However, this company has been engaged by only two indigenous Fijian entities.

7.4.4 The composition of the loan portfolio of the FDB has changed markedly over time, with real estate loans assuming a dominant position. As a result, there has been a fundamental shift in the FDB's role as a development finance institution. The Bank has been assigned a number of affirmative action programmes to implement. The FDB's lending policies attracted some criticism from indigenous Fijians during the public consultations on this Plan. While a number of these criticisms appear not to be based on firm foundation, there is some ground for a full review to be undertaken of the Bank's

role, in particular with regard to the implementation of affirmative action schemes involving financial assistance.

7.4.5 A number of other agencies also provide assistance to members of the public wishing to commence a business. These agencies and their roles are briefly described below.

Governmental Agencies

- *Small Business Advisory Unit (SBAU)* provides training to individuals living in and around Suva for those wishing to start or improve their businesses.
- *Department of Cooperatives* provides training and advisory services in areas outside of Suva for those wishing to start or improve their businesses.
- *Micro-Finance Unit* was established in 1997 to facilitate the formation of micro-finance institutions which would, in turn, assist those who qualify for micro-finance assistance. A pilot scheme has been initiated under the auspices of the Fiji Council of Social Services with a Government funding of \$200,000. The ultimate intention is to make these institutions self-sustaining.
- *Ministry of Women and Social Welfare* provides financial assistance, advisory services and training under the Women's Social and Economic Development (WOSED) scheme. Financial assistance provided is up to a maximum of \$200 per woman at the interest rate of 15 % per annum.
- *Ministry of Fijian Affairs* provides training, advisory services and financial assistance to indigenous Fijians wishing to start small businesses. Financial assistance provided is in the form of a loan of up to a maximum of \$5,000 at 4% interest rate per annum.
- *Fiji National Training Council (FNTC)* conducts training for small business in the following areas: supervisory and management training, accounting and finance; sales and marketing; and business communications. The FNTC also provides consultancy services in various fields. These training courses focus mainly on the medium and large businesses and run for two days to a week. The fees for these courses range from \$60 to \$1,000.
- *National Centre for Small and Micro-Enterprise Development (NCSMD)* was established in November 2001 to support and promote the establishment of micro and small enterprises, especially those which benefit the economically and socially disadvantaged groups including women, youths and other persons.

Non-Governmental Organisations

- *Fiji Council of Social Services (FCOSS)* formally established in 1960, provides a focal point for Civil Society Organisations (CSOs) and supports people centred development initiatives in the community. Its programme focus on supporting income generating activities through micro-finance lending, and management training programme for youth and women. It also conducts training programs on parenting skills as well as awareness programmes on drug and substance abuse.
- *Aglow International* is a Christian interdenominational, women's fellowship and non-profit organisation. In addition to evangelism, Aglow focuses on empowering women through leadership training, assisting with the establishment of income generating projects; and providing counselling on family, social and health issues. Aglow International has four chapters in Fiji.
- *Social and Economic Equity for the Disadvantaged (SEED) Foundation* was established in late 1998 and funded initially by monies raised by Board members. Its mission is to improve the economic and social conditions of the poor and disadvantaged through the provision of sustainable micro-finance services and promotion of small enterprise development. In July 2001, the Foundation commenced receiving financial assistance from Government following the signature of a Memorandum of Understanding.

7.4.5 The involvement of so many agencies is not necessarily disadvantageous although duplication of activities can be a waste of limited resources. The establishment of the National Centre for Small and Micro Enterprises Development creates a focal point for MSE development which should improve coordination between Government agencies as well as with non-government organisations.

7.5 Government Licenses/Quotas/Contracts

7.5.1 Licensing and quotas have been employed primarily as means to control the market and to generate revenue. The distribution of a number of permits issued by Government is shown in Table 7.8. As will be evident, in none of the areas shown has the share of indigenous Fijians reached the equitable level of 50%. In the case of taxi permits, indigenous Fijians held 44% of permits, which, while representing substantial progress when compared to the 10% share in 1988, is still below the target. In the case of white rice imports, a retrograde development actually occurred. Whilst in 1994, indigenous Fijians held all the licences, in 2000/2001 they held none at all. The table shows that licences for poultry imports were all issued to indigenous Fijians. This is erroneous because the data is kept by province rather than by ethnic group.

7.5.2 The shares of Government contracts awarded by different agencies to indigenous Fijians vary considerably, as illustrated in Table 7.9. Over the nine-year period 1992-2000, indigenous Fijian companies, by themselves or jointly with others, tendered for 44 projects of the Ministry of Infrastructure, worth a total of \$6.8 million. They were awarded 24 projects or 55% of the total number, but these amounted to only

\$1.6 million or 24% of the total value. At the end of the year 2000, indigenous Fijians were awarded 42% of all contracts tendered by Government owned enterprises. However, this overall result concealed enormous differences between these agencies; some of which have not awarded any contracts to indigenous Fijians.

Table 7.8: Government Licences/Permits by Ethnic Group (%)

Type	Fijian	Indian	Joint Venture ¹	Others
Rice Import (2000/2001)				
White ²	0	100	0	0
Brown	0	100	0	0
Poultry Imports ³	100	0	0	0
Land Transport (as at 26/01/01)				
Taxi	44	51	0	5
Rental	3	63	1	35
Hire	39	51	0	10
Road Route	2	96	2	1
Road Contract	20	51	-	27
Mini Bus	17	83	-	-
Driving School	6	94	-	-
Motor Dealer	-	72	-	28
<u>Ministry of Primary Industries</u>				
Export Licences ²	45			
Yaqona	31	33		32
Root Crop	0	38		
Mixed Commodities	3	56		31
Seafood	5			44
Timber	0			

Source: Baseline Survey

Notes: 1. Joint venture between indigenous Fijians and Indo-Fijians.

2. Figures are numbers and not percentages.

7.6 Employment

7.6.1 In terms of total FSIC employment (Table 7.10), indigenous Fijians were on par with Indo-Fijians in 1996. However, indigenous Fijians outnumbered Indo-Fijians in all but 3 categories: namely Manufacturing; Construction; and Wholesale, Retail Trade and Hotels.

**Table 7.9: Distribution of Government Contracts
by Ethnic Groups**

Agency	Fijian		Total
	No.	%	No.
Government Ministries			
Min. of Infrastructure	24	55	44
Government Supplies	4	5	78
Government Owned Enterprises			
CAAFI	0	0	6
Fiji Broadcasting Corp.	0	0	1
Housing Authority	0	0	0
Marine & Ports Authority	0	0	2
Post Fiji Ltd.	1	7	15
Public Rental Board	0	0	3
Ports Terminal Ltd.	1	100	1
Rewa Rice Ltd.	0	0	1
Viti Corp.	19	31	21

Source: Baseline Study

7.6.2 The situation is the same when data relating to salaried and wage employees is examined (Table 7.11). Insofar as the 'Community, Social and Personal Services' sector is concerned, the share of jobs held by indigenous Fijians was twice that of Indo-Fijians and reflected their increased share of public service jobs.

**Table 7.10: Total Employment by FSIC Sectors
and Ethnic Groups (1996)**

FSIC Sector	Total Employment			
	Indigenous Fijians	Indo-Fijians	Others	Total
Agriculture, Forestry & Fisheries	1,176	684	120	1,980
Mining & Quarrying	1,237	872	199	2,308
Manufacturing	7,769	15,493	1,373	24,635
Electricity & Water	1,192	560	112	1,864
Construction	2,329	3,198	201	5,728
Wholesale, Retail Trade & Hotels	7,966	11,450	1,314	20,730
Transport & Communications	4,530	4,166	1,094	9,790
Finance & Business Services	3,064	3,059	1,084	7,207
Community, Social & Personal Services	22,271	11,867	1,701	35,839
Total	51,534	51,349	7,198	110,081
Percent	46.8	46.7	6.5	100.0

Source: Bureau of Statistics

Table 7.11: Salaried /Wage Employment by FSIC Sectors & Ethnic Groups (1996)

FSIC Sector	N o. o f E m p l o y e e s							
	Indigenous Fijians		Indo-Fijians		Others		Total	
	Salaried	Wage	Salaried	Wage	Salaried	Wage	Salaried	Wage
Agriculture, Forestry & Fisheries	148	1,028	39		49	71	236	1,744
Mining & Quarrying	169	1,068	66	806	112	87	347	1,961
Manufacturing	766	7,003	1,183	14,310	482	891	2,431	22,204
Electricity & Water	234	958	229	331	62	50	525	1,339
Construction	243	2,086	265	2933	85	116	593	5135
Wholesale, Retail Trade & Hotels	1,271	6,695	2,378	9,072	500	814	4,149	16,581
Transport & Communications	2,110	2,420	1,642	2,524	747	347	4,499	5,291
Finance & Business Services	1,553	1,511	2,170	889	921	163	4,644	2,563
Community, Social & Personal Services	15,950	6,321	8,938	2,929	1,359	342	26,247	9,592
Total	22,444	29,090	16,910	34,439	4,317	2,881	43,671	66,410

Source: Bureau of Statistics

7.6.3 By occupational categories and sex (Table 7.12), 15% of indigenous Fijians in paid employment were in the top three occupational groups of Legislators, Senior Officials and Managers; Professionals; and Technicians and Associates. At the other extreme, 20%, mostly males, were employed in 'Elementary Occupations'.

Table 7.12: Indigenous Fijians in Paid Employment by Occupational Categories and Sex (1996)

Occupational Category	Indigenous Fijians		
	Male	Female	Total
Legislators, Senior Officials & Managers	1,464	403	1,867
Technicians & Associates	3,546	2,046	5,592
Clerks	3,293	3,542	6,835
Service Workers & Shop & Market Sales Workers	4,778	2,508	7,286
Skilled Agricultural & Fishery Workers	544	36	580
Craft & Related Workers	4,639	671	5,310
Plant & Machinery Operators & Assemblers	3,185	1,746	4,931
Armed Forces	3,530	31	3,561
Elementary Occupations	7,860	2,535	10,395
Total	35,419	16,115	51,534

Source: Bureau of Statistics

7.7 Conclusions

7.7.1 The participation of indigenous Fijians in commercial activities is varied. In the corporate sector, Fijian Holdings Limited is making a marked impact. At the medium scale business and MSEs levels, the result is mixed.

7.7.2 Evaluations of indigenous Fijian participation in business have identified a number of challenges. These are:

- weak management/business skills;
- a lack of savings which leads to lack of investment capital;
- inadequate research and proper planning;
- difficulty in breaking into existing business networks;
- a low level of discipline and long term commitment; and
- an absence of appropriate support services and infrastructure.

7.7.3 The two binding constraints to greater involvement in commerce by indigenous Fijians are lack of management/business skills and the lack of capital. Increasing indigenous Fijian participation in commerce therefore requires that policies and measures be put in place to minimise or remedy these problems.

7.8 Policies and Strategies

7.8.1 Introduction

7.8.1.1 As an individual, the average indigenous Fijian has little financial capital with which to start a business. Nevertheless, individual enterprise will still be encouraged because the dedication and discipline required to succeed in business are easier to harness at this level compared to communal enterprise, where more varied motivations and interests exist. This is not to suggest that communal enterprise has no place in indigenous Fijian participation in commercial activities. Indeed, as demonstrated in religious and provincial fund raising efforts, indigenous Fijian society, either as a province, a tikina, a village or as a denomination, has the distinct ability to raise substantial capital. Planning for indigenous Fijian participation in commercial activities must utilise the strengths of each approach and minimise the shortcomings.

7.8.2 Micro and Small Enterprises (MSEs)

7.8.2.1 The required environment for MSE growth is created by the harmonious and fertile interplay of a number of key factors such as: the recognition and understanding of MSEs; effective support for example business advisory services, specialist training and appropriate financial packages; and the existence of an environment which provides every encouragement for growth and prosperity (often referred to as the enterprise economy).

7.8.2.2 The sector, in particular as regards rural income generating activities, is characterised by a lack of original and new business ideas. There is a tendency to copy ideas that work for someone, often without regard to market conditions and, by extension, this can threaten the viability of both existing and new businesses. Research will therefore be conducted to identify new MSE opportunities. This will form part of a database which will be established and include information on the market for each MSE

opportunity, business registration and legal requirements, financial and fiscal assistance available, etc. This information will then be disseminated widely.

7.8.2.3 The administrative and legal requirements are basically designed for conventional businesses. These can be daunting and even overwhelming for many MSEs. A study will be undertaken to formulate a framework that is more friendly to and appropriate for MSEs.

7.8.2.4 A number of related and mutually supportive initiatives will be undertaken in order to promote MSE awareness and culture. At the secondary school level, the coverage of business studies will be reviewed and strengthened so that this is more relevant for those who wish to establish MSEs on leaving school. Business studies will also be made compulsory subjects for indigenous Fijians from Form III level. Other measures are outlined in Chapter 5: Education.

7.8.2.5 These measures will be supported by a three pronged public relations programme. First, publicity will be arranged in the media, including the Fijian vernacular print and electronically, for successful MSEs operating in the country and the region. Second, information on potential MSE opportunities will be disseminated via the media and other outlets. Third, a system of awards for indigenous Fijians operating MSEs will be organised and maximum publicity arranged for recipients and businesses. If national MSE awards are organised, there will still need to be a specific category for indigenous Fijians.

7.8.3 Medium Scale Businesses

7.8.3.1 *A medium scale business is one with a (projected) turnover or total assets worth between \$100,001 and \$500,000.*

Compulsory Savings Scheme

7.8.3.2 As already stressed, one of the major obstacles to successful indigenous Fijian participation in business is the lack of capital. This constraint expresses itself in a vicious circle wherein lack of savings leads to a lack of capital, which in turn leads to slow growth in the accumulation of wealth. A study was consequently commissioned in late-2001 to identify the detailed mechanics of a Compulsory Savings Scheme for Indigenous Fijians. The report is yet to be submitted. However, it is envisaged that the savings in the proposed Scheme will be used for the acquisition of capital goods or assets with income generating potential. Consumption expenditures will be excluded.

Tax Exemption

7.8.3.3 To further assist capital accumulation, indigenous Fijian companies may apply to be exempted from income tax. Such taxation benefits would be equivalent to exemptions granted in the past, in accordance with Government policies, to certain sectors of the economy. Detailed guidelines will be formulated which would incorporate the following:

- i. at least 51% of shareholding and boardroom control by indigenous Fijians must exist throughout the financial year on which the tax exemption is applied;
- ii. exemption from income tax will be for a period of 13 years from the date of commencement or for existing companies, date of legislation,; and
- iii. satisfaction of the above and other guidelines to be verified and certified by an independent and registered chartered accountant.

Government Licences /Permits/Contracts, etc

7.8.3.4 With the growing deregulation of the economy, the controls inherent in the imposition of licences will be removed, as was the case with the importation of rice. However, in areas where Government licences, permits, quotas, etc. will still be required, 50% shall be allocated to and/or reserved for indigenous Fijians. This policy shall also be strictly observed in the renewal, transfer or any other changes in the ownership of licences/ permits, etc. Those who abuse the system will be disqualified from further benefiting from affirmative action policies.

7.8.3.5 In terms of value, half of all Government contracts, including those of Government owned enterprises, will be awarded to companies where indigenous Fijians have at least a 51% shareholding. If two or more tenders are equal in every aspect, except for price, the indigenous Fijian tenderer or the company in which indigenous Fijians own at least 51% of shareholding and have boardroom control, should be given a price advantage equivalent to 15% of the best price offered.

Venture Capital Fund

7.8.3.6 As stated earlier, many agencies are currently involved in providing assistance to indigenous Fijians wishing to set up or are running a business. These organisations cater for specific niches and needs, and roles consequently vary enormously. However, one common weakness due to lack of expertise, is that in general they have not provided adequate hands-on management assistance in the areas of planning, operation and monitoring. An agency will therefore be established to provide such assistance to approved Fijian businesses in all of these stages. The agency will be properly empowered and resourced with the right mix of skills and funding in order to effectively discharge its functions.

7.8.3.7 The major functions of this agency will be to:

- identify potential business opportunities for indigenous Fijian participation;
- advise on and assist with the preparation of business plans and financial projections;
- advise on and assist with the implementation of business and marketing strategies, monitoring and evaluation of performance, and assist with the implementation of any resulting remedial action;
- design and implement, with or without other qualified providers, training programmes to develop the business management skills, and financial and general disciplines of indigenous Fijian entrepreneurs;
- administer the Venture Capital Fund; and

- liaise with Government, the private sector and other bodies on matters concerning indigenous Fijian participation in business.

7.8.3.8 The administrative framework in which the planned agency will operate will be pivotal to its effectiveness. Whilst funded by Government, the agency must operate autonomously and be totally commercial in its structure, modus operandi and outlook. Performance targets will be put in place and the remuneration of senior executives tied to their achievement.

7.8.3.9 The feasibility and efficacy of incorporating the Department of Co-operatives into the agency will be studied in detail early in the Plan period. If found desirable, qualified and motivated staff will be appointed and provided specific training where required.

7.8.3.10 A Venture Capital Fund (VCF) will be established to provide funds to new and promising companies with the potential to make significant economic contributions. The venture capital approach will not only provide capital but also business skills, experience and contacts, and a long-term commitment to ensure the success of the businesses. This approach therefore addresses the two principal constraints to indigenous Fijian involvement in commerce.

7.8.3.11 The primary objectives of the VCF are twofold. First, it will meet the need for equity and quasi-equity capital for undercapitalised small to medium scale indigenous Fijian enterprises. Second, it will work with and assist the businesses grow to a stage where they can operate on their own. Funding provided by the VCF will generally be unsecured. By taking such risks, it will assist businesses that have difficulty satisfying the requirements of the traditional banking system.

7.8.3.12 Businesses and industries to which the VCF provides assistance will be clearly identified before implementation of the scheme. It will provide equity and quasi-equity capital in the range of \$100,000 to \$250,000. Funding will be for start-ups, expansion, re-capitalisation, and buy-outs. To qualify for funding, businesses must satisfy a set of criteria which will include management capability, skill levels and industry type. Prior to funding approval, the VCF shall identify and agree with the partners on a clear, practical and well thought out exit mechanism. The exit price is to be at discounted value.

7.8.3.13 The VCF will be established with an initial capital injection from Government of \$5 million. Other funding agencies will be approached to be co-investors/contributors. The VCF must operate without interference and within clear and transparent policies, procedures and practices.

7.8.4 Corporate Sector

7.8.4.1 Investment in companies such as the FHL has created owners of major assets. Such investment is ideal for communal involvement. However, this approach has not developed a substantial pool of indigenous Fijian entrepreneurs because it is passive investment.

7.8.4.2 The approach employed to date regarding indigenous Fijian participation in commerce is four-tiered (Table 7.11). The first is in the form of the ‘high level communal’ investment, in which participation is invariably through provincial and tikina companies investing in investment companies or directly in real estate or other businesses. By and large, these investments have not benefited the majority of indigenous Fijians in the sense of dividends paid directly to them as the initial owners of capital. The second is in the form of ‘low level communal’ investment through village, mataqali and, perhaps even, tokatoka companies. This form of investment is small but growing. In many communal level commercial undertakings, accountability and transparency are, frequently matters of serious concern. In instances where communal investment is the chosen form of business involvement; the traditional and communal functions must be clearly separated from commercial interests. A properly constituted investment/business arm should be established to run businesses. The third is in terms of individual and family investments. The fourth is in the form of institutional investment where the major players, as stated earlier, are Fijian Holdings Ltd., the Unit Trust of Fiji and Yasana Holdings Ltd.

**Table 7.12: Broad Classification of Commercial Approach
By Indigenous Fijians**

LEVEL	FORM
▪ High Level Communal	provinces and tikina
▪ Low Level Communal	villages, mataqali and tokatoka
▪ Individual	individual and families
▪ Institutional	♦ Fijian Holdings Ltd.
	♦ Yasana Holdings Ltd.

7.8.4.3 Models similar to the existing institutional examples, in particular the Fijian Holdings Ltd. approach, will be developed for ‘tikina’ level investments and then extended gradually to ‘low level communal’ entities.

7.8.4.4 As flagships of indigenous Fijian involvement in commerce, Fijian Holdings Ltd. and Yasana Holdings Ltd. can perform an even more instrumental role, by striving to own critical links in the business chain, for identified sectors.

Share Ownership in Public Enterprises

7.8.4.5 At least 50% of shares in IPOs of privatised public enterprises will be reserved for indigenous Fijians and companies wherein indigenous Fijians own at least 51% of shares. Details are outlined in Chapter 8: Public Enterprises.

Other Issues

7.8.4.6 The role of the FDB in the implementation of programmes of financial assistance for indigenous Fijians has been questioned. In fact the Bank’s role as a development finance institution has fundamentally changed in recent years, as indicated by the distribution of its loan portfolio. A review will be undertaken on the role of the Bank, in particular in the implementation of programmes of financial assistance on affirmative action. This review will consider the best options for implementing such assistance.

7.8.4.7 The terms of financial assistance offered by MFIs and the FDB vary considerably, in particular the rates of interest levied. This is to be expected; but the concern is that those who receive MFI assistance, who tend to be the most disadvantaged in society, have in some instances, to bear the full cost of delivery to ensure the long term sustainability of the programmes. On the other hand, those who receive FDB financing, who by definition are economically better off, actually pay a generally lower interest rate. A study will be undertaken to identify how these anomalies can be resolved and regularised.

7.8.5 Human Resource Development

7.8.5.1 As pointed out, reviews of initiatives to encourage indigenous Fijian participation in commerce have all converged on the great importance of training and capacity building. Initiatives must cover formal education (primary, secondary and tertiary), short-term training and non-formal education in general. Greater emphasis needs to be given to the development of creative abilities, the inculcation of financial discipline, the development of business management skills, and the development and honouring of general discipline.

7.8.5.2 For micro and small enterprises, the current focus is on the individual entrepreneur, through the Start Your Business and Improve Your Business Courses. Emphasis will also be accorded to ensuring that micro finance institutions (MFIs) themselves are able to effectively implement and monitor their programmes.

7.8.5.3 For medium scale businesses, the training programmes to be mounted by the proposed agency, will cover the basics and the practical aspects of running a business. In this regard, a number of 'how to' courses will also be conducted. Qualified, committed and enthusiastic persons will conduct the training programmes and function as mentors. Senior executives in the private sector may be engaged for specific subjects/courses to supplement agency personnel. The ability to provide instruction in the indigenous vernacular languages would be an added advantage for those wishing to be engaged under the scheme.

7.8.5.4 In addition, individual employers will be encouraged to establish management training schemes for indigenous Fijians. Financial incentives will be required and these will incorporate, amongst other items, the following measures: 150% tax allowance for all direct training expenses including the trainee's salary, training to consist of on the job training as well as attendance at various training programmes, training to be for a minimum of one year and approved by the FNTC, trainees to be recruited and employed under normal conditions, and trainees must be employed for the full financial year of the employer.

7.8.5.5 Whilst their *raison d'être* as commercial ventures is acknowledged, what should not be lost sight of is the fact that Fijian Holdings Ltd. and Yasana Holdings Ltd. were established as vehicles to facilitate commercial participation by indigenous Fijians. Against this background, it is incumbent on these two companies to spearhead the development of indigenous Fijian entrepreneurial capacity by directing their subsidiaries and actively encouraging companies in which they own shares, to sponsor trainees under the scheme.

7.9 Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>Increase the ownership of the corporate sector by indigenous Fijians.</p> <p>Increase the involvement of indigenous Fijian in commercial activities.</p>	<ul style="list-style-type: none"> • Formulation of a new approach, based on the Fijian Holdings Limited concept, as the basis for increased ownership of the corporate market by indigenous Fijians at the tikina and ‘lower communal levels’. • Provision of financial and management assistance to indigenous Fijian entrepreneurs wishing to be involved in commercial activities. • Review of the FDB focussing on its role and policies concerning the implementing of affirmative action programmes. • Reserving 50% of licences, permits and quotas issued (including renewals, transfers and all forms of changes of ownership) by Government and Government -owned enterprises for indigenous Fijian or companies where indigenous Fijians legally own at least 51% of shares. • Reserving 50% of all contracts issued by Government and Government-owned enterprises for companies where 	<ul style="list-style-type: none"> • Increased ownership of the corporate market by indigenous Fijians through tikinas and ‘lower level communal’ units. • Establishment of the Venture Capital Facility by 2004 and assistance to at least five projects each year. • Establishment by 2004 and adequate resourcing of the agency to provide hands-on management assistance to indigenous Fijian entrepreneurs. • Completion by 2004, at the latest, of a detailed study to identify potential business opportunities for indigenous commercial involvement. • Increased share of licences, permits and held by indigenous Fijians. • Conduct a review of FDB and implementation of approved policies. • Increasing share, and 50% by 2020, of

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	indigenous Fijians legally own at least 51% of shares.	contracts issued by Government and Government-owned enterprises.
Development of the entrepreneurial capability of indigenous Fijians.	<ul style="list-style-type: none"> • Provision of hands-on management assistance through the agency outlined above. • Mounting of short term practical courses. 	
Improve/Create an environment that is conducive to MSE development.	<ul style="list-style-type: none"> • Development of MSE friendly policies and laws/regulations at national and sub-national levels. • Develop improved MSE business support services and infrastructure. • Identification of viable MSE opportunities by regions. 	<ul style="list-style-type: none"> • Review of Government and municipal policies and laws/regulations that affect MSEs. • Formulation and implementation of MSE friendly policies and regulations. • Improved access to financial and management assistance.
	<ul style="list-style-type: none"> • Promotion of MSE awareness and culture. 	<ul style="list-style-type: none"> • Effective MSE awareness programme/mounted. • Establishment and timely dissemination of MSE opportunities and market intelligence information. • Implementation of a system of awards to promote MSE development. • Strengthening of coverage of business studies in schools.

CHAPTER 8

PUBLIC ENTERPRISE REFORMS

8.1 Introduction

8.1.1 In 1989, Government adopted six policies to restructure the economy in the direction of greater market orientation and private enterprise focus, with emphasis on export promotion. One of the policy prescriptions was the reform of public enterprises.

8.1.2 Public enterprises constitute a large and important sector for the provision of public goods and services to the community and also provide significant employment. Government has an economic and a social responsibility for the provision of public goods and services. It was recognised at the time that public enterprises were an effective means for Government to meet a number of its economic and social responsibilities to the community.

8.1.3 A number of public entities and departments have been earmarked for reorganisation/corporatisation and privatisation. The majority of these entities employ indigenous Fijians at the Board and management levels as well as at other levels. In addition, a number of these organisations are located on native land and several directly or indirectly depend on indigenous resources as inputs to their operations.

8.1.4 These entities provide significant scope for the enhanced commercial participation of indigenous Fijians in the public enterprise reform process, through equity ownership, as suppliers of goods and services, in memberships of boards, provision of office space for rental, etc.

8.2 Status of Public Enterprise Reforms

8.2.1 Government commenced implementation of the public enterprise reform programme in 1993, with the corporatisation of the following entities: Post Fiji Limited, Telecom Fiji Limited, Ika Corporation, Fiji Pine Limited and the National Trading Corporation Limited. However, full-scale implementation of the reforms did not occur until 1996, following passage of the Public Enterprise Act. The underlying objectives of the reforms are: increased efficiency and productivity; greater accountability; and better organisation.

8.2.2 In addition, in pursuit of further enhancing the efficiency and effectiveness of the public sector, Government will undertake the following broad directions in the medium term: civil service reforms; financial management reforms; and public enterprises reforms. Improving the performance of public enterprises will maximise contributions by this sector to economic development.

8.2.3 The following broad strategies have been employed by Government under the public enterprise reform programme:

- **Reorganisation** - the process of commercialising the activities of a public enterprise in order to make it an effective and profitable commercial entity;
- **Corporatisation** - the process of transforming the commercial activities of a Government department or statutory authority into a limited liability company with commercial objectives; and
- **Privatisation** – the process of converting or transforming state enterprises, partially or totally into private organisations.

8.2.4 The performance of public enterprises has been weak, as reflected in the low average return on assets on all public entities of 3% since 1993. These returns are far below those expected of the private sector. Internal restructuring and commercialisation will result in better management, better cost control and clearer commercial objectives which will all collectively contribute to increased efficiency. Over the same period, the returns on assets of statutory authorities averaged 2.2%, indicating that they carry significant non-commercial objectives.

Table 8.1: Return on Assets from Public Enterprises (%)

	1993	1994	1995	1996	1997	1998	1999
Government Companies	15.2	4.6	7.5	6.7	6.5	5.5	3.0
Statutory Authorities	1.6	0.7	1.1	1.5	2.1	2.7	2.2

Source: Supplement to the 2001 Budget

8.2.5 Government's equity investment in public enterprises continues to grow, and over \$3.5 million in capital has been injected since 1993. In addition, Government also finances public enterprises through loans and grants, which over the past 2 years have amounted to more than \$10 million.

8.2.6 In financing public entities, Government provides equity and debt facilities and in turn, receives interest income on loans and dividend income from profitable enterprises. However, of the 15 commercial public enterprises, only a handful have been sufficiently profitable to pay dividends in the past four years. The most significant of these are Fiji International Telecommunications Limited, Air Pacific Limited, Ports Terminal Fiji Limited, Telecom Fiji Limited and Post Fiji Limited.

8.2.7 A number of state enterprises have been identified for further restructuring, corporatisation/commercialisation and eventual privatisation. The table below outlines some of the enterprises which have been reorganised, corporatised and privatised and some potential candidate departments. The table also shows Government's share ownership in these entities.

Table 8.2: Government Shareholding of Public Enterprises (2000)

Public Enterprises	Shareholding Status
Government Commercial Companies	
Airports Fiji Limited	100
Fiji Broadcasting Corporation Limited	100
Fiji Hardwood Corporation Limited	100
National Trading Corporation Limited	100
Ports Terminal Limited	100
Post Fiji Limited	100
Rewa Rice Limited	100
Unit Trust of Fiji Limited	100
Viti Corp Limited	100
Yaqara Pastoral Company Limited	100
Commercial Statutory Authority	
Civil Aviation Authority of the Fiji of the Fiji Islands	100
Fiji Electricity Authority	100
Housing Authority	100
Maritime and Ports Authority of the Fiji Islands	100
Public Rental Board	100
Majority Owned Government Companies	
Air Pacific Limited	51
Fiji Pine Limited	99.9
Fiji Sugar Corporation Limited	68
Fiji International Telecommunications Limited	51
Pacific Fishing Company Limited	98
Minority Owned Companies	
Air Fiji Limited	11.5
Amalgamated Telecom Holdings Limited	49
Colonial National Bank	49
Fiji Reinsurance Company Limited	20
Pacific Forum Line Limited	23
Shipbuilding Fiji Limited	49
Reorganised Enterprises	
Civil Aviation Authority of Fiji	100
Department of Forestry – Hardwood Plantations	100
Fiji Broadcasting Commission	100
Fiji Electricity Authority	100
Government Handicraft Centre	100
Government Supplies Department	100
Marine Department	100
Ports Authority of Fiji	100
Public Trustee Office	100
Water and Sewerage Section, Public Works Department	100

8.3 Review of Public Enterprise Reform Policies/Strategies

8.3.1 The public enterprise reform processes and policies are guided by the attainment of the following key objectives: increased efficiency and productivity; increased accountability; increased transparency; and improved organisation.

8.3.2 In addition, the public enterprise reform initiatives are guided by the legal framework enshrined in the 1996 Public Enterprise Act, which includes the following underlying key principles:

- clarity of objectives;
- management autonomy and authority;
- strict accountability for performance; and
- a level playing field.

8.3.3 The Public Enterprise Act does not provide for the mainstreaming of indigenous Fijians in the process of reforming state enterprises. It is important that provisions be included in the Act which facilitate the commercial participation of indigenous Fijians in any restructured enterprise, through equity participation, employment and membership of boards. This would enhance stability of these enterprises whilst also generating income for resource owners and increasing the management and technical skills of indigenous Fijians.

8.3.4 Government has recently made a number of policy commitments to mainstream indigenous Fijian participation in the commercialisation and privatisation process of public enterprises. For instance, in the 2001 Budget policy announcements, Government indicated that 50% of its shares in privatised entities are to be sold to indigenous Fijians. The shares will be sold at par value to authorised indigenous Fijian institutions.

8.3.5 The desire for efficiency and cost-reduction amongst public enterprises has partially resulted in a number of workers in public entities being made redundant. Some entities have implemented voluntary redundancy while others chose compulsory redundancy. The social costs of restructuring programmes can be expensive if poorly planned and implemented without an adequate social safety net. The redundancy packages have also lacked re-skilling or re-retraining provisions to ensure that workers being made redundant are able to find employment in another enterprise or trade. The majority of redundant workers to date have been indigenous Fijians. A number have utilised their redundancy packages to establish income-generating projects, whilst others have found employment in other private enterprises. A significant number have retired to their villages.

8.3.6 Redundancy measures adopted by some state entities during the restructuring process did not give priority or consideration to the involvement of employees through worker participation or employee buyout schemes. The only option therefore available for most employees, particularly indigenous Fijians, was to accept the redundancy packages. Many of these employees are highly experienced and could form companies utilising and capitalising on their respective trades/skills and contracting their services back to the restructured enterprise. An example of worker participation and employee buyout schemes is in the case of Strategic Air Services Limited. This company was

established by the former employees of the Civil Aviation Authority of Fiji (CAAF) and contracted its services to Airports Fiji Limited, was one of two entities born out of the restructuring of CAAF, to provide air space management and navigation services to airlines.

8.3.7 Where opportunity exists in the restructured entity for worker participation or employee buyout, the main constraint is the availability of capital to purchase the enterprise or for initial capitalisation of the established company. A certain percentage nominal value of redundancy packages payable to the employees could be made available to the workers to buyout assets and to then capitalise the entity as a workers' company for its initial operations. However, any proposition for worker participation or employee buyout scheme should be undertaken only on the basis of a thorough feasibility study, to determine the financial and economic viability and returns on investment. The Venture Capital Fund proposed in Chapter 7: Commerce and Finance, can assist either with employee buyouts or in the initial capitalisation of the company.

8.3.8 The majority of strategic public enterprises are located on native land, willingly provided by mataqali members to Government in the national interest and in support of development. For instance, the owners of the lands on which Nadi International Airport and Monasavu Dam are located, willingly surrendered their lands for public use on the understanding that Government will own the enterprises and provide services free or at nominal cost for the benefit of the nation. The corporatisation and privatisation of these entities subsequently, has breached the trust and goodwill under which the land was initially provided. Firstly, this action has involved a partial transfer of ownership to semi commercial and private entities. Secondly, there has been a change in objective from Government serving an economic and social responsibility to the nation to profit maximisation.

8.3.9 Given that the basic premise has changed, it is imperative that landowners now participate in the corporatised/privatised entities through equity ownership, as providers of other essential services contracted to the enterprise, or in other relevant ways. Problems at Nadi International Airport and Monasavu Dam could have been avoided, and certainly minimised, if landowners were provided a stake in the enterprise, ensuring sustainable returns, benefits and stability. Government will continue to hold controlling shareholding interest in these entities, given the strategic and national interest of most of their activities.

8.3.10 In early 1998, Government embarked on a programme of asset sales, particularly of the institutional quarters in the Domain and Muanikau residential areas of Suva. These quarters are located on lands which are being claimed by indigenous Fijians of Suvavou and Nadonumai villages. While the proposed sales received overwhelming response from indigenous Fijians, members of other communities and private real estate developers, these had to be shelved because of sensitivity prior to the 1999 elections. If institutional quarters, either in the greater Suva area or in other urban centers in Fiji are sold, the first priority will be offered to the landowners and the second priority, to indigenous Fijians generally.

8.3.11 Government has successfully assisted indigenous Fijians, particularly the provincial councils, by taking long-term tenancy in their buildings. Office accommodation is also a potential area for the commercial participation of landowners

on whose land these strategic public entities are located. There is demand for office space by most public entities, in particular in the case of new restructured bodies. Where such demand and opportunity exist, the first opportunity will be given to landowners to build office complexes and/or provide office space, through similar undertakings and financing arrangements with Government and with institutions such as the FDB.

8.3.12 Training and management development is another potential area in which landowners and indigenous Fijians generally can be mainstreamed through the restructuring of public enterprises. Fiji Pine Limited, offers scholarships to students from landowning units to pursue tertiary studies at FIT, USP and overseas institutions. At the successful completion of these training and management development programmes, the students are employed at Fiji Pine Limited and Tropik Woods Limited. Some recipients of these scholarships are now holding senior management positions in these organisations. The scheme has been a success and potential exists for wider adoption of this approach by other strategic entities and sectors. The FEA and FSC also offer apprentice schemes to many indigenous Fijians. It is important that public enterprises develop clear policy guidelines on the provision of scholarships and management training for indigenous landowners and indigenous Fijians generally.

8.4 Financing Mechanisms

8.4.1 One of the main underlying constraints to indigenous Fijian participation in business and commerce is the lack of capital. Although access to cheap sources of credit and capital is available, indigenous Fijians usually lack the required equity contribution.

8.4.2 The propensity of indigenous Fijians to save is low, since most of their disposable incomes are spent on consumption. Encouraging indigenous Fijians to save will certainly enhance savings mobilisation, which can then be translated to productive investment. The proposed Compulsory Savings Scheme will assist greatly with this endeavour. Landowners will also be encouraged to set up corporate entities or trusts into which rents could be paid and which, can then be used as equity investments or as security for borrowings.

8.4.3 The effectiveness of the strategies proposed above in mainstreaming indigenous Fijians participation in business and commerce through the public enterprise reform process, will largely depend on the financing arrangements and assistance provided to them.

8.5 Policies and Strategies

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
<u>UTILITIES</u>			
Fiji Electricity Authority (FEA)	Three companies were established to undertake various commercial functions of FEA: PowerGen – power generation; MegaPower – power retail; Powerlines – transmission and distribution. The change in policy in 1999 resulted in the winding up of the three companies and FEA proceeded with internal reorganisation and the establishment of strategic business units (SBUs).	<ul style="list-style-type: none"> • To facilitate equity ownership by indigenous Fijians in the restructured entities. • To encourage landowners in the Monasavu area to acquire equity ownership of the Monasavu Dam (as a generating company). • To encourage employee buyout and worker participation schemes for indigenous Fijians through the restructure process of FEA. • To encourage employment and training opportunities for landowners and indigenous Fijians. • To appoint indigenous Fijian as directors of the restructured entities. 	<ul style="list-style-type: none"> • Reserving shares in the restructured entity for landowners and indigenous Fijians by 2005. • Increase landowners and indigenous Fijian shareholders in FEA entities by 2005. • Corporatisation/privatisation of Monasavu Dam as a generating company by 2005. • Landowners are shareholders of the new Monasavu Dam generating company by 2005. • Employee companies formed by 2005. • Contracting of employees to the parent company (FEA) by 2005. • Improved efficiency from 2003. • Increased training awards for landowners and indigenous Fijians from 2003 to 60/40 ratio. • Increased employment of landowners and indigenous Fijians.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
			<ul style="list-style-type: none"> • Increase landowners and indigenous Fijians board members by 2003.
Fiji Water Corporation Limited (FWCL)	<p>FWCL was incorporated to continue to provide good quality water and sewerage services.</p> <p>Change in government policy in 1999 resulted in the winding up of the Corporation and the Water and Sewerage Section being restructured.</p>	<ul style="list-style-type: none"> • To encourage landowners in the dam and pumping station areas to acquire equity ownership in the restructured entity. • To encourage indigenous Fijians membership of the Board of Directors. 	<ul style="list-style-type: none"> • Reserving 50/50 shares in restructured entity for landowners and indigenous Fijians by 2005. • Interested landowners and indigenous Fijian shareholders in the restructured entity by 2005. • Increased landowner and indigenous Fijian board members by 2005.
<u>INFRASTRUCTURE</u>			
Maritime & Ports Authority of Fiji (MPAF)	<p>MPAF is responsible for landlord and property development, port and maritime regulation, licensing within ports and port state control.</p> <p>A feasibility study undertaken with the assistance of the Singapore Government would review cargo operation and systems, training, development and rehabilitation of the port sector.</p>	<ul style="list-style-type: none"> • To encourage landowners and indigenous Fijians acquire equity ownership in the restructured entity. • To encourage indigenous Fijians membership of the Board of Directors of MPAF. 	<ul style="list-style-type: none"> • Reserving 50/50 shares for landowners and indigenous Fijians in the restructured entity by 2003. • MPAF shares listed in the stock exchange by 2005. • Landowners and indigenous Fijians shareholders in MPAF by 2003. • Landowners and indigenous Fijians become Board Members by 2003.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
Ports Terminal Limited (PTL)	PTL is responsible for stevedoring and cargo handling in Suva and Lautoka, pilotage in designated ports and coastal routes, warehousing in Suva and Lautoka and management of local wharves in Suva and Lautoka.	<ul style="list-style-type: none"> • To encourage landowners and indigenous Fijians acquire equity ownership in the restructured entity. • To encourage employee buyout and worker participation schemes for indigenous Fijian employees and contract their services to the restructured entity. • To encourage landowners to participate as equity partners in the warehousing business and container management. • To encourage indigenous Fijians membership of the Board of Directors of the entity. 	<ul style="list-style-type: none"> • Reserving 50/50 shares for landowners and indigenous Fijians in the entity in 2003. • PTL shares listed in the stock exchange 2005. • Increased employee buyout and worker participation schemes in the restructured entity in 2005. • Increased contract and services by 2002. • Increased efficiency by 2002. • Landowners company in warehousing and container management established by 2003. • Landowners and indigenous Fijians become Board Members 2003.
Public Works Department (PWD)	The majority of the functions and services provided by PWD can be contracted out to private companies and individuals, such as road maintenance, and upgrading and maintenance of institutional quarters, Government schools and hospitals and health centres.	<ul style="list-style-type: none"> • To ensure that 50% of Government contracts is the value provided to indigenous Fijians. 	<ul style="list-style-type: none"> • 50% of the value of contracts awarded to indigenous Fijians by 2005.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
<u>RESOURCE BASED</u>			
Fiji Hardwood Corporation Limited (FHCL)	FHCL include mahogany resources.	<ul style="list-style-type: none"> • To ensure that indigenous landowners acquire equity ownership in entities involved in the development of the hardwood industry at all levels. • To encourage joint venture schemes between indigenous landowners and investors (domestic/foreign) in the development of the industry. • To encourage indigenous Fijians to become suppliers and providers of goods and services in the industry. • To ensure that landowners are provided scholarships, opportunities for training and employment in various entities involved in development of the mahogany industry. • To encourage landowners and indigenous Fijians to become Board of Directors of the 	<ul style="list-style-type: none"> • Reserve 50/50 FHCL shares for landowners and indigenous Fijians by 2002. • FHCL shares listed in the stock exchange by 2005. • Landowners and indigenous Fijians shareholders in the restructured entity by 2002. • Increase viable joint ventures schemes between foreign investors and landowners by 2002. • Increase indigenous Fijians companies contracted to the industry from 30% in 2005 to 50% by 2020. • Landowners and indigenous Fijians are trained by companies involved in the development of the industry and employment to reach 50% in all levels by 2005. • Landowners and indigenous Fijians become Board Members at various levels in the development of the industry from 2002.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
		<p>various enterprises involved in the development of the industry at all levels.</p> <ul style="list-style-type: none"> To encourage landowners to build and provide office accommodation for entities involved in the development of the industry, where applicable. 	<ul style="list-style-type: none"> Landowners provide office accommodation for companies involved in the development of the mahogany industry from 2002.
SERVICES			
Airports Fiji Limited (AFL)	<p>AFL is the commercial operator of all the airports in the country. All commercial functions and assets have been transferred to AFL while the Civil Aviation Authority of the Fiji Islands (CAAFI) remains the regulator of the industry. A taskforce comprising of representatives from AFL, CAAFI and Ministries of Civil Aviation and Public Enterprises, is currently working to determine how best AFL can comply with CAAFI's regulatory requirements. AFL must meet regulatory requirements set by</p>	<ul style="list-style-type: none"> To encourage landowners and indigenous Fijians acquire equity ownership in AFL. To encourage landowners to build and provide office complex to AFL and other entities indirectly or directly involved in the aviation industry. To ensure that landowners are given priority when disposing off the CAAFI Housing Estate. To encourage indigenous Fijians to become suppliers and providers of goods and services 	<ul style="list-style-type: none"> Reserve 50% of AFL shares for landowners and indigenous Fijians by 2002. AFL shares listed in the stock exchange 2006. Landowners providing office accommodation for AFL and other entities directly or indirectly involved in the aviation industry by 2002. Landowners acquire ownership of CAAFI Housing Estate by 2002. Increased indigenous Fijians companies contracted to AFL and CAAFI up to 50% by 2005. 25% of ATS shares acquired by landowners and indigenous Fijians by 2002.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
	<p>the International Civil Aviation Authority Organisations and ensure that safety standards at Airports are not compromised. Plans are underway to dispose off the CAAF Housing Estate that remains with CAAFI after the re-organisation.</p> <p>Government will also make a decision soon on the transfer of CAAFI's shares in Air Terminal Services Limited (ATS).</p>	<p>to AFL.</p> <ul style="list-style-type: none"> • To offer scholarships, employment and management training opportunities for landowners and indigenous Fijians in the industry. • To ensure that at least 25% of Governments shareholding in ATS, currently held for it by CAAFI is sold to landowners and/or indigenous Fijians. • To encourage landowners and indigenous Fijians become members of the Board of Directors of AFL and other entities directly and indirectly associated with the company. 	<ul style="list-style-type: none"> • Landowners and indigenous Fijians become Board Members of AFL and CAAFI from 2002.
Shipping Corporation Fiji Limited (SCFL)	<p>SCFL was established to enable the Marine Department Fleet to operate along commercial lines and improve efficiency. All commercial functions of the Department were transferred to the SCFL whilst the regulatory functions</p>	<ul style="list-style-type: none"> • To encourage maritime provinces and indigenous Fijians purchase marine fleets. 	<ul style="list-style-type: none"> • 100% of Marine fleet sold to maritime provinces and indigenous Fijians shipping companies.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
	<p>were to remain . With the change in Government in 1999, corporatisation was put on hold and internal restructuring was undertaken from within the Department.</p>		
<p>Post Fiji Limited (PFL)</p>	<p>Operating successfully as a fully privatised company.</p>	<ul style="list-style-type: none"> • To encourage indigenous Fijians to acquire equity ownership in the company. • To encourage indigenous Fijians become members of the Board of Directors. • To encourage scholarships, employment and management training opportunities for indigenous Fijians and Rotumans. • To encourage suitable indigenous Fijians businesses be suppliers and providers of goods and services sub-contracted to the entity. • To encourage landowners in various Post Fiji outlets around the country to enter into a franchising scheme with the company. 	<ul style="list-style-type: none"> • Reserve 50% of shares in Post Fiji for indigenous Fijians by 2002. • Post Fiji Limited listed in stock exchange by 2005. • Increased indigenous Fijians shareholders in Post Fiji from 2002. • Indigenous Fijians trained and employed by Post Fiji Limited, employment by 2005. • Indigenous Fijians/Rotumans companies contracted by Post Fiji Limited increase to 30% by 2005 and 50% by 2010. • Landowners provide postal service under franchise from 2002.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
Fiji Broadcasting Corporation Limited (FBCL)	<p>FBCL is operating under commercial environment and is expected to deliver quality and efficient broadcasting services, and a good return to Government.</p> <p>FBCL entered into a 3-year contract with the Ministry of Information for the provision of non-commercial services (public service broadcasting) that the Government requires of the company.</p> <p>With clear objectives and direction the FBCL was able to produce encouraging financial and non-financial results in its first three years of operation.</p>	<ul style="list-style-type: none"> To encourage indigenous Fijians acquire equity ownership of FBCL. To encourage indigenous Fijians become Board of Directors. To encourage employee buyout scheme in FBCL. 	<ul style="list-style-type: none"> Reserve 50% of shares in FBCL for indigenous Fijians by 2002. FBCL listed in stock exchange by 2010. Increase indigenous in FBCL from 50% by 2010. Indigenous Fijians become Board Members from 2001. Increased employee participation scheme up to 50% by 2002.
Government Supplies Department		<ul style="list-style-type: none"> To encourage management buyout or employee buyout of the entity. 	<ul style="list-style-type: none"> 50% of all Govt tenders and contracts given to indigenous Fijians by 2005. 50/50 shares reserved for indigenous Fijians when sold.
Government Printing & Stationery Department		<ul style="list-style-type: none"> To encourage management and/or employee buyout of the entity. 	<ul style="list-style-type: none"> 50/50 shares reserved for indigenous Fijians when sold.
National Trading Corporation (NATCO)	NATCO runs Food Processors Fiji Limited in Vatuwaqa on the processing and canning of	<ul style="list-style-type: none"> To encourage growers to acquire equity in the entity. 	<ul style="list-style-type: none"> 50% employment of indigenous Fijians by 2003. Consistently profitable by 2005.

SECTORS/ENTITY	STATUS	POLICIES/STRATEGIES	PERFORMANCE INDICATORS
	Tomatoes and other fruits.		<ul style="list-style-type: none"> 50% shares held by indigenous Fijians when NATCO launched on stock market.
<p><u>OTHERS</u></p> <p>Government Handicraft Centre</p>	<p>The operations of the GHC were reviewed to determine strategies for improved performance. Following Cabinet's approval, the Ministry of Public Enterprise advertised for expressions of interests from non-Government organizations to operate the Centre on a commercial basis. Proposals were received but no further decision was made to proceed with the leasing option.</p>	<ul style="list-style-type: none"> To encourage management buyout of the Handicraft Centre by the Soqosoqo Vakamarama or indigenous Fijians and Rotumans handicraft dealers. 	<ul style="list-style-type: none"> GHC to trade profitably from 2002. Soqosoqo Vakamarama plus other indigenous Fijians to buy out GHC by 2005.
Unit Trust for Fijians		<ul style="list-style-type: none"> To set up UTFF to buy out Unit Trust of Fiji. 	<ul style="list-style-type: none"> Set up UTFF in 2002.
Yaqara Pastoral Company		<ul style="list-style-type: none"> To encourage landowners and indigenous Fijian Beef Farmers in the Western Division acquire equity ownership in the Company. 	<p>YPC to be consistently profitable from 2002.</p> <p>YPC sold to landowners and indigenous Fijians by 2005.</p>

CHAPTER 9

HEALTH

9.1 Introduction

9.1.1 A healthy indigenous Fijian population is a pre-requisite to optimising the socio-economic development of this important component of the population. Over the last decade, the key indicators of the health of indigenous Fijians reflect a generally improving situation. Infant, child and maternal mortality rates have all declined. However, the life expectancy at birth has declined due to the increasing incidences of communicable and non-communicable diseases. More indigenous Fijian professionals are now involved in the delivery of health services despite the existence of a number of impediments to maximising such participation. Indeed, the majority of staff in the Government health service are indigenous Fijians.

9.1.2 Over the next 20 years, major focus will be placed on increasing life expectancy by strengthening primary, preventative and curative health services. Rural health will be improved by upgrading infrastructure, providing an adequate number of professionals, medical supplies and equipment, improving hygiene in villages and settlements, and by mounting a more concerted awareness campaign. Measures will also be undertaken to facilitate the greater participation of indigenous Fijians in health service delivery.

9.2 Review

9.2.1 The vision of the health sector is for a healthy, happy and productive Fiji through the provision of a high quality National Health System, that is accessible, appropriate, responsive and equitable. The National Health Service will also be continually upgraded to achieve its mission of promoting, protecting and maintaining the good health and well being of the total population.

9.2.2 The current national emphasis is on improving basic health services and ensuring these are accessible to all communities, affordable and well integrated with the primary and preventative health care programme. Indigenous Fijians naturally benefit from the same policy and programmes.

9.2.3 An initiative to improve health service delivery, a five-year reform programme, commenced in 1999. Funded by AusAID, the programme, is aimed at decentralising service administration and providing greater autonomy to divisional and sub-divisional hospitals. The project is expected to be completed in 2003.

9.2.4 The national infant mortality rate, defined as infant deaths per thousand live births, declined from 22 in 1986 to 17 in 1999 (Table 9.1). Over the same period, the infant mortality rate for indigenous Fijians also dropped: from 26 to 18; a level slightly higher than that for Indo-Fijians.

**Table 9.1: Infant Mortality Rate (per 1000 live births)
(1986–1999)**

Year	Sex	National	Indigenous Fijians	Indo-Fijians
1986	Both Sexes	22	26	19
	Male	25	27	22
	Female	20	25	16
1996	Both Sexes	22	25	18
	Male	22	25	18
	Female	23	26	19
1997	Both Sexes	16.8	17.4	17.3
1998	Both Sexes	17.8	17.2	20.4
1999	Both Sexes	17.2	18.1	16.1

Source: Ministry of Health

9.2.5 As shown in Table 9.2, the child (1-5 years) mortality rate has remained at 5 per 1000 for the country as a whole over the last decade. This rate is considered to be low. To a large extent, this may be attributed to the active implementation of the Expanded Programme on Immunisation (EPI) which has achieved a 97% national coverage and is considered to be one of the best in the world. However, as with the infant mortality rate, the child mortality rate is higher for indigenous Fijians than for Indo-Fijians.

**Table 9.2: Child Mortality Rate (per 1000 live births)
(1986-1996)**

Year	Sex	National	Indigenous Fijians	Indo-Fijians
1986	Both Sexes	5	6	4
	Male	6	7	4
	Female	5	6	4
1996	Both Sexes	5	6	4
	Male	5	6	3
	Female	5	6	4

Source: Ministry of Health

9.2.6 The national maternal mortality rate, as Table 9.3 indicates, declined from 68 in 1986 to 40 in 1999. The maternal mortality rate for indigenous Fijians also declined from 44 to 27 in the years 1997 to 1999. By contrast, the Indo-Fijian maternal mortality rate increased from 68 to 76 over the same period.

Table 9.3: Maternal Mortality Rates (per 100,000 live births) (1986-1999)

	National	Indigenous Fijians	Indo-Fijians
1986	68	na	Na
1996	48	na	Na
1997	41	44	68
1998	38	9	70
1999	40	27	76

Source: Ministry of Health

na: not available

9.2.7 Despite the notable progress achieved in some areas, a number of major issues remain to be addressed: life expectancy at birth has fallen, rural health service delivery has deteriorated, and although the participation of indigenous Fijians in health service delivery has increased, impediments serve to prevent this from reaching the maximum level.

9.3 Life Expectancy

9.3.1 Life expectancy at birth for the nation fell marginally from 67.0 years in 1986 to 66.6 in 1996 (Table 9.4) but it was still higher than the WHO target for the last decade of “not less than 60 years by 2000”. For indigenous Fijians, life expectancy declined slightly from 67.0 years to 66.5 years over the same period.

Table 9.4: Life Expectancy at Birth (1986-1996)

Sex	National		Indigenous Fijians		Indo-Fijians	
	1986	1996	1986	1996	1986	1996
Both Sexes	67.0	66.6	67.0	66.5	67.1	66.5
Males	69.0	64.5	64.9	64.8	65.2	64.0
Females	66.9	68.7	69.0	68.1	68.9	69.0

Source: Bureau of Statistics

9.3.2 The declining life expectancy is also reflected in the increasing death rate among indigenous Fijians. The national crude death rate increased from 5.5 per 1000 in 1986 to 6.7 in 1999 (Table 9.5). While the crude death rate for 1986 is not available by ethnicity, given the national rate it is estimated that the indigenous Fijian rate would have been around 5.5 to 6. In 1999, the crude death rate for indigenous Fijians was 7.1. The increased death rate is linked to the ageing⁷ of the population.

Table 9.5: Crude Death Rate (per 1000) (1986-1999)

Year	National	Indigenous Fijians	Indo-Fijians
1986	5.5	na	Na
1996	6.0	na	Na
1997	6.7	7.2	6.2
1998	6.2	6.8	5.6
1999	6.7	7.1	6.3

Source: Ministry of Health

na: not available

⁷ Elderly defined as people who are 60 years and over.

9.3.3 The decline in life expectancy is attributed to the impact of both communicable and non-communicable diseases. Communicable diseases are those that are easily transmitted from person to person through direct contact or through a vector. Non-communicable diseases are often associated with life style changes. The major causes of death among indigenous Fijians over the last three years were non communicable diseases; such as diseases of the circulatory system, neoplasm, diseases of the respiratory system, injury and poisoning.

9.3.4 Efforts to address the problem of declining life expectancy are being pursued through two major programmes: one on primary and preventative health care, and the other on curative services. The primary and preventative health care services focus on prevention of diseases and injury, as well as on the promotion of health and well being. The nine programmes of the primary and preventative health care services are: nutrition, maternal and child health, family planning, sanitation, safe water supply, essential drugs, immunisation, community participation and basic health care.

9.3.5 In response to an increase in chronic non-communicable diseases, a public health programme has been developed. A National Centre for Health Promotion and a National Health Promotion Council have been established to co-ordinate and promote health improvement activities. A multisectoral approach will be adopted, with the active community involvement, given that such participation develops awareness, motivation and empowerment. Community involvement includes the training of Village Health Workers (Nasi-ni-koro), the efforts of Project '91 in support of the construction of the new extension to the Nadi Hospital, as well as a range of initiatives undertaken by NGOs in the various communities.

9.3.6 Curative health services are provided through the network of hospitals. The hospital system is well developed with an infrastructure of base hospitals in divisional capitals, supported by area hospitals, health centres and nursing stations in the smaller towns, rural and remote areas. Specialist private practitioners are recruited to provide expertise not available at hospitals. Family Planning and STI Clinics, located throughout the country, are attached to primary health services.

9.3.7 The two major programmes of the sector will be strengthened through the provision of adequate resources, to cater for the human resource requirements, development and upgrading of facilities, purchase of medical supplies and equipment, and mounting of an effective educational programme.

9.4 Rural Health Service

9.4.1 While curative services are generally available, coverage in some rural areas and outlying islands is restricted because of irregular medical supplies and the lack of qualified health professionals. As outlined in Chapter 6, while there has been increased urbanisation of indigenous Fijians, the majority still live in the rural areas of their provinces. In order to make curative services more available in the rural sector, all medical supplies and equipment will be replenished regularly in these areas. Rural medical facilities will also be upgraded and adequately staffed. Improvements in

working conditions and compulsory rural posting, which are outlined in the next section, will assist greatly to lift the standard of the rural health service.

9.4.2 The low socio-economic status and poor living conditions of rural indigenous Fijians render them more vulnerable to health risk. The 1997 UNDP Poverty Report highlighted that the average weekly income for indigenous Fijian households was 36% lower than for “Others”, 20% lower than for Indo-Fijians and 13% lower than the national average.

9.4.3 As a consequence of low incomes, the communities in rural and remote areas have difficulty maintaining appropriate levels of sanitation, and often utilise untreated water, unhygienic toilets and poor drainage. The 1997 Environmental Health Report showed that 85% of the national population had access to safe water. The corresponding ratios for urban and rural areas were 90% and 80% respectively. One in five persons in rural areas therefore did not have access to safe water.

9.4.4 In terms of households with unacceptable housing characteristics, the 1996 Census showed that a higher proportion of indigenous Fijian households did not have electricity and used kerosene and wood for cooking fuel (Table 9.6). Similarly, 14% of indigenous Fijians lived in informal houses compared to 9% of Indo-Fijians.

Table 9.6: Households with Unacceptable Housing Characteristics (%)

	No Safe Source of Water	No Electricity	Use Kerosene Light	Use Wood for Cooking Fuel	Use Pit Toilet
Nationals	19.4	33.1	37.9	48.1	31.0
Indigenous Fijians	16.8	46.8	54.0	56.5	24.7
Indo-Fijians	23.1	21.7	24.3	44.4	40.1

Source: 1996 Census

9.4.5 Efforts will be monitored, in collaboration with relevant agencies, to assist rural and remote communities make their own provisions for safe water, proper toilet facilities, drainage and waste disposal methods. Public health promotion will also be enhanced to reduce the level of diseases such as malnutrition, diarrhoea, pneumonia and anaemia.

9.5 Participation of Indigenous Fijians in Health Service Delivery

9.5.1 In almost all professional groupings, as shown in Table 9.7, indigenous Fijians in 2000 made up more than half of the workforce of the Ministry of Health. While this is a positive development, a number of factors impede their maximum participation in health service delivery.

Table 9.7: Ministry of Health Staff by Ethnicity (2000)

	Indigenous Fijians No. (%)	Indo- Fijians No. (%)	Others No. (%)	Expatriate s No. (%)	Total
Dentists	100 (60)	64 (38)	2 (1)	2 (1)	168
Health Workers	232 (57)	162 (40)	13 (3)	0 (0)	407
Medical Doctors	135 (44)	83 (27)	17 (6)	70 (23)	305
Nurses	1314 (80)	293 (18)	37 (2)	5 (0)	1649
Pharmacist s	40 (53)	31 (41)	5 (7)	0 (0)	76
Total for Group	1821 (70)	633 (24)	74 (3)	77 (3)	2605

Source: Ministry of Health

9.5.2 Experience has shown that indigenous Fijian health workers readily accept rural postings. By contrast, Indo-Fijians are reluctant to work in rural areas and most remain in major urban hospitals. Doctors who perform rural service, in particular for three years or more, are disadvantaged as a consequence of limited access to diagnostic facilities (blood testing, x-ray and scan test) and consultant teaching. On the other hand, those who are stationed in urban hospitals are able to utilise these specialist services and generally, gain higher professional exposure, which in turn enhances their professional skills and therefore each individual's case for promotion and advancement.

9.5.3 This anomaly will be addressed through following three measures:

- Introduction of a one-year compulsory rural posting for all local part II registration doctors after internship training. One year rural service will also be a prerequisite for all overseas specialist training.
- Provision of incentives, such as good housing, payment of a rural allowance, to make rural posting attractive.
- Implementation of overtime provision in the form of a professional loading allowance, as a percentage of basic salary, for all doctors and nurses.

9.5.4 It is recognised that the recruitment of expatriates is necessary to fill temporary needs in the service and to provide scarce skills in rural areas. However, most expatriate doctors are based in urban hospitals and therefore have access to modern technology and new developments. This practice serves to disadvantage indigenous Fijian doctors who are normally posted to rural areas.

9.5.5 In addition, it has been noted that many expatriates renew contracts in order to gain citizenship, which may be acquired after 6 years continuous residency. After citizenship is achieved, there is a tendency to move into private practice, creating vacuums in the public service and the need to recruit more expatriate doctors. The

employment of expatriate doctors will be reviewed, taking into account the importance of and need for their services.

9.6 Human Resource Development

9.6.1 The overall shortage of health professionals is a major problem for the sector. This is going to become more pronounced if the current losses to emigration and resignation continue, in particular in the rural areas and outlying islands.

9.6.2 A comprehensive training programme will be put in place to ensure the losses do not constrain the provision of health services, given that this responsibility will increasingly fall on indigenous Fijian health workers.

9.6.3 Currently, 50% of the places for Fiji at the Fiji School of Medicine are reserved for indigenous Fijians. In addition, a special intake of indigenous Fijians will be implemented over the next 5 years, in order to produce the replacements required to fill the projected staff losses.

9.6.4 Furthermore, priority will be given to post graduate training, both locally and overseas for indigenous Fijians, in order to gain experience and professional skills for consultant and specialist appointments.

9.6.5 To satisfy the urgent need to supply primary health care practitioners in rural areas, priority will also be given to the current scheme through which nurses are trained as providers of primary health care. The conditions of work of primary health care practitioners will be reviewed and improved. In addition, the feasibility and efficiency of using existing social and women's organisations as primary health care practitioners will be examined.

9.6.6 The terms and conditions of employment of health professionals will be reviewed as another means of addressing the shortage. Some factors to be considered in the review include remuneration, accommodation and overtime work.

9.7 Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATIONS
<p>Improve health status and life expectancy throughout the country.</p>	<ul style="list-style-type: none"> • Strengthening disease prevention and control. • Expand reproductive health services. • Strengthen promotion and community health activities. • Institute the compulsory rural service for all doctors following internship and overseas specialist training. 	<ul style="list-style-type: none"> • Establishment of management protocol and prevention and control guidelines for prevalent diseases. • Reduce deaths due to pneumonia in children under 5 years by 80%. • 70% reduction in pneumonia cases, overall. • Reproductive health facilities to be available throughout the country. • Greater awareness, understanding and commitment of individuals towards their own health. • Incorporation of these conditions as obligatory conditions of award of scholarships/fellowships. • Substantial reduction in shortage of doctors in rural areas.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATIONS
<p>Improve rural and community health.</p>	<ul style="list-style-type: none"> • Improve water supply. • Strengthen nutrition programme. 	<ul style="list-style-type: none"> • 100% access to safe water supply. • 100% chlorination and fluoridation of all government controlled water reticulation systems. • Establishment of a system of water chlorination and fluoridation. • 70% reduction in anaemia cases in adults. • 70% reduction of malnutrition cases in children. (FPAN as baseline). • Establishment of food supplement initiative and increasing awareness on proper nutrition and food. • Reduction in the incidence of anaemia and overweight in adults.
<p>Appropriate representation of indigenous Fijians trained as health professionals.</p>	<ul style="list-style-type: none"> • Ensure adequate number of indigenous Fijians is trained as health professionals. 	<ul style="list-style-type: none"> • Increased indigenous Fijian intake into undergraduate medical courses. • Improved education of indigenous Fijians by encouraging parental support, guidance and participation. • Increased indigenous Fijian intake into postgraduate courses. • 20 Fijian and Rotuman graduates with medical qualification per year for 10 years. • Increased number of Fijian health professionals with postgraduate qualifications.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATIONS
<p>Ensure greater participation of indigenous Fijians in health service delivery.</p>	<ul style="list-style-type: none"> • Introduce special intake quota at FSM in addition to existing ones. • Give priority to post graduate training for indigenous Fijians. • Give priority to primary health care practitioners. • Identify most suitable health professionals for professional and administrative leadership. 	<ul style="list-style-type: none"> • Increased number of Fijian doctors in private practice. • Employment of expatriate doctors reviewed.

CHAPTER 10

RESOURCE-BASED INDUSTRIES

10.1 Introduction

10.1.1 The resource-based industries include sugar, non-sugar crop commodities, livestock, forest and timber, fisheries, and minerals. This chapter reviews the participation of indigenous Fijians in these industries and identifies measures to enhance greater involvement.

10.1.2 Resource-based industries use natural resources as raw materials, which if sustainably managed, can benefit the economy without impacting negatively on the environment. These activities include the production, processing and marketing of agricultural, marine, mineral and forest resources, and the development of related industries. Although these industries are affected by climatic extremes and volatile commodity prices, Fiji's economic development in the foreseeable future will remain largely natural resource-based. The availability, development and sustainability of these resources are key national concerns and must be addressed with sensitivity and understanding.

10.1.3 According to the ADB's Economic Report for Fiji for 1999, the resource-based sector remains the mainstay of the economy. It accounts for around 70% of exports, employs nearly 50% of the labour force, and contributes 30% of GDP. Given appropriate supporting infrastructure, incentives and initiatives for further development, these contributions can be increased substantially. It will be a major challenge to devise and institutionalise systems for enhancing the participation of indigenous Fijians in industries or enterprises based either on their land or sea resources.

10.2 Review of Policies and Strategies

10.2.1 An Overview

Government's overall policy for the sector is to provide support and incentives to enable greater competitiveness and to encourage a more market-oriented approach to production. The requisite strategies include:

- accelerating agricultural diversification in areas of competitive advantage (high-value niche exports and traditional food crops);
- enhancing quality and consistency of supply of produce;
- safeguarding and commercially exploiting the Fiji's favourable quarantine status (pest and disease free);
- ensuring and commercially capitalising on environmental sustainability;
- improving export market access;
- encouraging continued transformation from subsistence to commercial farming;
- revitalising agricultural research and access to technology;

- rationalising and focussing extension efforts;
- improving supply and effectiveness of credit;
- ensuring public investment in critical infrastructure;
- supporting relevant industry organisations;
- attracting and supporting investment;
- promoting farming as a business; and
- privatising public enterprises directly involved in the sector.

10.2.1.2 A number of important generic challenges faced by indigenous Fijian resource owners need to be decisively addressed if they are to successfully participate in resource based development. These include:

a) *Absence of Basic Infrastructures*

Road access to many Fijian farming areas still remains limited. Electricity, cold storage facilities and telecommunications are very often absent, causing marketing problems for perishable products. In the outer islands, jetties greatly facilitate the loading and off-loading the construction of supplies and produce. However, there is rarely more than one on each island, and given the tendency for vessels to berth only at jetties, the overall cost of transportation has become a major burden. The absence of such basic infrastructure serves to discourage and demoralise both potential and existing entrepreneurs.

b) *Remoteness from and Access to Markets, Marketing Support Credit and Financial Assistance, etc.*

In rural and remote areas, marketing support is usually absent or inconsistent. This problem is often compounded by unreliable and inefficient transportation and unavailability or difficulty of access to credit and financing facilities.

c) *Ineffectiveness of Institutional and Administrative Support Services*

Institutional strengthening is needed to enhance and encourage more effective indigenous Fijian participation and at the same time to overcome the inherent weaknesses and apparent disadvantages. This will be absolutely necessary if indigenous Fijians are to effectively participate in the development of resource-based industries.

10.2.1.3 Two important considerations need to be born in mind in the process of resource-based development. Firstly, while the chapter focuses on the needs of indigenous Fijians, the constraints facing the sector as a whole should be recognised. Secondly, regardless of the community to which they belong, many people do not wish to be farmers, or participate in any form of resource-based development, because of the menial nature of the activities and low perceived status of the sector. It would therefore be erroneous to expect that all indigenous Fijians want to be commercial users of resources. However, it will be vital to create pathways to assist those who aspire to careers in the private sector .

10.2.2 Land

10.2.2.1 Government is committed to policies which support optimum and effective land use. This requires a sound land-use framework which promotes not only the well being of landowners, but also that of tenants and the nation as a whole. It must also be recognised that the participation, co-operation and consent of the indigenous landowners are pivotal to all resource-based developments.

10.2.2.2 The total land area of the Fiji Islands is 18,253sq. km, of which communally owned or native land accounts for 83%. The full distribution of land by tenure is presented in Table 10.1. In addition, 90% of indigenous Fijian villages are coastal-based and have customary fishing rights (*qoliqoli*) to much of the inshore areas.

Table 10.1: Distribution of Land in Fiji by Tenure (1993)

Tenure Type	% of Total Area
Native Land	82.39
State Land	9.24
Freehold	8.12
Rotuman Communal Land	0.25
Total (4,519,875 ac) (1,829,909 ha)	100.0

Source: Ministry of Agriculture, Fisheries and Forests.

10.2.2.3 A key component of the legislative changes outlined in the Blueprint, as contained in Chapter 4, is the transfer of Schedule A (no traditional owner identified) and Schedule B (unclaimed) lands from the State to the NLTB. When the transfer is formally completed, native land will comprise 93% of the total area.

10.2.2.4 Numerous studies have emphasised the critical role of the land tenure system in the sustained growth of the economy. The sugar industry is a pertinent and urgent example and is at risk of collapse if the land issue is not resolved. About 30% of native land is leased, of which some two thirds are used for growing sugarcane. 3,921 native leases under the Agricultural Landlord and Tenants Acts (ALTA) were due to expire between 1997 and 2000. 3,363 of these, or 86%, were not expected to be renewed. Tables 10.2, 10.3 and 10.4 present detailed information on native land leases by type, ethnicity and region.

**Table 10.2: NLTB Lease Summary by Main Lease Type
(as at 24/01/2001)**

Type	Count	Count %	Area (ha)	Area %	Annual Rent	Rent %	\$/Ha
Agricultural	14,454	50.4	596,112.45	89.2	\$9,242,999.69	51.9	15.51
Commercial	1,337	4.7	27,613.46	4.1	\$3,289,136.13	18.5	119.11
Industrial	338	1.2	3,071.00	0.5	\$819,637.84	4.6	266.90
Other	1,607	5.6	31,673.93	4.7	\$1,439,822.28	8.1	45.46
Residential	10,966	38.2	9,597.04	1.4	\$3,007,788.04	16.9	313.41
Total	28,702	100.0	668,067.87	100.0	\$17,799,383.98	100.0	26.64

Source: Baseline Survey

Notes:

- (i) Above figures exclude 10% poundage from royalties from timber, gravel and electricity; premiums; stumpage; compensation; fees for applications; interests; and investments, etc.
- (ii) Agricultural area includes 279,034 hectares of timber concession leases.

10.2.2.5 At the beginning of 2001, 668,068 hectares of native land were leased under 28,702 leaseholds and generated an annual rental income of \$17.8 million. Agricultural lease was the dominant category, as it accounted for half of the number of leases, 89% of the area but only 52% of the rent monies. Residential leases, while accounting for only 1% of the area, generated the highest yield income (\$313.41/ha). Industrial leases generated the next highest yield at \$266.90/ha. The yield rate for agricultural leases was the lowest at \$15.51/ha.

**Table 10.3: NLTB Lease Summary by Ethnicity
(as at 24/01/2001)**

Type	Count	Count %	Area (ha)	Area %	ha/leasehold
Indigenous Fijian	7,563	26.4	88,588.65	13.3	11.7
Rotuman	2	0.0	0.0981	0.0	0.0
Chinese	223	0.8	987.7768	0.1	4.4
European	238	0.8	1,107.58	0.2	4.7
Indo-Fijian	17,026	59.3	102,732.06	15.4	6.0
Others	3,569	12.4	473,349.48	70.9	132.6
Unspecified	81	0.3	1,302.22	0.2	16.1
Total	28,702	100.0	668,067.87	100.0	23.3

Source: Baseline Survey

The greater number of lessees were held by Indo-Fijians. While there were over twice as many Indo-Fijian (17,026) leases compared to indigenous Fijians (7,563), the total areas leased were comparatively close. This was due to indigenous Fijians, on average, having a higher area per lease. The largest leaseholds however, belonged to the Others category.

**Table 10.4: NLTB Lease Summary by Region
(as at 24/01/2001)**

Division	Count	Count %	Area (ha)	Area %	Annual Rent	Rent %	\$/ha
<i>Western Division</i>	13,271	46.2	193,369.41	28.9	\$10,065,777.18	56.6	52.05
Northern Division	7,625	26.6	326,071.09	48.8	\$4,452,529.21	25.0	13.66
Central Division	7,411	25.8	144,062.33	21.6	\$3,104,229.48	17.4	21.55
Eastern Division	395	1.4	4,565.04	0.7	\$176,848.11	1.0	38.74
Totals:	28,702	100.0	668,067.87	100.0	\$17,799,383.98	100.0	26.64

Source: Baseline Survey

10.2.2.7 The Western Division hosted the highest number of leases, generated the highest rent revenue (57% of the total) and produced the highest yield (\$52.05/ha). The Northern Division had the highest area under lease (over 326,000 ha).

10.2.2.8 In 1999, Government proposed the concept of a Land Use Commission in an attempt to ensure more productive and sustainable management of land. The concept was rejected by most native landowners because of the perception that it would dispossess them of the control over their land.

10.2.2.9 The optimum utilisation of land is promoted by this Plan. The NLTB will spearhead the achievement of this policy objective and the institution's administrative costs will be met from public funds. This will allow landowners to benefit more fully from rental and other funds received by the NLTB. Such a funding arrangement will be accompanied by greater accountability, without any dilution of the Board's core and independent role as trustee for native lands. The NLTB's additional functions, as a result of these changes, are to:

- a) promote efficient and sustainable use of native land resources;
- b) establish and implement a national land-use guide that will direct the development of native land resources based on soil productivity;
- c) identify new land for development;
- d) consolidate and integrate all land-related information;
- e) improve the incentive structure for all native land arrangements or development; and
- f) ensure environmental sustainability of all native land resources.

10.2.3 Sugar Industry

10.2.3.1 It is essential that efforts are made to ensure the continued viability of the sugar industry, given the important role which it plays. It is also crucial to ensure that more indigenous Fijians participate at all levels of the industry.

Table 10.5: Sugar Cane Production by Volume, Value, Ethnicity (1992-2001)

	Indigenous Fijians		Indo-Fijians		Others		Total		
	Tonnes (million)	Value (\$million)	Tonnes (million)	Value (\$million)	Tonnes (million)	Value (\$million)	Tonnes (million)	Value (\$million)	Rate \$/tonne
1992	0.44	24.26	2.99	164.15	0.11	5.86	3.53	194.26	55.03
1993	0.46	22.81	3.19	156.99	0.04	2.19	3.70	182.01	49.19
1994	0.53	26.92	3.45	176.09	0.08	4.13	4.06	207.18	50.98
1995	0.53	28.72	3.50	188.02	0.08	4.41	4.11	221.04	53.78
1996	0.57	25.50	3.72	166.87	0.09	3.94	4.38	196.31	44.82
1997	0.43	21.33	2.79	139.60	0.07	3.31	3.28	164.23	50.07
1998	0.27	21.56	1.78	140.84	0.04	3.32	2.10	165.72	78.99
1999	0.52	26.14	3.36	170.76	0.08	4.01	3.96	200.91	50.76
2000	0.49	20.66	3.22	135.16	0.08	3.19	3.79	159.01	42.00
2001	0.37	15.71	2.38	102.58	0.06	2.41	2.81	120.70	43.03

Source: Baseline Survey

Note: On average, indigenous Fijians share of total sugar cane production has hovered around 13% in the period 1989-1993. Because of unavailability of data and the fact that this ratio has not substantially changed, this figure has been used to estimate indigenous Fijian sugar cane production from 1994-2001.

10.2.3.2 Table 10.5 presents sugar cane production by quantity and value as well as by ethnicity from 1992 to 2001. In 2001, a total of 3.70 million tonnes of sugar cane was produced, which generated \$182 million. Indo-Fijians accounted for 85% of both the tonnage and value and indigenous Fijians, 13%. The participation of indigenous Fijians in this industry is quite low.

10.2.3.3 The Fiji Sugar Corporation Limited (FSC) is the largest public company in the country. At the height of the crushing season, the industry employs nearly 20,000 (Table 10.6). The shareholders comprise Government, statutory bodies, local public companies and individuals and these are listed and traded on the South Pacific Stock Exchange.

Table 10.6: Employment in the Sugar Industry in Fiji

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
No. of Farmers	21,771	21,334	22,479	23,454	22,807	22,449	22,304	22,100	22,156	22,178
No. of Cane Cutters	12,354	12,755	11,881	12,635	13,797	14,305	15,118	14,891	13,417	13,866
No. of employees	2,879	2,900	3,000	3,600	3,102	3,500	3,500	3,500	2,445	2,989

Source: Baseline Survey

10.2.3.4 Raw sugar is largest single export, accounting for about 40% of total merchandise exports and about 12% of GDP. The United Kingdom is the major market for sugar.

10.2.3.5 To determine aspects of the industry that are most suited to indigenous Fijian participation, the three main areas of producing sugar (i.e. production, processing and marketing) will be examined.

Production

10.2.3.6 The main activities in the production of sugar cane are: cane farming, harvesting and transportation to the mill. Some 23,000 farmers, three-quarters of whom are Indo-Fijians, grow cane on farms with an average size of 4.6 hectares and on land that is almost always native land. As stated earlier, quite a number of these leases are unlikely to be renewed. If the farms do not continue to grow sugar cane, this could render the industry non-viable.

10.2.3.7 To enhance the involvement of indigenous Fijians in the production of sugar cane, the following measures will be undertaken.

- (i) A training school for new cane farmers, similar to the one run by the Colonial Sugar Refinery at Drasa in the colonial days, will be established
- (ii) Indigenous Fijians are known to achieve if they are organised and some measure of control and commitment provided. This has been demonstrated by the Fiji Pine Landowner Model, which has enabled groups of landowners to be organised through the establishment of their own companies whilst control of activities is vested in the management of a Fiji Pine Limited. For such an approach to be successful in the sugar industry, the landowner companies have to be strongly supported in their formative stages by the FSC and related industry institutions until indigenous Fijians are able to run the companies themselves. Assistance required includes training in managerial, financial and farming techniques.
- (iii) Support be provided to indigenous farmers who wish to engage in share-farming with experienced farmers or proceed on their own.

Processing of Sugar

10.2.3.8 This is currently undertaken by the FSC. Apart from employment at all levels, the participation of indigenous Fijians can also be in terms of taking greater equity. The full matrix of measures to enhance indigenous Fijian participation in this industry is outlined in Chapter 8: Public Enterprises Reform.

Marketing of Sugar

10.2.3.9 The Fiji Sugar Marketing Company Limited, as the name suggests, markets all sugar produced. The proceeds are shared, after allowing for certain deductions, by the growers (at least 70%) and the miller (maximum of 30%). Any changes in the sharing formula is determined through the Master Award. The sugar industry has greatly benefited from trade agreements, in particular the Sugar Protocol with the European Union.

10.2.3.10 Whilst the growers have in turn gained greatly from such agreements, the landowners have not received a fair rental for the use of their land. Without the land, or the grower, or the miller, there is no sugar industry. The equitable distribution

of the proceeds from sugar between all three stakeholders will ensure the greater downstream processing and value adding sustainability of the industry.

10.2.4 Non-Sugar Agriculture

10.2.4.1 The non-sugar agriculture sector is composed of a range of crop commodities. The sector plays a pivotal role in the economy given its direct linkages with the rural population and capacity to absorb unemployment. However, the overall pattern of agricultural production and its contribution to GDP have really not changed in the last decade. The sector's contribution to GDP has virtually remained at 8%, with subsistence agriculture still the dominant sector. The performance of the crop sub-sector in the decade to 1995 is illustrated in Table 10.7.

**Table 10.7: Performance of Crop Commodity Sub-sectors
(1985 – 1995)**

Sub-Sector	Value of Production/Trend	Foreign Exchange Earnings	Employment
Subsistence Agriculture	30-40% of GDP – steady growth	Substantial as foreign exchange savings	Majority of economically active population
Other Bulk Export Crops	\$4 million – in decline	\$4 million	Large number earning meager incomes
Horticulture and niche Export Markets	Small – but growing quite rapidly	\$10 million	250,000 days of employment generated by ginger. Equivalent employment estimated for export taro
Commercial Food Crops	\$120 million – steady growth	Equivalent to the value of production	70% of farms are non-sugar cane

Source: ADB Agriculture Sector Review.

10.2.4.2 Many agricultural development initiatives had been undertaken in the past, most of which have not performed to expectations. These include: rice at Lakena, cocoa in Vanua Levu, bananas at Lomaivuna, pineapples at Lautoka and Levuka, beef at Uluisaivou and Yalavou, and fruit production at Batiri. The few ventures by corporate bodies in the sector have also ended in failures, such as those commenced by the Native Land Development Corporation, National Marketing Authority, etc.

10.2.4.3 The latest programme to assist revitalise the agriculture sector was the Commodity Development Framework (CDF), which was re-named the Agricultural Diversification Programme (ADP). Scheduled to run for four years (1997-2000), this programme was designed to increase production, exports and earnings of the agricultural sector. Participants were to contribute one third of the cost, with Government providing the remaining two-thirds. Although designed with noble objectives, the CDF/ADP has had mixed success. It was perceived as a handout scheme which became unmanageable and unsustainable. A study should be undertaken

to determine what lessons can be gained from this initiative before embarking on another similar programme. Table 10.8 below presents details on this programme.

Table 10.8: CDF Crop Commodities (1997)

Commodities	Area Harvest (ha)	Production (mt)	Yield (mt/ha)	Price (\$/mt)	Return (\$,000)	Expend. (\$)	% of CDF Com./Tot Return	Ret./\$ Spent	Area Harvest (ha)	Production (mt)
Coconut	1,176	588	1	3,000	1,764	925,872	1.4	7	1875	
Copra	7,517	11,276	2	390	4,398	0	3.5			17658
Dalo	8,216	23,350	10	1,100	25,685	221,116	20.5	116	2527	13753
Fruits	29	4,764	14	1,500	7,251	282,668	5.8	26	597	6861.5
Immature Ginger	54	1,082	20	400	433	365,996	0.4	4	59.7	1330.3
Mature Ginger	50	1,601	32	700	1,121	0	0.9	0	56.6	3561.2
Vegetables	2,533	21,132	8	1,000	2,113	112,313	1.7	19	1077	4027
Yaqona	1,263	3,310	3	25,000	82,750	63,872	65.8	1,296	12866	3203.6
Total	15,390	67,173		3,190	125,514	1,971,837	100	64	19058.3	50394.6

Source: Ministry of Agriculture, Fisheries and Forests

10.2.4.4 A programme such as the CDF, is one mechanism to assist indigenous Fijians to participate more effectively in the resource-based industries. However, a scheme of this nature must be well managed and controlled to avoid abuse and to dispel the notion of being a simple hand-out.

10.2.4.5 In the past, communal efforts by indigenous Fijians in commercial farming have not always been successful. Examples include co-operatives run by the Farm Management Cooperative Association (FMCA). The FMCA provided expert advice to farmers and actually managed some farms. This scheme failed because of a heavy management structure, resulting in high overhead costs which could not be sustained by farms which were primarily in the development phase. A number of these farms were repossessed by the FDB and the land reverted to subsistence.

10.2.4.6 The FDB's reassessment of its level of commitments to the agricultural sector would have stemmed from concern at the number of non-performing accounts in the rural areas. As a result, in recent years, exporters in the dalo and ginger industries have supplied credit to small growers because of the difficulties of access to loans from commercial banks due to lack of security. Many of the loans from the FDB remain outstanding. From a technical point of view, while many projects have the capability to succeed, the commitment to financial obligations was inadequate. This is a real problem that needs to be recognised and resolved.

10.2.4.7 There are however, many indigenous Fijian success stories in the agricultural sector. These include the vegetable growers of the Sigatoka Valley, dalo farmers of Taveuni, yaqona growers of the outlying islands, and women selling produce in the markets. They have received little help from either Government or the FDB but are respected because they are reliable and have quality products. Such individuals need to be identified, encouraged and assisted to grow and progress without taking away the spirit of free enterprise.

10.2.4.8 Subsistence agriculture has been said to be the hidden strength of the economy. Such a conclusion is justified because of the large amounts of food surplus in rural areas and the fact that communities can live off the land. The ADB Study referred to earlier, reported that the contribution of the subsistence sector equals that of

sugar, which is around 40% of GDP. Much still needs to be done to ensure that the strength of the subsistence sector is protected. These include such items as replanting fruit trees and revisiting values that sustained past generations.

10.2.4.9 As more indigenous Fijians participate in commercial agriculture, it should be noted that the transition from subsistence to commercial farming is made easier if the former is strengthened. Good subsistence farming skills are essential for commercial agriculture.

10.2.4.10 Fiji has been referred to in one overseas market as “the land of samples”. Such a label implies that the problem is not of markets but of marketing i.e. regularity of supply and consistency of quality. Problems of marketing are related to constraints in the production systems, transportation and storage.

10.2.5 Livestock Industries

10.2.5.1 There are four main sectors in the livestock industry: dairy, beef/sheep, poultry and piggery. The performance of each of these sectors and their contributions to the economy are shown in Table 10.9. Many indigenous Fijians have tried livestock farming with varying degrees of success.

Table 10.9: Livestock Industry - Performance and Contributions to the Economy

Value of Production/Trend	Foreign Exchange Earnings	Employment
Poultry (\$35 million – increasing) Dairy (\$23 million – declining) Beef (1,600 tonnes – declining) Pork (800 tonnes – increasing)	Net savings is small for poultry and pork but high for dairy and beef.	Dairy – 2000 commercial Beef – 1,800 commercial Pigs – 14,500 Poultry

Source: ADB Agriculture Sector Review, 1996

Dairy Industry

10.2.5.2 Fiji’s dairy industry is a substantial one with no equivalent in the South Pacific. Dairy production can be grouped into three major categories as follows:

- a) the 217 suppliers (175 of whom are shareholders) to the Rewa Co-operative Dairy Company (RCDC);
- b) the 38 registered dairy farms supplying fresh raw milk to urban centers in both the Central and Western Divisions; and
- c) non-commercial dairy farms, principally meeting household consumption with limited localised sale of surplus.

10.2.5.3 The dairy industry was developed during the period of import substitution and self-sufficiency. In this era, it was protected and supported through import licensing and tariff control on major dairy products, assisted with taxation relief, provided low interest loans by the FDB, offered various subsidies for fencing material, equipment, livestock drugs, roading, water supply, etc.

10.2.5.4 Commercial dairy production is concentrated in the Central Division, whilst non-commercial production from house cows extends throughout the two main islands.

10.2.5.5 RCDC is the sole processor of domestically-produced whole milk and cream. It also packages powdered milk and produces butter, which has a 95% import content. Production figures are presented in Table 10.10.

Table 10.10: Dairy Production in Fiji (1990-1999)

	UNIT	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Local Cream Production	TMFE ^a	126	119	125	88	133	29	16.2	15	18	4.07
Local Ghee Production	TMFE	70	70	70	70	70	70	70	70	65	55
Total Output	TMFE	523	578	589	527	619	548	575.2	575	607	523
Farmers average price	\$/Litre	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.37
Value of Output	\$mil	13.48	13.21	13.31	12.78	14.26	4.95	5.19	544.25	12.97	437.7
No. of Commercial Farmers:											
Rewa Dairy Suppliers		453	508	519	457	549	478	506	193	193	198
Non-Rewa Dairy Suppliers ^b		1040	1030	1030	1030	1030	1030	1045	24	25	19
Total Consumption	TMFE	3618	4056	4974	3329	4968	6190	4725	^c	3643	3405
Self Sufficiency	%	41	38	31	45	40	27	45	37.11	43	35
Average consumption per capita (Butter)	Kg	3.36	3.8	4.06	3.56	4.02	4.62	2.13	^c	4.70	4.2

Source: *Baseline Survey*

Notes: a) TMFE = Tonnes of Milk Fat Equivalent; 1 litre of milk = 0.0413kg of milk fat equivalent.

b) estimated.

c) No figure provided.

Beef Industry

10.2.5.6 Beef production has gradually increased since 1995. The constraints the industry faces relate to the poor quality of grazing pasture, unavailability of good quality breeding stock, low conception rate and competition from cheaper alternatives. Notwithstanding these, there is potential to substantially increase beef production through improving existing farms, greater encouragement to grazing under coconut trees, development of an orderly marketing system, payment of fair price to farmers, the sale of beef to local canneries, and the development of regional export markets.

Pork Industry

10.2.5.7 In 1998, a total of 14,732 pigs was slaughtered in registered abattoirs produce 821 tonnes of carcass. This represented a 5% increase in the number and weight over 1997.

10.2.5.8 The pork industry is constrained by high production costs, limited distribution outlets and high prices in retail stores which deflate demand. Pig diseases, such as scouring, continue to affect production efficiencies. There is scope for increased production but the industry needs to consolidate itself and promote local pork as an attractive and price-competitive alternative to other meats. There is also potential to export pork to regional countries.

Poultry Industry

10.2.5.9 The poultry industry has evolved considerably over the last 26 years with the end products being chicken meat and eggs. The long term objective is self sufficiency in all aspects of poultry production and a progressive reduction in imports. The broiler industry continues to be the highest producer of locally-produced meat.

10.2.5.10 Fiji is almost self-sufficient in poultry, with local production meeting around 83% of the domestic demand. However, the entire industry is threatened by poultry imports and needs support and encouragement if it is to remain viable.

10.2.5.11 Feed costs alone comprise over 70% of the cost of production. This is due to the insufficient quantity of raw materials produced locally. Almost all the grain used in poultry feeds is imported.

10.2.5.12 According to available statistics (Table 10.11), indigenous Fijians owned an average of one third of small holder poultry farms over the past 9 years but in 1998/99, this ratio markedly increased to 58% and then to over three quarters.

Table 10.11: Number of Poultry Farms owned by indigenous Fijians

Year	No. of Farms	No. of Fijian Owners	% Fijian Owned
1992	24	8	33.3
1993	24	8	33.3
1994	24	9	37.5
1995	24	9	37.5
1996	24	9	37.5
1997	24	9	37.5
1998	36	21	58.3
1999	35	27	77.1

Source: Ministry of Agriculture, Fisheries and Forests, Crest Chicken Ltd

10.2.5.13 In non-sugar agriculture, the problems often faced by indigenous Fijians in rural areas, apart from non-existent/inadequate infrastructure, credit facilities and marketing, include the following:

- economic size of operations;
- commitment to the enterprise;
- absence of basic understanding of the industry in which they operate;
- understanding the future of the enterprise in which they are engaged; and
- procuring and managing funds appropriately.

10.2.5.14 Agricultural development tends to rely heavily on imported inputs such as machinery, fuel, chemicals, fertilizers, etc. Due to the high costs involved, most indigenous rural farmers are unable to access these inputs and productivity is well below potential. Incentives are needed to encourage the production of quality products as well as consistency of supply. Government has provided incentive packages to industries such as garments. Similar treatment should be given to farmers. The private sector, which supplies these inputs, must be encouraged to support indigenous producers.

10.2.6 Forest Resources

10.2.6.1 The forestry and timber industry offers substantial business opportunities for indigenous Fijians. However, like the other sectors, the policies and strategies established for the forestry sector have not always specifically promoted indigenous Fijian participation. The immediate and long term viability of the industry will depend on the cooperation and goodwill of landowners. Stake-holding and the active participation of the landowners is fundamental.

10.2.6.2 The 1989 Forestry Sector Development Study recommended that, if the timber industry is to be a substantial contributor to the economy, a high quality, export-driven strategy should be adopted. According to this study, the three essentials for the high quality timber production strategy to succeed are:

- active involvement of indigenous Fijian landowners;
- establishment of an industrial structure and infrastructure that can deliver the products to the stringent standards governing the export markets for quality timber and added-value manufacturing; and
- a strategy that is economically viable for Fiji as a whole and an attractive financial proposition for the parties involved.

10.2.6.3 The mahogany forests are now maturing and present significant opportunities for landowners to participate in their harvest, processing and export.

10.2.6.4 The aspirations of indigenous Fijian landowners are for a bigger share of the wealth that accrues from forestry development and for the maximisation of their participation in the process. However, this should be tempered by a frank assessment of the reality of the situation to avert unnecessary disruptions to commercial operations and raising false hopes.

10.2.6.5 The ownership of trees by landowners often ends when they are logged and transferred to the logger or the licensee. Consequently, the landowner is left with only the royalties and a share of the premium. The real value from such a resource is in further processing or value adding. Government's policy has been focused on the

desire to add value for export to products from natural resources. However, there has not been a deliberate policy and strategy to enhance the full participation of landowners in the processing of their resources from the forest to the sale of finished products locally or for export. For such a policy to be effective, support services need to be fully developed and operational. These support services must meet the basic requirements for the proper management of a business and include advice on procurement of appropriate funds and their management.

10.2.6.6 Maximising the royalty rates for the more valuable timber classes does not only increase the value of the standing trees to the landowner, but also forces the industry to enhance value production by maximising the use of logs.

10.2.6.7 The Forestry Department records of sawmill ownership shows negligible indigenous Fijian involvement, a long prevailing situation. Portable sawmills offer real opportunities to increase the participation of indigenous Fijians. Because they are more adaptable, portable sawmills allow forests and resources, that would normally be left out by the bigger operators to be harvested. Given appropriate supervision and control, this approach would promote better utilisation of forest products and also enhance the application of sound environmental practices.

10.2.7 Fisheries

10.2.7.1 Fiji's marine resource sector has expanded rapidly over the last few years due mainly to large fresh tuna exports to the US West Coast and the high value Japanese "sashimi" market. In 1998, the total value of the sector's production, including subsistence was \$50 million and this increased to \$85 million the next year. It is estimated that the value of fisheries products exported in 1999 was \$135 million. Canned fish and beche-de-mer exports contributed \$29 million and \$4 million, respectively.

10.2.7.2 The main commercial marine resource development activities are concentrated along the coastal areas of the two main islands. Although processing significant marine resource endowments, the fisheries activities of the other islands are still largely subsistence-based.

10.2.7.3 Industrial fisheries is composed of the Pacific Fishing Company (PAFCO) cannery, and fresh and chilled tuna exporters. Other species which are associated with tuna are also exported. Tuna and other offshore species are increasingly important commercially, in particular albacore, bigeye, yellowfin, bluefin and skipjack. These species are the principal market species and are prized for canning, sashimi and other products.

10.2.7.4 The industrial tuna fishery consists of:

- pole and line fishery - cannery (offshore and EEZ licences);
- longline fishery - cannery (EEZ);
- purseine fishery - cannery (EEZ - occasionally); and
- longline fishery - sashimi (offshore and EEZ).

10.2.7.5 In 1997, PAFCO exported 1,057 tons of tuna loins, valued at \$1.03 million, for further processing. Export of canned tuna fetched the company \$15.3 million, with domestic sales valued at \$3.7 million. The company also produced 700 tonnes of fishmeal which were sold locally for \$0.5 million. Total sales for the company amounted to \$20.5 million - 41% lower than that for 1996.

10.2.7.6 The artisanal fisheries sector includes most small-scale commercial production for domestic sales. It is a significant source of domestic fish supply and employment and contributes approximately 20-25% of the total fisheries exports. There has been a significant increase in sales of non-fin fish (shellfish, molluscs, crustaceans, seaweed, etc.). The exploitation of miscellaneous products, such as trochus shells, beche-de-mer and mother of pearl shells, has also increased in recent years.

Aquaculture

10.2.7.7 Aquaculture is progressively moving out of the experimental stage into small scale commercial ventures (Table 10.12) and has the advantage of not being based on limited natural resources. Aquaculture development has grown in importance in recent years due to the existence of a substantial local market, particularly in the tourism industry, which offers attractive prices. Support services provided by Government involve the distribution of newly hatched fish to existing and new fish farms, and the expansion in the clam programmes at the main station at Makogai Island and other ocean nurseries. Pearl farming is also growing. Fiji pearls are of very high quality and attract high prices in the Japanese market.

Table 10.12: Aquaculture Production in Fiji (1995-99)

	Unit	1995	1996	1997	1998	1999
Fish Production	Tonnes	68	122	245	243	297
Prawn Production	Tonnes	182	200	*	0.05	2.1
Output Value of Tilapia	\$	204,000	366,000	735,000	103,950	890,460
Fish Farms	Number	209	227	295	262	264
Fish Farmers	Number	170	172	295	262	264
Clam Spats Production	Number	60,000	177,000	540,307	NA	NA
Tilapia Fry Production	Number	220,000	449,800	1,210,000	1,250,000	1,715,885
Carp Fry Production	Number	141,000	120,000	*	32,000	310,000

Source: Ministry of Primary Industries

Notes: NA - not available

10.2.7.8 Food security and rural development issues have been down-played due to the need to develop commodities to industry standards. But the real issues are the level and value of indigenous Fijian participation in this fast growing industry and how best they could participate more effectively. The following table outlines the main components of the industry.

Table 10.13: Summary of Local Fish Production by Sub Sector (tonnes)

SUB – SECTORS	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ARTISANAL	6,512	6,009	6,514	6,212	7,528	7384	7,567	5,820	6,817	7,167
INDUSTRIAL	7,351	8,578	8,585	8,404	9,452	7953	7,627	5,143	5,759	8,112
SUBSISTENCE*	16,000	16,200	16,400	16,600	16,800	17,000	17,200	17,400	17,600	17,800
AQUACULTURE*	20	25	72	63	80	68	122	245	297	242
TOTAL	29,883	30,812	31,571	31,279	33,860	32,405	32,516	28,608	30,419	33,321

* estimates

Domestic Sashimi Fishery

10.2.7.9 This fishery has expanded rapidly in the last 10 years, spearheaded by one or two local companies with support from Government by way of various duty and tax incentives. As a result, the fishing fleet has grown from 1 boat in 1989 to approximately 55 in 2000. The industry contributes approximately \$85 million to the economy and employs directly approximately 2,000 people and indirectly, 8,000. This industry is based in Suva where the main infrastructure support (repair and maintenance, packing factories and ice supply) is concentrated. The role of foreign companies in the industry needs to be carefully considered if the benefits to locals are to be maximised.

10.2.7.10 The lack of air cargo space is a major constraint to further growth. The current demand for cargo space exceeds availability by approximately 50% and as a result, consignments of fish are frequently left behind. The utilisation of dedicated freighters has been examined and found not to be viable.

Pole and Line Skipjack

10.2.7.11 The Pole and Line Skipjack Fisheries is a shadow of its former self. At present, the fleet is reduced to a single vessel, down from a peak of approximately 14 vessels in 1980. The decline was initially brought about by a differential pricing system which penalised the local skipjack pole and line operators. Coupled with the greatly increased production by purse seining (netting), these factors resulted in the demise of the Ika Corporation. The high catch by purse seining has driven the price of cannery skipjack down from about US\$1,100 /tonne in 1980 to approximately US\$400 at present.

10.2.7.12 With the arrival of a new Japanese company, which will target skipjack for specialist value-adding processing, there is a small revival in interest. One new vessel is being used on a trial basis.

Long Line for Canning

10.2.7.13 A number of Taiwanese vessels continue to fish for albacore for supply to PAFCO. These vessels are all foreign-owned and crewed. Government does not provide financial or any other assistance.

Small-Scale Tuna Fisheries

10.2.7.14 A recently developed small-scale tuna hand line fishery is proving quite successful, with 7-9 meter fibre glass outboard vessels hand-lining yellow fin tuna near

Fish Aggregation Devices deployed off Suva. This is an interesting fishery and certainly has room for expansion of the order of 500-600%. This type of operation can only exist close to the main centres, because the vessels must unload daily to a packing house as storage capacity is limited. Although small-scale, this fishery is worthy of support.

10.2.7.15 Aquaculture products, ornamental fishery, fish fillets, shark fins and a variety of processed products from inshore fish resources contribute significantly to the economy. Fiji's fishery sector has grown over the past decade but there is still room for expansion. Total fish exports from inshore resources in 2000 amounted to \$88.8 million and rose to \$98.4 million in 2001. Fin-fish and beche-de-mer exports amounted to \$29 million and \$4 million, respectively and are mainly harvested from inshore resources by indigenous Fijians although the processing and marketing of the products are controlled by others. As with the tuna industry, indigenous Fijians will require assistance to participate fully in this industry.

10.2.7.16 The customary owners of fishing grounds have been participating in some aspects of the marine resource-based industries. In tuna fishing, the full crew (from captain to ordinary deck hands) are indigenous Fijians but the vessels and facilities belong to others. Indigenous Fijians can participate in the production, processing and marketing of marine resources but Government intervention will be necessary. Intervention may take the form of assistance with the initial capital outlay (for purchase of boats, for example), training in production, processing and management, and development of the necessary infrastructure. As outlined in Chapter 7: Commerce and Finance, Government introduced, as part of the 2002 Budget, the SCARF which provides financial assistance for the purchase of fishing boats.

10.2.7.17 The island of Rotuma will require regular transportation to be provided to the main markets for all perishable produce, both terrestrial and marine based. Customary resource owners can be organised into community groups or companies, with properly trained management teams, to carry out marine resource-based commercial activities and, given strong support from Government, could venture into production, processing and marketing. The grouping could be a village, district, island or provincial based, as appropriate and feasible.

10.2.7.18 Customary resource owners have first rights of access to their resources and it is therefore important for them to participate fully in the sector. The following factors enhance their opportunities to venture into business activities:

- a) levies to access the resources may be considered;
- b) interest to ensure that the resources are always in a healthy state;
- c) update legislation to cater for sustainable development of resources;
- d) collaboration of Government, NGO's, industries and customary resource owners to help develop the resources;
- e) the establishment of marine parks, which have opportunities to be utilised by the resource owners; and
- f) genuine interest to obtain maximum benefits from the resources while maintaining their sustainability.

10.2.8 Mineral Resources

10.2.8.1 Current law vests mineral ownership in the State, although the mining process will invariably involve the use of surface land belonging to indigenous Fijians. Indigenous Fijians, therefore, do have a major stake in the commercialisation of these resources.

10.2.8.2 Of the two mines currently in operation, Emperor Gold Mine and Mt. Kasi, the latter is on native land. The projects with the most promising prospects, Tuvatu Gold Mine and Namosi Copper Mine, are also on native land. Landowners should therefore be assisted and guided to benefit directly and indirectly from these developments.

10.2.8.3 A recent development in this sub-sector is the bottling of mineral water. The first mineral water bottling plant, Natural Waters of Viti, is on State Land at Yaqara but adjacent indigenous Fijians have benefited in terms of employment and social assistance provided by the company. Another company, Magic Mountain, which is wholly locally-owned, plans to establish a second bottling plant on native land to the south of Yaqara. The current legal definition of minerals does not include mineral water. Other mineral water bottling plants are being pursued vigorously around the country and most of these are likely to be on native land. Landowners should be assisted financially to participate fully in this development, as the demand for mineral water has grown exponentially in recent times.

10.2.8.4 Royalty on minerals is collected by the State. The 1997 Constitution allowed a share of the royalty, to be decided by Parliament, to be paid to landowners of the surface land. While supporting the principle that royalty be paid to landowners, the Blueprint argues that the level of royalty is to be decided by the Cabinet. Landowners of land mined by Emperor Gold Mine recently received some royalty payments.

10.2.8.5 The phases of mineral exploitation are prospecting, feasibility, mining, processing and marketing. Indigenous Fijians have been involved largely in the prospecting phase. Depending on the seriousness of the intended prospecting, the annual budget could average \$1 million or more while the end result may be less than promising. At present, no convincing reason can be identified to change existing arrangements.

It is in the mining phase where significantly greater indigenous involvement is possible. Indigenous Fijians already have two of the start-up components; land and labour; but will require assistance with mobilising finance. This is a role which the NLTB, with Government, could play.

Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
LAND		
<p>To ensure sound and sustainable land management and development</p> <p>To ensure that landowners optimises the benefits from their land resources</p>	<ul style="list-style-type: none"> • Formulation of a national land use guide in conjunction with the NLTB. • Promotion of guide with national and sub-national agencies, landowners, and land users to secure their support and observance of principles. • Review and formulate a structure of fees that optimises the returns from land resources to landowners. • NLTB to be fully funded by Government. 	<ul style="list-style-type: none"> • Approval and implementation of a national land use guide by 2005 at the latest. • Mounting of workshops and other forums as well as public awareness programmes to increase understanding and observance of the national land use guide by all stakeholders. • Optimum utilisation of land resources. • Increased benefits to landowners. • Discussion of proposed fee structure with landowners and other stakeholders. • Native Land is more readily available for lease. • NLTB is fully funded and accountable.
SUGAR		
<p>To restructure and reform the sugar industry into a commercially viable, internationally competitive and environmentally sustainable industry</p>	<ul style="list-style-type: none"> • Review and reform the industry and internationally competitive so it is commercially viable. • Explore and encourage adoption of ways to increase productivity while observing sustainable development practices. 	<ul style="list-style-type: none"> • Resurrection of a viable and sustainable industry.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
To increase indigenous Fijian participation in the industry.	<ul style="list-style-type: none"> • Increase the number of and production by indigenous cane farmers. • Study and, if deemed desirable, establish a school to train new farmers in cane farming techniques. • Expose indigenous Fijians into the management and operation of the industry 	<ul style="list-style-type: none"> • Increased number of and cane production by indigenous Fijian farmers. • Increased membership of Boards of Directors by indigenous Fijians • 50/50 employment of indigenous Fijians in all levels of occupations of the industry from 2010.
NON-SUGAR AGRICULTURE		
To accelerate agricultural diversification into areas of competitive advantage	<ul style="list-style-type: none"> • Evaluate farming assistance schemes in the country and elsewhere to determine the scope and operation of a similar such scheme. • Establishment/consolidation and maintenance of a proactive agricultural market intelligence system with information shared regularly and on a timely basis with farmers. • Redirecting research activities to support such diversification. • Development of appropriate infrastructure to support the efficient development, processing and marketing of produce. 	<ul style="list-style-type: none"> • Implementation of a more stringent and clearly targeted scheme of assistance. • Non-sugar agriculture exports increased by 2% per year. • Increased commercial agriculture production at the village level. • Improved production, processing and marketing of agricultural produce.
To strengthen subsistence	<ul style="list-style-type: none"> • Promotion of good subsistence skills. 	<ul style="list-style-type: none"> • Improved food security.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>farming as a basis for successful transformation into commercial farming</p> <p>To encourage sound environmental practice and sustainable land management</p>	<ul style="list-style-type: none"> • Promote understanding and observance of national land use guide and sustainable farming practices. 	<ul style="list-style-type: none"> • Greater observance of national land use policy. • Increased adoption of sustainable farming practices.
FOREST RESOURCES		
<p>To ensure sustainable development and management of forest resources.</p> <p>To identify the approach that facilitates effective and viable participation by and optimises the benefits to indigenous Fijians in the development of forest resources.</p> <p>To provide the appropriate institutional and physical infrastructure to support the development of the sector.</p>	<ul style="list-style-type: none"> • Evaluate approaches and formulate a relevant one to facilitate enhanced indigenous Fijian involvement in the development of forest resources. • Establish/upgrade institutions to train indigenous Fijians in forestry business operations. • Provide institutional and infrastructure support to development of forestry resources. • Promote understanding and observance of national land use guide and sustainable development and management of forest resources. 	<ul style="list-style-type: none"> • Formulation, adoption and implementation of the approach. • Increased number of indigenous Fijians involved, especially as business owners, in the development of forestry resources. • Increased knowledge regarding felling techniques, milling methods, etc. • More effective technical services are provided. • Roading and other infrastructural support provided to forestry development. • Awareness programme mounted for all stakeholders in the forestry industry.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
MARINE RESOURCES		
<p>To ensure sustainable development of fisheries and marine resources.</p> <p>To promote indigenous Fijian participation through ownership in/of marine resource and marine resource processing companies.</p> <p>To provide appropriate institutional and physical infrastructure to support development in the sector.</p>	<ul style="list-style-type: none"> • Evaluate approaches and formulated a relevant one to facilitate enhanced indigenous Fijians involvement in the development of marine resources. • Promote understanding and observance of sustainable development of marine resources. 	<ul style="list-style-type: none"> • Formulation, adoption and implementation of the approach. • Increased number of indigenous Fijians involved, especially as business owners in the development of marine resources. • Awareness programme on sustainable development mounted for all stakeholders involved in development of marine resources.
MINERAL RESOURCES		
<p>To establish and facilitate implementation of appropriate models for Fijians and Rotumans, especially landowners that enhance their participation in the production, processing and marketing of mineral products, including mineral water.</p> <p>To enforce the principle of</p>	<ul style="list-style-type: none"> • Review of models that have been successful and otherwise. • Determine appropriate model(s). • Facilitate implementation. • Public promotion of the principle, 	<ul style="list-style-type: none"> • Landowners receive increased benefits. • 30% ownership participation by 2010 and 50% in 2020. • 50% employment in all occupational groups by 2005. • Enact legislation to classify mineral water as minerals in 2002. • Viability of land resources sustainable.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
sound environmental practice and sustainable mineral resources management.	especially to stakeholders. <ul data-bbox="611 316 1093 379" style="list-style-type: none">• Appropriate legislation enacted.• Enforce legislation.	

CHAPTER 11

TOURISM

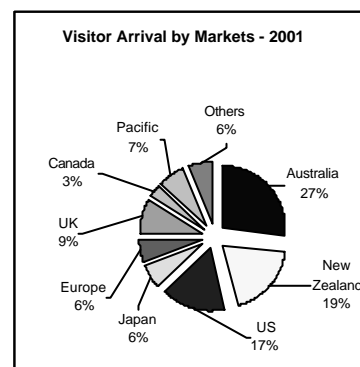
11.1 Introduction

11.1.1 The tourism industry possesses not only the potential to make a significantly greater contribution to economic growth but it also presents numerous opportunities for the enhanced participation of indigenous Fijians in commerce and business.

11.1.2 Principally driven by the private sector, the industry has grown substantially since Independence and is now Fiji's largest gross foreign exchange earner. In 1999, tourism generated about \$558 million in foreign exchange, contributed about 16% of GDP and provided employment, directly and indirectly, to an estimated 40,000 people. Tourism is therefore a critical pillar of the economy. In 2001, it is estimated that gross earnings from the tourism industry was \$496 million, which represented 18.7% of GDP.

Since 1996, the number of visitors to Fiji has been increasing steadily. In 1999, visitors reached a record level of 409,955, representing an increase of slightly more than 10% over the previous year. If this momentum had continued, the Fiji Visitors Bureau (FVB) projected that a record number of 428,500 visitors would have arrived in 2000. However, political developments in that year drove many intending visitors away. The actual end of year result was 294,070 visitors. The total number of tourists hosted in 2001 was 348,014; an increase of 18%. The forecast arrival figure for 2002 is 393,000 which represents a further increase of 13%. The projected earnings for 2002 is \$609 million.

11.1.4 By source markets, Australia contributed some 27% of total arrivals in 2001 and continued to be the biggest provider of visitors. About 19% of visitors came from New Zealand. Contributing 47% of all our visitors, these two short haul markets continue to be important. However, as Fig. 11.1 shows, the long haul markets of Europe and North America are also significant.



11.1.5 By purpose of visit, the bulk (80%) of visitors came for holidays. Business visitors accounted for another 5% whilst those who came for education, training and conferences made up another 2%. Those who visited friends and relatives comprised 6% and those who visited for "Other Reasons", 7%.

11.1.6 The total number of rooms in the industry is 4,610. Nadi holds the largest stock followed by the Coral Coast. International hotel chains operate approximately 25% of the room inventory. The ownership of hotels is difficult to determine but licensing data suggests that out of the 215 licensed accommodation establishments, about 10%, are owned by indigenous Fijians, 41% by Indo-Fijians and the balance by "Others" and foreign companies.

11.1.7 The number of international cruise ships visiting Fiji has fluctuated in recent years. For instance, in 1998, 35 vessels called while in 1999 only 26 visited. While the majority of cruise ships continue to visit Suva, Lautoka is gaining popularity. Internally, three companies provide cruises with overnight accommodation to the Yasawa and Mamanuca Groups.

11.1.8 In terms of air services, Air Pacific, the national airline, and Air New Zealand are the main carriers and carried around an equal number of visitors to Fiji.

11.1.9 The significant recovery by the tourism industry demonstrates the sector's inherent resilience. The ability of the industry to respond decisively to positive external influences was a major contributing factor and confirms the critical role which it can play in support of the economy.

11.1.10 In addition to political stability and general security, the physical and social environments are critical to the continued success of a holiday destination. The people and the environment are Fiji's unique selling points and set it apart from other tropical and sub-tropical destinations. It is therefore imperative that they are preserved. In this context, the sponsorship by the industry of a number of important innovations such as community development projects, a turtle release project, and scholarships for all levels of education, is praiseworthy.

11.2 Review of Policies & Strategies

11.2.1 A number of Government policies have been directed at facilitating tourism development in the past and have focused on the following areas:

- encouraging and facilitating tourism development through the provision of incentives and infrastructure;
- maximising the value of tourism earnings to the economy;
- promoting greater local participation in all sectors of the industry;
- integrated planning of tourism development; and
- promoting of education and training.

11.2.2 Tourism Development Plans

11.2.2.1 In the last thirteen years, two sector development plans have been prepared. The first, which was undertaken in 1989 in the wake of the political events of 1987, made recommendations in two broad categories – those aimed at the short term recovery of the industry and those designed to promote longer term development.

11.2.2.2 As a means to increasing both length of stay and daily expenditure as well as enhancing the attractiveness of Fiji as a holiday destination, the plan recommended the development of 'secondary tourism activities' (STAs) i.e. activities which tourists may partake in outside of hotels. The plan acknowledged that STAs provided opportunities for local participation in the tourism sector and recommended that "the incentives available to investors in STAs should equate with those available to hotel and resort developers". In addition, it also suggested that approved STA projects "should be eligible for a fixed rate of duty on all imported capital goods". Regarding

“community/environment based STAs”, the plan recommended that additional incentives be provided for local investors and that foreigners should be discouraged from involvement in those activities which have low capital and technology requirements.

11.2.2.3 The current plan, covering the years 1998-2005, recommends a “Step Change” strategy, which aims at the following:

- annual visitor arrivals of between 500,000 and 600,000 by 2005;
- the construction of 2,500 additional hotel rooms;
- the provision of 22,000 new jobs; and
- the generation of an additional \$325 million in foreign exchange.

11.2.2.4 A pivotal component of the strategy is the establishment of “Tourism Development Areas”, where the development of hotels and resorts is facilitated through a number of measures such as pre-arranged lease agreements.

11.2.3 Ecotourism and Village Based Tourism

11.2.3.1 A taskforce was set up by Government in 1995 to formulate a coherent policy on eco-tourism and nature-oriented tourism. The policy pertaining to the development of indigenous Fijian participation in tourism businesses states that Government will “extend fiscal and other incentives to develop village based eco-tourism projects which are small in scale and predominantly owned and operated by Fijian citizens”.

11.2.3.2 Based on this policy framework, Government has adopted five principles to guide eco-tourism development. These principles require that eco-tourism development be: sustainable; culturally sensitive; ecologically sound and nature based; educational; and involve local people.

11.2.3.3 A “best practice” programme is also being developed which is intended to become a benchmark for eco-tourism development nation-wide.

11.2.3.4 Two major schemes of assistance are currently available for eco-tourism development. The first is the Eco-Tourism Grant operated by the Ministry of Tourism. Through this scheme, nine projects were provided assistance in 2002 worth a little over \$77,000. The second scheme is SCARF (see Table 7.6 for details). Out of total of 159 projects, 20 detailed proposals were formulated and submitted to the FDB for consideration. As at June 2002, four have been approved for funding.

11.2.4 Incentives

11.2.4.1 Introduced in 1964, the Hotels Aid Act was designed to encourage the construction of hotel rooms. Theoretically, two forms of assistance are provided: an investment allowance equivalent to 55% of capital expenditure excluding the cost of land; and a cash subsidy of up to 7% of the total capital expenditure, excluding the cost of land plus special depreciation allowance.

11.2.4.2 An amendment to this Act in 1996 introduced the Short Life Investment Package (SLIP), which stipulated that assistance is available only to projects satisfying

a number of conditions. The SLIP scheme offers a tax allowance for 20 years. The conditions which need to be met in order to benefit from the package are:

- a minimum capital investment of not less than \$40 million exclusive of the cost of land but including the cost of supporting infrastructure and consultancy fees;
- a minimum capacity of at least 200 rooms; and
- the construction of the hotel is to be completed on or before 30 June, 2003.

11.2.4.3 In 1999, the Act was further amended with the introduction of what is commonly called the Half SLIP. Under this scheme, hotel development projects qualify if the minimum eligible capital investment (excluding the costs of land, furniture and motor vehicles) is not less than \$10 million but less than \$40 million and where the building of the hotel commenced on or after 1 July, 1998. In addition, tax exemption was also offered for 10 years.

11.2.4.4 The SLIP and Half SLIP packages have assisted in the construction of a number of major hotels. However, these have been of very limited value to indigenous Fijians who do not have the capital to develop such large hotels and resorts.

11.2.4.5 Except in the very early years of the Act, the cash subsidy provision has never been used because funding has not been provided. In view of the relative lack of capital amongst most indigenous Fijians, the scheme is therefore of extremely limited use to indigenous Fijians.

11.2.4.6 The Eighth and Ninth Schedules of the Income Tax Act were legislated in 1983, to encourage the building of cruise ships locally and the development of visitor attractions respectively. The assistance provided is for 55% of approved capital expenditure to be claimed as a tax allowance. As in the case of the Hotels Aid Act, these two Schedules are aimed at the investor who has the necessary capital to undertake the developments. They are of little help to local people wishing to set up such businesses.

11.2.4.7 Sponsored jointly by Government and the International Labour Organisation, the Integrated Human Resource Development Programme for Employment Creation started in 1999. The focus of this programme is employment creation and small enterprise development. Two out of the six sub-programmes cover tourism human resource development and eco-tourism development. The latter provides some financial and technical assistance to projects. The majority of the beneficiaries may be indigenous Fijians, but this is more by default than deliberate design.

11.2.5 Marketing

11.2.5.1 The marketing of Fiji as a desirable holiday destination is undertaken by the FVB, the tourism industry and airlines. The FVB receives an annual subvention, comprising operating and marketing grants. The total grant in 1999 was \$12.9 million. While this was reduced to \$8.9 million in 2000, the Mini Budget of that year restored the marketing grant to its previous level, in recognition of the potential contributions of the tourism industry to economic recovery. The grant in 2001 was \$12.5 million and

this amount was maintained for 2002. With this funding, the FVB participates at a number of international travel fairs and roadshows, produces promotional collaterals and operates offices in Fiji's major markets to service both the trade and consumers.

11.2.5.2 Aside from direct subventions, Government also provides marketing assistance through what is informally known as the "Exchange of Cheques" scheme. Designed to encourage co-operative advertising and promotions, this scheme offers a 150% tax concession for contributions towards joint promotional activities organised by the FVB.

11.2.5.3 The FVB undertakes programmes that are national in scope and traditionally delegates the marketing of specific activities and regions to others. However, with the global adoption of niche marketing, the FVB has adopted this strategy as an integral part of its overall marketing approach. It has therefore undertaken the promotion of specific products to specific market segments such as diving, budget accommodation, and eco-tourism. The two however, did not undertake any initiative aimed specifically at promoting indigenous businesses.

11.2.5.4 This review highlights a number of policies, strategies and initiatives which have been introduced by Government in the last 10 or 12 years to promote tourism development. However, while some have focussed on small tourism businesses, none specifically afforded prominence to indigenous Fijian participation in tourism businesses. In recent times, when there was departure from this overall norm, the treatment was basically cosmetic. It should however be noted, that affirmative action for indigenous Fijians was not an explicit Government policy until 2000.

11.2.6 Tourism Resource Owners Conference

11.2.6.1 Indigenous Fijians own the majority of the resources on which the industry depends, such as land and visitor attractions. The inaugural Tourism Resource Owners Conference was held in December, 2000 with the objective of discussing strategies through which resource owners can more meaningfully participate in and benefit from the tourism industry. The major resolutions of the Conference are set out herewith:

- i. Human Resource Development is to be given high priority and should include skills training, management studies, business management, marketing, and tourism awareness and business law.
- ii. The benefits from tourism should be increased by :
 - taking equity position and entering into joint business ventures with others;
 - ensuring that more indigenous Fijians assume executive positions;
 - reviewing the "free-share issue" as upfront 'payment' for land; and
 - constructing the infrastructure to facilitate the development of tourism resources.
- iii. Further promotion of ecotourism and the setting up of a special unit within the FVB to undertake such a responsibility.

- iv. Development of policy guidelines for homestays, yachts visiting outlying islands and utilisation of fishing grounds.
- v. Review of the Tourism Development Plan with a particular focus on resource owners and to prioritise development by province. Bua, Cakaudrove, Kadavu, Lau, Lomaiviti, Macuata and Rotuma are to be included in 'Priority A' in the Tourism Development Plan.

11.2.7 Miscellaneous Developments

11.2.7.1 A number of indigenous Fijians have approached Government for assistance to set up or operate a tourism business. These requests, made from the late 1980s, are summarised in Table 11.1. As will be noted, the three main areas requested were for technical, financial, and marketing assistance. Half of the requests were for technical assistance, one quarter for financial assistance, and 16% for marketing assistance.

Table 11.1: Tourism Businesses - Assistance Requested by Indigenous Fijians (%)

Assistance Requested Sector	Technical Assistance	Financial Assistance	Marketing	Others	Not Specified	TOTAL
Accommodation	21	10	6	3	1	41
Activity	23	15	10	2	0	50
Others	5	0	0	3	1	9
Total	49	25	16	8	2	100

Source: Department of Tourism

11.3 Policies and Strategies

11.3.1 Product Development

11.3.1.1 Profit must be paramount when formulating policies and strategies to encourage indigenous Fijian participation in tourism businesses. Unless this is so, limited resources will not be properly utilised and the desire by indigenous Fijians to be more meaningfully involved in the industry will remain unsatisfied. Achievement of this goal requires fundamental changes in the mindset: as well as in the approach to development generally; the types, contents and delivery of services provided by Government and NGOs; and in value systems.

11.3.1.2 Enormous potential exists for the development of small and medium scale tourism businesses. However, product development must be driven by the demands of the market rather than being undertaken simply because a resource exists.

11.3.1.3 In this regard, market studies have concluded that as a holiday destination, Fiji is perceived as nice but not sufficiently distinctive. There is a shortage of amenities and supporting tourism products that emphasise history/culture and the environment/ecology. These studies attest to the need to develop ecotourism products and small tourism businesses generally. Such developments do not only serve to make

Fiji a more attractive destination but they also offer commercial opportunities to indigenous Fijians.

11.3.1.4 While cognisant of this potential, it should be noted that ecotourism and small tourism businesses are not panaceas for the industry or for the participation of indigenous Fijians in business and commerce. The wider potential of the ecotourism market in terms of the numbers wishing to stay at village lodges or wishing to participate in “secondary tourism activities” has not yet been quantified. In addition, the sizes of these market segments available to Fiji are unknown. It should also be recognised that the development of such activities require the presence of adequate infrastructure and utilities in rural areas.

11.3.1.5 Due to constraints of infrastructure, utilities and transportation, Government support to the development of small indigenous Fijian tourism businesses will, in the short term, be confined to areas where these facilities and services are readily available and where the critical mass, in terms of visitor numbers, exists. This approach will also allow technical support to be focussed and for assistance to be provided more selectively, thereby ensuring a greater success rate.

11.3.1.6 A number of tourism businesses have been set up by indigenous Fijians in the last decade. Some were undertaken as private initiatives whilst others were mounted as pilot projects funded, either totally or in part, by Government and/or aid agencies. A number of these ventures have failed while the majority are simply stumbling along. These projects are located in various subsectors of the industry and have provided a comprehensive “bank” of experience regarding the development of small tourism businesses. There is therefore little justification for further pilot projects. However, a study will be undertaken early in the Plan period to thoroughly evaluate these businesses and to identify the lessons, promises and pitfalls. The findings of this study will provide very useful pointers to formulating future development policies.

11.3.1.7 In the immediate and short term, existing projects will be supported if they are viable. Some of these will have been fully developed but require assistance in areas such as marketing and management. Others have been partially developed and need to be completed.

11.3.1.8 Related to the development of accommodation is the issue of licensing. The requirements outlined in the Hotels Licensing Act pertain to conventional hotels and are inappropriate for small-scale accommodation development envisaged under this scheme. An appropriate licensing system for village lodges and other small scale accommodation establishments will therefore be introduced, to prescribe the necessary basic requirements, which must be satisfied.

11.3.1.9 The production of handicrafts for sale to tourists is a potential area for greater involvement of indigenous Fijians, in particular women. In producing handicraft, a number of issues need to be borne in mind which include: the quarantine regulations of the visitors’ markets, the need to contemporise production, the benefits of being innovative and the need to avoid the stereotyped tourist goods such as T-shirts and sulus. Workshops will be held to introduce new product lines and for skills development. An effective distribution and marketing mechanism will need to put in place.

11.3.2 Standards

11.3.2.1 Surveys of departing visitors at Nadi International Airport (Table 11.2) show that the proportions of visitors participating in tourism activities between the years 1996-1998 have been declining. While the causes have yet to be clearly identified, the decline may be attributed to sub-standard operation and inadequate marketing.

TABLE 11.2: PROPORTION OF OVERSEAS VISITORS PARTAKING IN TOURISM ACTIVITIES (1996-1998)

Activity Undertaken	1996	1997	1998
Fijian Meke	51%	42%	38%
Village Tours	25%	25%	22%
Restaurant (outside hotels)	25%	22%	17%
Watching Firewalking	15%	13%	13%
Fishing (not big game)	9%	8%	9%
Trekking/Tramping/Bushwalks	11%	8%	8%
Horse Riding	5%	5%	6%
Bird Watching	1%	2%	2%

Source: Fiji International Visitor Surveys 1996-1998

11.3.2.2 In developing indigenous Fijian participation in tourism businesses, it is therefore crucially important that high standards are set and maintained at every stage. This does not necessarily mean high costs but instead relates to high standards of management, safety and hygiene. These will be prerequisites to the provision of Government assistance to tourism business development.

11.3.2.3 In a number of visitor generating markets, consumer rights legislation has been introduced which provide for financial compensation for "loss of enjoyment" during a holiday, as a result of the physical state of the product, false promotions, etc. This development underlines the need to maintain the highest physical, professional and ethical standards.

11.3.3 Marketing

11.3.3.1 As outlined earlier, the specific promotion of small tourism businesses has not been undertaken by the FVB to date. The FVB will therefore set up a special unit to undertake and oversee specific marketing and promotional activities in support of indigenous Fijian businesses in the sector.

11.3.3.2 In addition, the FVB will sponsor a number of indigenous Fijians in the industry to attend international travel fairs, in order to introduce them to the intricacies of marketing and promotion. Efforts will also be made to expose Fijian entrepreneurs to the negotiation of business deals.

11.3.3.3 The FVB website will be expanded to include, gratis, the promotion of individual small tourism businesses generally and indigenous Fijian tourism businesses in particular. In addition, visitor information centres will be established at appropriate

locations. These centres will provide brochures and electronically stored information on small tourism businesses and activities, to enable visitors already in the country to choose what to see, what to do, where to stay, etc.

11.3.3.4 The formation of industry associations amongst indigenous business owners will be encouraged to assist in the marketing and general development of their tourism ventures.

11.3.4 Human Resource Development

11.3.4.1 Although tourism is a long established and significant sector, it is a matter of considerable concern that only a handful of indigenous Fijians are in top executive positions in the industry. Several factors have contributed to this situation and include: insufficient human resource development interventions, and a passive and reactive environment regarding the issue of work permits. To remedy this situation, a combination of strategies will be needed. As a broad target, every effort will be made to ensure that 50% of all management positions in the tourism industry are occupied by indigenous Fijians by the year 2020.

11.3.4.2 To develop greater indigenous capacity, scholarships will be set aside by the Fijian Education Fund for undergraduate and postgraduate studies in specific areas of the hospitality industry, such as business management, marketing and sales, and food production. These awards would be tenable at internationally recognised universities and training institutions. In addition to long-term training, funding will also be provided to enable indigenous Fijians to attend relevant and reputable short-term courses overseas.

11.3.4.3 The scholarships will be awarded on merit through open and competitive application, and in accordance with the HRD needs of the industry. The support of employers for award recipients will be sought, in particular regarding payment of salary during the period of training and repositioning after studies at occupational and/or remuneration levels which recognise the new qualifications attained.

11.3.4.4 As outlined in Chapter 7: Commerce and Finance, one of the major reasons for the failure of previous attempts to encourage greater indigenous Fijian participation in commerce is inadequate management/business skills. Given this deficiency, a range of “how to” courses, such as “How to start your business?” “How to market and sell your product?” “How to prepare a promotional brochure?” “How to read financial reports?”, will be mounted.

11.3.4.5 The tourism industry has at times experienced disagreements by indigenous Fijians which appear to be caused by a complex combination of factors such as disputes over land ownership, differences of understanding regarding access to fishing grounds and land lease obligations, and a perception of inadequate returns from the use of their resources. To ensure that such instances are minimised and a positive environment is maintained, a concerted public relations/awareness programme will be mounted. In addition, measures will be undertaken to ensure that resource owners derive maximum benefit from the use of their resources. The appropriate institutional machinery will be strengthened to properly address these concerns and to ensure that there is a regular review of the returns received by resource owners. This will cover not only the above

issues but also the contributions of the tourism industry to the nation's socio-economic development.

11.3.4.6 A more stringent evaluation of applications for work permits will be undertaken to ensure indigenous Fijians, as well as other races with the requisite qualifications and experience assume management positions currently occupied by expatriates. In implementing this policy, the continued viable operation of the businesses in question will be of paramount importance.

11.3.5 Financial and Technical Assistance

11.3.5.1 A lack of individual financial capital and limited business skills are binding constraints to the greater participation of indigenous Fijians in business. The various policies outlined in this Plan will address these constraints. In addition, financial and management assistance will be offered by the Venture Capital Fund, as outlined in Chapter 7, to those wishing to establish a tourism business, as well as buy-ins and buy-outs.

11.3.5.2 The following fiscal incentives will be applied to tourism businesses established by indigenous Fijians:

- exemption from duties of all imported materials and capital assets, including spares, needed for the development of the business; and
- tax holidays for a specified period.

11.3.6 Tourism Resource Owners Conference

11.3.6.1 Regular meetings of this industry forum will be convened by the Department of Tourism, to share experiences and information and to discuss support methods and strategies for indigenous Fijians in the sector.

11.3.6.2 To ensure greater involvement in and benefit from tourism, and in keeping with the decision of the inaugural Tourism Resource Owners Conference, the development of tourism in other areas of the country will be actively pursued in the long term.

11.3.7 Administrative Framework

11.3.7.1 Government recognises both the overall importance of tourism to the national economy, as well as the reality that Fiji's continued attractiveness as a destination will depend to an extent on maintaining variety in hotel plant, activities and other services.

11.3.7.2 The Department of Tourism, which has a key responsibility to assist with developing a more distinctive and varied product as well as to facilitate the greater participation by Fijians, will be suitably strengthened

11.4 Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>Product Development</p> <p>Development of a varied portfolio of tourism products based on nature, culture, and flora and fauna in response to market demand and make Fiji a more attractive holiday destination whilst creating opportunities for indigenous Fijian participation in business.</p>	<ul style="list-style-type: none"> • Provision of financial assistance and hands-on management assistance through the Venture Capital Fund (VCF). • Provision of support to existing projects if viable • Initially, confine development to areas where utilities, infrastructure, transportation and the critical mass exist. • Development to be undertaken at high standards. • Create and maintain awareness amongst the general public of above measures. • Development of detailed policies on homestay/ village based tourism. 	<ul style="list-style-type: none"> • Establishment of the Venture Capital Fund (VCF) by 2004 and assistance to at least five projects each year. • Establishment of the management agency by 2004. • Formulation by 2004 of guidelines on development standards to be observed by those wishing to receive support under the VCF. • Evaluation of existing projects to determine the type and level of support needed. • Conduct of regular market studies to determine, amongst other things, visitor product preferences. • Increased levels of enquiry on scheme/interest in the establishment of tourism businesses by indigenous Fijians.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	<ul style="list-style-type: none"> • Development of detailed policies on yachts visiting outlying islands. • Development of detailed policies on access to fishing grounds. • Encourage the development of handicrafts which satisfy the demands of tourists. 	<ul style="list-style-type: none"> • Completion, by 2004, of study to formulate homestay/village based policies. • Completion, by 2004, of study to formulate policies on visiting yachts. • Formulation of policies regarding access to fishing grounds in 2004. • Conduct of a market research study to clearly identify market demands for handicrafts. • Workshops mounted on introduction of new product line.
<p>Marketing: Increased marketing of small tourism businesses and indigenous Fijian businesses in particular</p>	<ul style="list-style-type: none"> • Establishment of a special unit in the FVB to plan and implement activities to market indigenous Fijian tourism businesses and small tourism businesses generally. • Promotion of indigenous Fijian tourism businesses through the medium of information technology. • Sponsorship of attendance of managers of indigenous Fijian 	<ul style="list-style-type: none"> • Mounting of specific marketing activities promoting indigenous Fijian tourism businesses in 2003. • Inclusion of the businesses in the FVB website by 2005 and establishment of visitor information network by 2005. • Sponsorship of at least 5 indigenous Fijians at international fairs beginning with ITB 2003.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
	tourism businesses, and indigenous Fijians in the industry generally, at international travel fairs.	
<p>Equity Support</p> <p>To facilitate increased ownership of the tourism industry by indigenous Fijians.</p> <p>Technical Support:</p> <p><i>Provision of hands-on technical support in the management of indigenous Fijian tourism businesses.</i></p> <p>Institutional Strengthening of the Department of Tourism.</p>	<ul style="list-style-type: none"> • CAPITAL Fund. • Review of the ‘free share issue’. • Review of existing benefits to resource owners. • Equity participation in hotels and resorts by resource owners. • Establishment of the management agency (as outlined in Chapter 7). • An organisational review of the Department to identify functions and requisite staffing levels and expertise. 	<ul style="list-style-type: none"> • Establishment of guidelines and operation of scheme by 2003. • Operation of agency by 2003. • Establishment of database of consultants by late 2003. • Provision of assistance to all existing projects (where critical mass exists) in 2003 and to other projects from 2005. • Review completed by end of 2003.

CHAPTER 12

CULTURE AND HERITAGE

Introduction

12.1.1 Culture refers to the diverse manifestations of human intellectual and artistic creativity, and constitutes both heritage and living forms of expression. Heritage has been described as treasures handed down by ancestors and may be grouped under three categories: physical/tangible, natural and intangible. Culture contributes to the shaping of attitudes; serves as a dynamic source of creativity and inspiration; and creates a distinguishing identity for the host population. Any serious discussion of national development must therefore incorporate culture and heritage. Indeed, they are now invariably treated as integral components of sustainable economic and social development.

12.1.2 Fiji's diverse society creates a rich and colourful cultural mosaic. All of the country's cultures can serve as powerful agents of reconciliation, enduring peace and stability which are indispensable ingredients for economic prosperity.

12.1.3 While this Plan focuses on the cultures of indigenous Fijians, discussions of the national agencies involved in cultural and heritage development, make the scope of the strategies, national and multicultural. In recognition of the current development of a national cultural policy, this Plan focuses on the short term and on areas which require urgent attention and action. Once the national policy on culture is in place, it will be necessary to review strategies and programmes related to the development and protection of indigenous cultures.

12.2 Review of Developments

12.2.1 As stated above, planning for sustainable socio-economic development is incomplete without reference to culture and heritage. This is even more relevant for indigenous Fijians because of their inseparable distinction from their cultures.

12.2.2 In reviewing culture and heritage development in the country, the approach adopted is to review the work undertaken by national agencies.

12.3 Institute of Fijian Language and Culture

12.3.1 Established in 1986 by a resolution of the Great Council of Chiefs and with the endorsement of Cabinet, the Institute of Fijian Language and Culture is responsible for promoting the understanding, preservation and development of indigenous languages and cultures. The Institute, part of the Ministry of Fijian Affairs, has therefore developed a substantial archive of books and other printed materials, audio and visual records, and other resources on the Fijian language and culture. It has also undertaken research, both in archives and in the field. The information gathered is disseminated through three media programmes viz: the half hour radio weekly called "*Na Noda Vosa*" broadcast on Radio Fiji, the weekly feature on traditional history in the

vernacular newspaper ‘*Na i Volasiga*’, and ‘*Vosa Bula*’, a language and culture documentary on Fiji Television.

12.3.2 The Institute is currently preparing a publications programme. A large number of the works are in the final stages of editing. The most important is the ‘*Vosa Vakaviti*’, a monolingual Fijian dictionary. The first ever monolingual dictionary of a Pacific language, the first edition of this dictionary contained over 25,000 entries.

The Institute also advises on translations into the Fijian language of publications, speeches, etc. and has also been involved with the USP in developing Fijian language studies.

A lack of funds has immensely constrained the work of the Institute. For this reason, materials that have been collected over the years cannot be properly recorded and stored. It has also not been possible to make visual records of *meke*s and traditional practices such as the installation of chiefs, or make audio records of dialects. In many of the cases, the need to record these items is desperately urgent as there are fewer and fewer elders who possess the knowledge. If these opportunities are not seized upon and made use of, these will be lost forever.

12.4 Department of Culture

Established in 2000, the Department facilitates and coordinates activities for the protection and development of culture and arts. Its immediate priorities include the development and implementation of a policy framework and the enactment of an overarching legislation.

The Department is also part of the Ministry of Fijian Affairs and liases closely with the Institute of Fijian Language and Culture. It is the responsible agency-cum-point of contact in Government for statutory bodies and many NGOs involved in culture and heritage protection and development.

12.5 Fiji Museum

12.5.1 Under the Fiji Museum Act (Cap 263) and Preservation of Objects of Archaeological and Palaeontological Interest Act (Cap 264), the Museum is charged with the collection, preservation and protection of the nation’s archaeological and palaeontological heritage as well as with the promotion of greater awareness of this heritage. In pursuing these mandates, the Museum had faces considerable challenges: professional capability was limited; office space was inadequate in both size and condition since no major renovation nor expansion has been undertaken for twenty years; and funding was severely constrained.

Over the past decade, there have been a number of significant developments which have greatly enhanced the Museum’s capability to effectively implement its role of promoting greater awareness of the nation’s heritage. Professionally trained locals now occupy all the professional posts. Office space was expanded when Government provided the former Nawela Girls Hostel. Because the level of Government funding has not improved greatly, revenue generating activities, in the forms of a shop and café, have been introduced. Admission fees have also been increased. These measures are

intended to supplement and not replace Government funding. Thurston Gardens, which will increase the attractiveness of the Museum once redevelopments are completed, has been leased from the Suva City Council. It is hoped that agreement will be reached to extending the lease to a long term one.

The Museum possesses an unrivalled collection of Fiji's historical artefacts. However, the facilities to store and display them are inadequate and insufficient. The Museum's collection is therefore susceptible to damage or destruction by varying temperature and humidity levels, and pests. A controlled environment is needed to properly store these cultural treasures.

12.6 National Trust of Fiji

The National Trust of Fiji (NTF) is responsible for the conservation, protection and management of the country's national heritage, flora and fauna, and natural amenities. It is also responsible for research and management of areas endowed with rare and endangered species of plants and wildlife.

In accordance with these responsibilities, the NTF designated the Sigatoka Sand Dunes as the first national park in 1989. The NTF also manages the following sites: Yaduataba Island, home of the crested iguana; Laucala Ring Ditch Fortification, Momi Gun Site, Borron House and the Morris Hedstrom Building at Levuka. New projects under consideration include: the establishment of the Bird Sanctuary at Muanaka (Kadavu); an awareness programme for the Fiji Petrel, an endangered bird found only on the island of Gau where it is called "Kacau"; ecotourism development using the natural 'dakua' forest reserve at Waisali (Savusavu); and the Garrick Forest Reserve at Wainiyanitu (Navua).

The NTF is the national agency for the coordination of the preparatory process for the nomination of specific national heritage sites in Fiji to the UNESCO World Heritage List. In tandem with this, the registration of national heritage sites is currently being undertaken. As recurrent funding is likely to continue to be limited, the NTF is successfully developing partnership and alliances with a number of international organisations and NGOs working in the same field.

12.7 Fiji Arts Council

Established thirty years ago as the coordinating body for the presentation of overseas artists, the work of the Fiji Arts Council (FAC) has expanded considerably. The FAC now coordinates national programmes and activities designed to develop and promote visual, performing and fine arts as well as traditional and contemporary craft.

The FAC has, in the past, organised annual craft fairs in the three divisions of the two main islands and a national exhibition in Suva. In 1999, the first ever Indigenous Art Exhibition was held in conjunction with the national event.

In the same year, work began on the establishment of a database of local artists, crafts people, cultural groups, musicians and dancers to facilitate linkages and national programmes. An Internet website, established by a private firm in January 2000, is

promoting local artists and their art on the international stage. The website has been taken over by the Department of Culture.

The FAC's work is constrained by inadequate resources: financial, office and exhibition space and staffing.

12.8 Other Organisations

12.8.1 A number of NGOs are actively involved in cultural and heritage preservation and conservation. These include the following:

- ***Fijian Writers Association***

The Association was started in 1999 by a group who was concerned about the "ad hoc" treatment of culture and heritage activities. The Association aims to promote Fijian drama, chants, story reading and writing. The Association is attached to the Department of Literature of the USP.

- ***Wainimate***

Wainimate is a women's association for national medicinal therapy which works with healers and protect the use of traditional medicine. It was established in 1983 and registered as a charitable trust in 1995. One of the projects that the association recently undertook is the compilation of the healers profile in each of the provinces. The association works with the Ministries of Fijian Affairs and Health, and the USP.

- ***Fiji Composers Association***

The Fiji Composers Association was established to encourage the development of local and original compositions using both traditional and modern instruments.

- ***Fiji Performing Rights Association***

The Performing Rights Association deals with rights and royalties. It is a charitable organisation which accepts only individual membership. The question of collective membership and customary rights need to be addressed.

- ***Fiji Musicians and Entertainers Association***

Became operational in 1999 when its constitution was completed, the Association's role is to promote the interests of and organise training programmes for musicians and entertainers. Membership is principally drawn from the tourism industry and nightclubs.

12.9 Proposed Strategies and Policies

12.9.1 The intangible aspects of Fijian and Rotuman cultures, like other indigenous cultures, are mainly unrecorded. Indigenous Fijian customs, language, *meke*, traditional etiquette, etc. are oral and preservation rests pivotally on continual usage and observance. However, the combined influence, amongst other factors, of a non-conducive cosmopolitan livelihood, an apathetic youthful population, and emphasis on economic development, has placed indigenous cultures and heritage in precariously desperate positions. The brutal reality is that if indigenous Fijians lose their cultures and

heritage, especially the intangible ones, these will be lost forever since, unlike other cultures in the country, no fountain exists elsewhere from which they can be retrieved. If indigenous cultures and heritage cease to exist, Fiji will lose its distinguishing identity. From a tourism perspective, one of the country's "unique selling points" is lost and it will be just like any other holiday destination.

12.9.2 These point to the critical need to not only incorporate culture and heritage into development planning in the country but to afford them due significance in resource allocation. All the national agencies involved in the preservation of culture and heritage face one common problem – inadequate financial, human and other operating resources. By providing adequate resources for the preservation and protection of culture and development, Fiji's attractiveness as a holiday destination will also be maintained.

12.9.3 The protection, preservation and promotion of indigenous cultures are the responsibilities of all indigenous Fijians – chiefs, elders, parents, school teachers, *bose vakoro/tikina*, etc. with the national agencies assuming leadership and facilitative roles. In some instances, there is awareness of this role but it is dulled by lack of interest. In others, because they "live culture everyday", a *laissez faire* attitude tends to prevail. Both of these situations call for the mounting of aggressive educational programmes to create the awareness, interest and sensitivity, or an awakening, amongst indigenous Fijians of the need to protect and preserve their cultures.

12.9.4 Indigenous property rights cover two broad areas: traditional knowledge and expression of culture, and genetic resources. Enacting legislation to protect intellectual property will be treated as a matter of urgency. In this regard, it will be necessary to redirect the restrictive interpretations of conventional IPR legislation from private and corporate ownership to protect community ownership. Legislation concerning intellectual property and expression of culture will be completed in the very near future.

Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
Protect and preserve indigenous Fijian cultural and heritage.	<ul style="list-style-type: none"> • Development and incorporation of an indigenous cultures policy into the national policy on culture. • Identify, research and establish a database of indigenous cultures and heritage treasures. • Development of a coordinated action plan on the protection and preservation of indigenous cultural treasures. 	<ul style="list-style-type: none"> • Formulation and approval of the indigenous/national culture policies by 2003. • Establishment of a database of indigenous cultural and heritage treasures • Approval of indigenous cultures action plan and provision of resources to ensure effective implementation.
Promote awareness and understanding of indigenous Fijian cultures and heritage.	<ul style="list-style-type: none"> • Promote the integration of culture and heritage issues in the decision making processes of Government and civil society organisations. • Promote the greater integration of indigenous cultures, languages and arts into the schools curriculum. • Mount activities to raise awareness about indigenous cultures, languages and arts. 	<ul style="list-style-type: none"> • Increased recognition of the importance of culture and heritage in national development processes. • Increase in the numbers of schools and students taking indigenous culture, languages and arts.
Strengthen research and documentation of indigenous languages and cultures.	<ul style="list-style-type: none"> • Empower the Institute of Fijian Language and Culture so it is able to effectively undertake its responsibilities. 	<ul style="list-style-type: none"> • Institute of Fijian Language and Culture given adequate resources. • Establishment of a board to oversee the work of the Institute and advise the

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p>Support and promote the development of creative abilities regarding visual, performing and fine arts.</p>	<ul style="list-style-type: none"> • Mount programmes to promote craft development. • Develop and implement programmes to promote visual and performing arts in the indigenous languages. 	<p>Minister on implementation of policies.</p> <ul style="list-style-type: none"> • Development of an indigenous cultural centre as a venue for the permanent presentation of indigenous arts and crafts. • Revival of interest in traditional house and canoe building. • Organisation of regular indigenous arts festival. • Increased production of mekes, chants and dramas in the indigenous languages.
<p>Ensure fair trading and practice, and the protection of intellectual property rights regarding the local production of traditional traditional craft and art.</p>	<ul style="list-style-type: none"> • Legislate for collective/community ownership rights in connection with indigenous knowledge. • Develop a policy covering the movement, ownership and possible patenting of indigenous fauna and flora. • Develop the most effective means of authenticating craft through labeling or certification scheme. 	<ul style="list-style-type: none"> • Enactment of intellectual property legislation in 2003 that in harmony with the norms and practices of indigenous cultures.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
Enhance better coordination in the protection and development of culture and heritage	<ul style="list-style-type: none">• Review the functions of all agencies involved in the area and demarcate responsibilities.• Formulate an over arching legislation.	<ul style="list-style-type: none">• Increased coordination of work of all agencies involved in cultures and heritage work.• Enactment of over-arching legislation.

CHAPTER 13

RURAL DEVELOPMENT

13.1 Introduction

13.1.1 In addition to addressing inter-ethnic disparity, this Plan is also concerned with the differences within the indigenous Fijian community and, in particular, between the rural and the urban segments. Ways in which the quality of life of rural people can be improved are considered in this chapter.

13.1.2 Although Fiji's socio-economic development status has improved significantly over the last three decades, considerable disparities still exist in the distribution of the benefits of development between rural and urban areas, as well as between provinces. As already indicated, 59% of indigenous Fijians live in rural areas, principally as subsistence farmers and the majority lack access to basic social services. Urban migration has been increasing and it is likely that this has been encouraged to some extent by the poor living condition in some rural areas.

13.1.3 The problems faced by indigenous Fijians in rural areas include irregular shipping services, inadequate water supply, poor state of roads, the poor provision of public services, and limited income-generating opportunities. In remote areas, more serious problems include the lack of access to markets, high costs of transportation, poor access to finance and business advice so necessary for well-planned and managed commercial ventures.

A study carried out by the Ministry of Fijian Affairs in 1995, noted that the majority of houses in rural villages and settlements were constructed of tin (43%) and wood (31%), while the majority of toilets were water sealed (69%). While 78% of villages had access to some form of piped water supply, the rest used adjacent streams.

Table 13.1: Rural Economic Activity

Economic Activity	Percentage (%)
Subsistence Farming	62.8
Cash Crop	17.2
Paid Employment	10.6
Fishing	3.2
Retail	2.4
Livestock	1.9
Service	1.7
Forestry	0.2
Manufacturing	0.1

Source: 1996 Census

13.1.5 According to the 1996 census, as shown in Table 13.1, 63% of the indigenous Fijian in rural areas lived principally as subsistence farmers. In addition, as also reflected by the table, the level of commercial activities in rural areas is low.

13.1.6 The overall objective of rural development strategies is to ensure a more balanced spatial distribution of development. Every effort will be made to maximise the utilisation of natural resources and to harness the economic potential of the rural areas. This will be undertaken using a more integrated approach and through increased co-ordination. Whilst much progress has been made over the years in improving the quality of life through the provision of adequate social and infrastructure facilities and amenities, more effort and resources will be directed to rural areas to ensure more equitable and sustainable development is achieved in the long term.

13.1.7 An important aspect of rural development strategy is to encourage greater self-sufficiency. This involves using locally available resources, adopting efficient and cost-effective methods of production, and encouraging collective discipline for the proper maintenance of villages.

13.2 Review of Government Policies on Rural Development

13.2.1 Over the years, national and sectoral policies have been directed at facilitating the development of rural areas. Although policies were not specifically formulated to address the concerns of rural indigenous Fijians, it was assumed that the generic policies would address their concerns. Some line ministries, such as the Ministry of Regional Development, have implemented programmes which were specifically targeted at indigenous Fijians residing in rural areas.

13.2.2 To encourage the development of rural areas, Government in the past developed *Integrated Sub Regional Plans* and *Integrated Island Development Plans*. The rationale behind this approach was to channel investment and resources generally into areas which had not realised their development potential. These strategies have not really been successful because the support infrastructures and services necessary for development, were lacking.

13.2.3 Government policies in recent times have generally focused on the following areas:

- promoting maximum utilisation of the development potential of each region, according to the availability of local factors of production;
- providing supporting infrastructure for the promotion of commercial development and investment in rural areas;
- maintaining effective social services in rural areas, particularly health, education and basic need services;
- encouraging active community participation;
- improving the co-ordination and effectiveness of local administration (through decentralising the planning and administrative machinery); and
- reducing economic and social disparities between regions.

13.2.4 Rural development is multidisciplinary in nature and therefore involves numerous stakeholders: Government, regional and international agencies, NGOs, in some cases, the communities themselves and the private sector. The importance of good communication and coordination is clear.

13.3 Rural Infrastructure Development Initiatives

13.3.1 The development of rural infrastructure is critical as this provides the means by which rural socio-economic development takes place. It facilitates easy access to/from villages and settlements, and the transportation of goods to markets and from towns and cities. Rural infrastructure also includes the institutional infrastructure needed to support economic production and development.

Rural Roads

13.3.2 Government has allocated considerable resources over time to the construction of rural roads. However, the need for rural roads is still considerable and more community feeder roads need to be built, with the long-term objective of improving the mobility of rural people. Priority will be given to locations which are isolated and lack direct access to urban centres. Efforts will also be directed at properly maintaining rural roads to ensure usage is possible at all times.

Inter Island Shipping

13.3.3 Inter island shipping is, for some outer islands, the only available transportation link with the larger islands. The availability of an efficient, reliable and affordable shipping link increases the mobility of island communities and improves access to goods and services that are not normally available in the islands. It will also provide an impetus to be economically productive as the transportation and selling of produce becomes easier, and will also enable more frequent visits to these islands for the provision of essential services.

13.3.4 Private companies are important providers of shipping services to the islands and include Consort Shipping, Patterson Shipping, Kadavu Shipping, Lomaiviti Holdings, and Kabara Development.

13.3.5 In order to improve shipping services to the outer islands, Government established the Shipping Franchise Scheme in 1997, through which subsidies are provided to shipping companies for services to specific areas deemed to be not commercially viable. Three shipping companies are currently contracted for a period of 3 years to provide monthly services to Northern Lau, Southern Lau, Yasayasa Moala, Malolo/ Yasawa, Lomaiviti and Kadavu (Babaceva). The scheme is currently under review to determine whether it should continue and if so, how it can be improved.

13.3.6 The construction of jetties is an important aspect of improving the accessibility to rural areas. During the last 5 years, however, Government's expenditure on marine infrastructure has been limited to the upgrading of the Cicia and Totoya jetties. Some problems that have been encountered, included indecision by local communities on

specific locations, escalating costs during the construction phase and creating delays in transporting machines and building materials.

Air Transportation

13.3.7 Government had previously embarked on a substantial air transport development programme, with the objective of providing access to some of the more isolated rural communities. In the 1970s, airstrips were constructed and operating at Bureta (Ovalau), Kadavu, Saqani, Dama (Bua), Matei, Gau, Koro, Lakeba, Vanua Balavu, Cicia, Moala and Ono. Some of these airstrips closed as airlines have found the routes to be uneconomical. Scheduled domestic air services are currently provided by two carriers: Air Fiji Limited and Sunflower Airlines.

Rural Electrification

13.3.9 Government recognises that the electrification of rural areas will continue to bring about improvements in the standard of living, and in the income generating capacity of rural areas. Electricity therefore constitutes a major catalyst to village and rural development. To this effect, a new Rural Electrification Policy (REP) was approved in 1993. From 1974 to 1999, a total of 310 rural electrification schemes was installed (Table 13.2 shows the details). Although many villages now have access to electricity, the maintenance of generators and solar panels is cause for concern.

Table 13.2: Rural Electrification Schemes Implemented (1994-1999)

Year	FEA Schemes	Diesel Schemes	Solar Schemes	Micro Hydro Schemes	Government Station	Total
1974-1993 ¹	0	220	0	0	0	220
1994	5	9	4	1	1	20
1995	10	20	4	1	0	35
1996	17	17	3	0	0	37
1997	16	13	1	0	2	32
1998	39	37	1	1	0	78
1999	30	76	1	1	0	108
Total	117	172	14	4	3	310

13.3.10 Government continues to accord high priority to assisting rural communities receive power supply through the REP: a programme of providing electricity to rural areas under a cost sharing scheme with the communities and villages paying 10% of the total estimated cost and Government, the balance.

13.3.11 Government is also in the process of developing a new regulatory framework which will remove barriers to the implementation of renewable energy systems for rural electrification. The framework will provide the guidelines to facilitate the establishment of sustainable renewable energy service companies (RESCOs) and will also encourage private sector participation in providing power to the rural areas.

¹From 1974 to 1993, a total of 220 Diesel Schemes was implemented under the old Rural Electrification Policy. In 1993, the new rural Electrification Policy was endorsed to include Hydro, Solar and Diesel

Rural Water Supply

13.3.12 Access to safe and portable water, a key necessity of life, is an important objective of Government's rural development strategy. In both the rural maritime and mainland areas, this is achieved through two schemes: the Self-Help Rural Water Supply Scheme and the Borehole Subsidy Scheme.

13.3.13 Implemented by the Ministry of Regional Development, the Self Help Rural Water Supply Scheme provides water sourced from roof tanks, wells, rivers, creeks and rainwater collected in communal reservoirs and piped to individual houses. Under the scheme, villages/settlements contribute labour and one third of the total cost of materials. Government provides the balance of the cost and also undertakes the survey, design, supply and transportation of all materials, and supervision of construction. Since 1966, a total of some 2,200 village/settlement water supply systems have been established. In the last ten years, 706 projects have been constructed.

13.3.14 The Borehole Subsidy Scheme is implemented by the Ministry of Infrastructure and provides assistance to an individual farmer or a group of farmers living in scattered rural areas, to access water from underground sources. Through this scheme, Government subsidises the cost of boring by up to \$1,000 per borehole. The subsidy is limited to drilling costs and does not cover tanks, pipelines and pumping equipment. More than 2,600 projects have been successfully completed since introduction of the scheme in 1984. In the last few years, annual expenditure has been between \$250,000 and \$500,000.

13.3.15 Construction is on a 'first come first served' basis, according to the full payment of contribution. This arrangement has worked out very well as it has caused little conflict. Through their financial contributions and involvement in the construction phase, the rural communities have developed a sense of ownership over the projects.

13.3.16 Although the schemes, in terms of the number of water supply systems constructed, have been most successful, the operation and maintenance of individual projects by the recipient communities has not been satisfactory. Consequently, requests have been made for assistance with repairs, which, if unattended for sometime, can subsequently lead to major repairs or even to the replacement of the entire project. In view of the maintenance problems faced, a programme was introduced to train the village operators in the maintenance of the projects. In addition, toolboxes and spare parts were provided to assist operators undertake their own maintenance.

13.3.17 Government will continue to assist with the provision of water supplies to the rural areas through the above schemes, in an effort to improve the health standards in villages and settlements and to promote socio-economic development.

Rural Telecommunications

13.3.18 The fundamental objective of rural telecommunications development is to enable easy access and to upgrade the networks in these areas to a level similar to that delivered to urban areas. These developments will encourage increased decentralisation, facilitate small business enterprise development and generally contribute to the improvement in rural living standards. The focus will be on providing

quality service, the provision of appropriate equipment and technology to meet present and future demands, and the application of concession rates for calls from rural areas.

13.3.19 The telephone coverage of rural villages and settlements currently stands at 45% and it is projected to increase. The details of telephone coverage for the four Divisions are shown in Table 13.3.

**Table 13.3: Rural Telephone Services Coverage
(as at February, 2001)**

Eastern	Central	Northern	Western
Kadavu - 37%	Naitasiri - 45%	Bua - 42%	Ba - 72%
Lau - 64%	Namosi - 36%	Cakaudrove - 54%	Nadroga/Navosa - 42%
Lomaiviti- 44%	Rewa - 84%	Macuata - 21%	Ra - 17%
Rotuma - 100%	Serua - 36%	Rabi - 25%	
	Tailevu - 58%		

13.3.20 While rural telephone coverage of some provinces such as Ba, Lau, and Rewa is fairly extensive, it is quite low for a number of others such as Kadavu, Macuata, Serua and Ra.

13.4 Economic Production

Agriculture

13.4.1 Agriculture is very important to the economy as it accounts for almost 43% of foreign exchange earnings. To rural communities, it is even more important as it is their livelihood. Agricultural development is therefore a priority for Government and over the years, numerous programmes have been sponsored to stimulate agricultural activity.

13.4.2 One such programme was the Commodity Development Framework (CDF), subsequently renamed the Agricultural Diversification Programme in 2000, which was aimed at accelerating agricultural diversification efforts. The programme was specifically targeted at agricultural commodity, fishery and forestry production which could be commercially processed and marketed.

Fisheries

13.4.3 The fisheries sector contributes 8% of total primary sector production and 1.2% of GDP. Significant investments have been made in the mainstream industrial off-shore fishery, while new prospects are emerging in other fishery enterprises such as seaweed and aquaculture production (including tilapia and shrimp/prawn production). Pearl farming is also gaining niche market opportunities.

13.4.4 Development priorities for the sector include the provision of the necessary infrastructure to sustain fishery development, resource monitoring and management, and the promotion of indigenous Fijian participation in industrial fishery.

13.5 Availability of Credit

13.5.1 The poor availability of credit is a major constraint to the growth of economic activities in the rural areas. Due to the high risk associated with primary production activities, commercial banks often require 100% security on lending, which most applicants are unable to meet. The FDB has also become increasingly reluctant to lend to agribusiness, even where there is financial and economic viability. In recent years, FDB agricultural loans have gradually declined.

13.5.2 Microfinance Schemes operated by the Ministry of Trade and Commerce (Small Business Advisory Unit), Ministry of Women and Social Welfare, Ministry of Fijian Affairs and the FDB assist in generating sustainable livelihoods, financing self employment, reducing poverty and in promoting household savings amongst the disadvantaged. In most instances, however, recipients of this assistance tend to be urban based.

13.5.3 In order to further enhance access to credit, emphasis will be given to making services more available in rural areas. Credit is also available to rural communities through close and informal arrangements, such as money lenders, but at a higher cost. Measures will be taken to regulate such providers to ensure costs are not exorbitant.

13.6 Administering Rural Affirmative Action

13.6.1 The existing Government planning machinery is very much centralised and sectoralised. Since planning is often undertaken on a sectoral basis, line ministries tend to plan and implement development projects with little consultation with the other ministries. Poor coordination serves to hinder the effective implementation of affirmative action policies in rural areas.

13.6.2 The prioritising of rural self-help projects is undertaken by the District Development Committee, while the Divisional Development Committee (DDC) sets priorities for projects fully funded by Government. The DDC includes community leaders representing the Provincial and Rural Advisory Councils as members and the Heads of Departments and statutory authorities within the Division as advisers. Members of Parliament from the Division may also participate as advisers.

13.6.3 While ministries and departments propose their own rural development projects, the District and Divisional Development Committees also do so. This has often led to conflicting development objectives and, in some instances has resulted in the non-implementation of certain projects.

13.6.4 The co-ordination and planning of Government's overall development efforts at divisional and district levels could improve considerably. Major projects by line ministries often receive little input from the divisional and regional agencies since they are planned by the head offices.

13.6.5 The structure of the rural development machinery is such that projects submitted by indigenous Fijians have to be processed through many levels: tikina council, provincial council, District Development Committees and the Divisional Development

Committee. However, projects for Indo-Fijians are not subjected to the same clearance procedures. The process often so protracted that in some instances there is no longer a need for the project when approval finally comes through. Often when approval from this tedious process is received, funding limitations dictate that most projects cannot be supported.

13.7 Potential Areas for Further Development

13.7.1 Economic and demographic trends suggest that the number of formal sector jobs is unlikely to meet demands in the foreseeable future. While creation of paid jobs is fundamentally important, a major means to meet the material aspirations and eradicate poverty of rural dwellers is to stimulate the informal sector and increase opportunities for self-employment.

13.7.2 The term “informal sector” refers to a variety of occupations and small-scale enterprises. These typically involve simple organisational and production structures, require low level technology or skills and low capital per worker, have few barriers to entry, and rely on family labour or a few hired workers. They are informal in the sense that they are mostly unregistered and unrecorded in official statistics, have little if any access to organised markets or credit institutions and, even where they are registered, are almost always outside the scope of social protection, labour legislation and protective measures of the workplace. The involvement of indigenous Fijians in the rural informal sector in Fiji is predominantly in semi-subsistence agriculture and fishing. Outside of agriculture and fishing, the other main economic activities (as indicated in Table 13.1) are small-scale retail, livestock, local produce marketing and handicraft making. More effort will have to be directed towards enabling this sector to better generate sustainable livelihoods for indigenous Fijian rural dwellers

13.7.3 In the past, indigenous Fijians, as resource owners, have benefited mainly from the tourism industry in terms of employment, from community development projects undertaken by hotel owners and through lease rentals. However, this situation is rapidly changing as indigenous Fijians have realised that more can be gained from the use of resources which they own as well as from utilising their own expertise, skills and talents in the industry. Eco-Tourism is an area where indigenous Fijians, as individuals or as a group, could participate in and receive benefits from their present, largely idle resources.

13.7.4 The scope of rural development is greatly enhanced through joint action by the community and Government. It reduces the cost of projects to Government and at the same time provides a clear degree of ownership and therefore of commitment by the local community. The self-help and ‘small grant’ schemes have both operated on this basis and have enabled implementation of a wide range of rural projects with both social and economic objectives.

13.8 Policies and Strategies

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p><u>Infrastructure</u></p> <p>To increase access to affordable transportation services, infrastructure and supporting public amenities for the rural communities.</p>	<ul style="list-style-type: none"> • Continue investment in the construction, maintenance and upgrading of the rural road networks. • Employ local labour in the construction of these rural infrastructure. • Encourage the development of more companies to provide shipping services under the Shipping Service Franchise. • Examine the option of setting up a Government owned shipping company to be responsible for the inter-island shipping franchise scheme. • Develop ways to cost-effectively satisfy the air transport needs of remote communities. 	<ul style="list-style-type: none"> • Improved road infrastructure to rural areas. • Increased ratio of local labour in the construction of rural roads. • More reliable and viable shipping services to the outer islands. • Increased number of individual and communal shipping companies. • Study undertaken by 2005 to determine the viability of establishing a Government Shipping company. • Improved air service access and airport infrastructure in rural communities.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p><u>Water</u></p> <p>To increase access to reliable and adequate supplies of clean water.</p>	<ul style="list-style-type: none"> • Expand the rural water supply through the existing schemes with emphasis on community choice, participation and sustainability. 	<ul style="list-style-type: none"> • 40% of rural population to have access to piped water supply by 2005. • Implementation of a further 200 new or improved rural water schemes by 2004.
<p><u>Sewerage</u></p> <p>To provide access to sanitary and environmentally safe sewerage waste disposal for all.</p>	<ul style="list-style-type: none"> • Extend and upgrade major sewerage schemes in rural areas. • Investigate potential for alternative technology to provide low cost but reliable reticulation for rural areas. • Promote proper and sanitary disposal of waste in rural areas to minimise environmental and public health problems to indigenous Fijian communities. 	<ul style="list-style-type: none"> • Increase in percentage of the rural population having water sealed toilets or sanitary waste disposal systems by 2010. • Improvement of health standards in the rural areas.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p><u>Telecommunications</u></p> <p>To improve accessibility to telecommunications for all in Fiji, especially for indigenous Fijian rural communities</p>	<ul style="list-style-type: none"> • Support the development in rural telecommunications services. • Explore initiatives and incentives to facilitate the provision of telecom services, including internet, in rural areas. 	<ul style="list-style-type: none"> • Achievement of development targets in rural telecommunications of 2 lines per 100 population.
<p><u>Energy</u></p> <p>To assist rural communities in the provision of electricity for both social and economic development.</p>	<ul style="list-style-type: none"> • Formulate a new and clear framework for private sector involvement in the provision of electricity to remote rural areas far from the national grid. • Implement the Rural Electrification Programme for villages and settlements. 	<ul style="list-style-type: none"> • Increased power services to the rural communities. • 100 additional villages and settlements having access to electricity annually.
<p>To develop cost effective renewable energy sources for rural areas.</p>	<ul style="list-style-type: none"> • Determine the technical and economic viability of renewable energy projects in rural communities. • Further investigate the use of renewable resources as a substitute energy source. 	<ul style="list-style-type: none"> • Increasing use of renewable energy resources by rural communities as a substitute for diesel fuel.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p><u>Subsistence</u></p> <p>To strengthen subsistence farming skills of indigenous Fijians/Rotumans and enhance their transformation into commercial farming.</p>	<ul style="list-style-type: none"> • Public and community promotion of good subsistence skills. • Intensify education and training programme at community levels. • Establish appropriate infrastructure for commercial agriculture. 	<ul style="list-style-type: none"> • Improved food security. • Increased confidence on land-use. • Increased commercial agriculture productivity at village levels.
<p>To promote farming in traditional root crops (dalo/yaqona/cassava) and vegetables, tropical fruits (pinapple/pawpaws/mangoes), flowers, poultry, dairy, beef as a business and income earning opportunity for indigenous rural youth.</p>	<ul style="list-style-type: none"> • Public and community promotion of commercial farming. • Promoting rural income generation life skills as part of the school curriculum. • Establishment of model farms. • Provision of more scholarships/places at agricultural vocational institutions. 	<ul style="list-style-type: none"> • Increased production of agro commodities. • Increased commercial agriculture by unemployed youths. • Increased migration to rural areas.
<p>To establish rural market centers/townships to enhance the quality and consistency of supply of agricultural products for both domestic and international</p>	<ul style="list-style-type: none"> • Expand and maintain rural roads, electricity or alternative energy, irrigation facilities, communication networks and parts and storage facilities. 	<ul style="list-style-type: none"> • Increased exports of agriculture commodities. • Improved quality of agriculture commodities.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
markets.	<ul style="list-style-type: none"> • Timely discrimination of market information to indigenous farmers. • Organise Indigenous Fijian farmers into farmer interest groups to operate rural center and network with each other. 	<ul style="list-style-type: none"> • Increased participation of indigenous Fijians in the market of produce. • Regular supply of agricultural products.
To improve access to credit (finance).	<ul style="list-style-type: none"> • Establish micro-finance schemes in rural centers. • Regulating the services of middlemen in the provision of fast and efficient credit. 	<ul style="list-style-type: none"> • More microfinance facilities set up in rural areas. • Formulation of regulation measures.
<p><u>Marine Resources</u></p> <p>To establish effective infrastructure and utilities to enhance indigenous Fijians and Rotumans involvement in the production, processing, marketing of marine produce for local and export markets.</p>	<ul style="list-style-type: none"> • Construct cold storage facilities, and ports in strategic rural areas. • Provide outboard motors to commercial fisherman on a cost-sharing basis. • Reservation of 30 licenses for PAFCO for indigenous Fijians. • Reservation of 50 fishing licenses for indigenous Fijians/Rotumans. 	<ul style="list-style-type: none"> • Increased commercial activities and production from Fijians/Rotumans. • Improved activity and relocate of urban indigenous Fijians to rural areas.
To establish training institutions for indigenous Fijians and Rotumans that teach and provide training and supervisory services that cater for needs such as community culture.	<ul style="list-style-type: none"> • Determination of appropriate institution level of training needed and logistics of training for village communities. • Provision of scholarship/funds for training. • Development of on-going follow-up advisory services. 	<ul style="list-style-type: none"> • More indigenous Fijians take up fishing ventures. • Farming techniques, hard work, sacrifice and re-investing profits are understood and acquired.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p><u>Forestry</u></p> <p>To encourage the strong involvement of landowners and local indigenous communities in forest management .</p>	<ul style="list-style-type: none"> • Facilitate the establishment of landowner groups to form own companies to undertake forest management and commercial activities. • Facilitate the establishment of indigenous Fijians/Rotumans eco-forestry projects in rural remote areas. 	<ul style="list-style-type: none"> • Increased revenue/benefits to landowners.
<p>To establish training institutions for indigenous Fijians and Rotumans that teach and provide training and supervisory services that cater for needs such as community culture transformation, finance, accounting and credit management and the fundamental value of hard work, sacrifice and reinvesting profits.</p>		<ul style="list-style-type: none"> • Forestry Training School to be in operation (2002).
<p>To review existing royalty payment systems at regular intervals and review species classification to avoid landowner related conflicts.</p>		<ul style="list-style-type: none"> • Landowner's royalty and classification of timber species reviewed.

OBJECTIVES	POLICIES AND STRATEGIES	PERFORMANCE INDICATORS
<p><u>Commerce and Business</u></p> <p>Encourage decentralisation of commercial enterprises.</p>	<ul style="list-style-type: none"> • Identify and develop suitable land sites for manufacturing in these region. • Ensure that sufficient infrastructure and utilities exists. • Provide fiscal incentives to help business meet the extra costs of locating in these outer areas. • Promote a Village Township Enterprises (VTE) scheme (via contracting out to village centre) to ensure the effective utilisation of rural workforce. 	<ul style="list-style-type: none"> • Increased decentralisation and establishment of industrial zones/parks in Sigatoka, Ba, Tavua, Rakiraki, Korovou, Levuka, Savusavu, and Labasa. • Increased rural employment.
<p>Encourage the Development of Small and Micro Enterprises (SMEs).</p>	<ul style="list-style-type: none"> • Establish a national centre for small and micro enterprise development (NCSMED) to assist SMEs in coordinating training, facilitating credit, developing new business opportunities, research and development, and marketing assistance. • Implement the SME policy recommended as part of the Integrated Human Resource Development Programme for Employment (IHRDPEP). 	<ul style="list-style-type: none"> • Increased new indigenous Fijian SME Ventures in the rural areas. • Increased lending to rural indigenous Fijian SMEs. • Increased rural employment in SMEs.

CHAPTER 14

MONITORING AND EVALUATION

14.1 Introduction

14.1.1 Government's policies are implemented through various mechanisms; some of which require legislative actions whilst others simply necessitate administrative decisions. The implementation of policies can become a complex process, particularly as circumstances change. Ensuring that policy objectives are met in a timely manner requires an effective monitoring and evaluation process.

Development planning in the past has focused largely on formulation, design and appraisal processes to the neglect of monitoring and evaluating functions. This approach has led to major delays in and underperformance of projects and programmes as well as failures to incorporate lessons from past projects and programmes. In addition, governments and donors have been increasingly concerned with the need for greater transparency and accountability. These factors have given prominence to monitoring and evaluation systems and the overall improvement in project and programme management.

One of the critical factors on which the achievement of the targets of this Plan pivots is an effective monitoring and evaluation system.

14.2 Overall Monitoring and Evaluation System

The Government's overall monitoring and evaluation system is set out in Annex I and, as will be evident, is made up of a number of processes and institutional mechanisms.

Monitoring and Evaluation are not only the responsibilities of central agencies such as the Ministry of Finance and National Planning, but also of all stakeholders and should be undertaken at every level of service delivery and project/programme implementation. To facilitate such a process of monitoring and evaluation, it is crucial to develop a sense of acceptance and ownership of the programmes and projects amongst officials and stakeholders at all levels.

The last comprehensive review of Government's planning and decision-making machinery was undertaken in 1996 and is largely still relevant, although some improvements will be necessary, in particular in the monitoring function.

14.3 Mechanisms for Monitoring and Evaluation

14.3.1 The following institutional mechanisms will be strengthened to improve monitoring and evaluation:

- the Planning and Decision Making Machinery of Government (Annex II);
- quarterly project performance reports;
- bi-yearly project performance reports;
- project site visits;

- attendance at DDC and provincial council meetings; and
- progress/performance reports of large donor funded projects.

14.3.2 A suitable unit needs to be tasked to monitor the implementation of the 20 Year Plan and report to the appropriate forums within Government.

14.4 Management Information System

14.4.1 The effectiveness of monitoring and evaluation systems is dependent on the establishment of a well-developed management information system. The availability of timely and quality data is essential to ensure informed decisions are undertaken.

14.4.2 The Fiji Islands Bureau of Statistics (FIBOS), as the national statistical agency, is mandated, among other core activities, to ‘collect, compile, abstract, analyse and publish statistical information relating to the commercial, industrial, agricultural, social economic and general activities and conditions of the people of Fiji in a timely and coherent manner’.

14.4.3 However, the absence of essential statistics segregated by race in these fields makes benchmarking and monitoring the implementation of the 20 Year Plan a difficult task. To alleviate this impediment, all relevant agencies, both public and private, will be required to compile data on racial lines. The FIBOS will play a prominent role in ensuring that all statistics fully reflect the ethnic dimension. These include data such as income, employment, business ownership, share ownership, tenders, contracts and licenses.

14.5 Performance Management System (PMS) and Financial Management Reform (FMR)

14.5.1 Strengthening of monitoring and evaluation systems will take place within the broad frameworks of the new Performance Management System and the Financial Management Reforms of the civil service.

14.6 Operational Framework for Monitoring and Evaluation

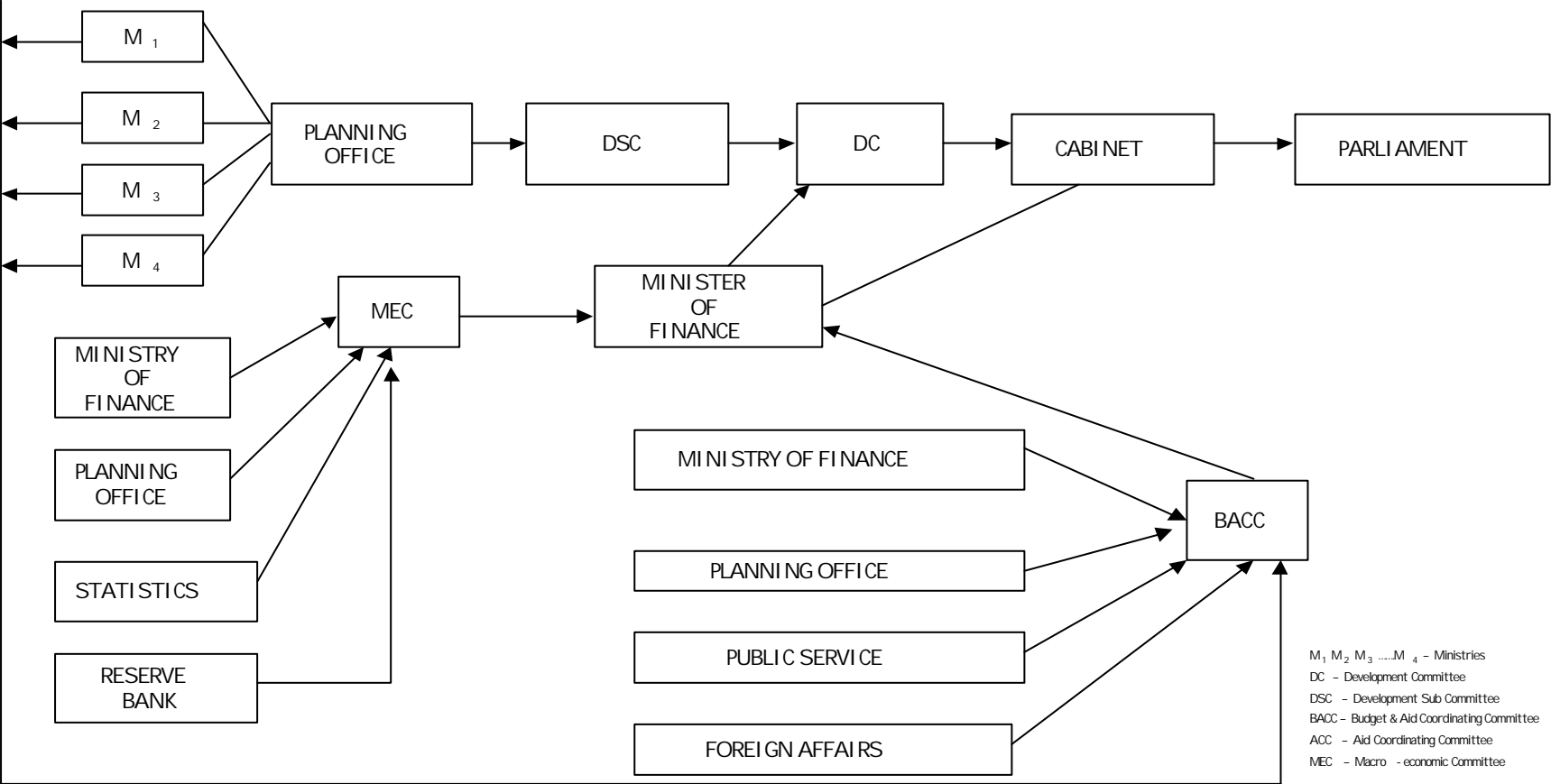
14.6.1 The framework for monitoring and evaluating the 20 Year Plan will be based on the stated Performance Indicators of the various policies and programmes. The policies of the Plan, like those of the SDP, will be dovetailed into the corporate plans of line ministries.

14.6.2 Budgetary provisions will be strictly guided by the policies in the SDP and 20 Year Plan. The Ministry of Finance and National Planning will ensure the alignment of line ministries activities, as depicted through their corporate plans, with the policies of these plans.

14.6.3 It will be mandatory for all line ministries to report bi-annually to the agency nominated to monitor the Plan’s implementation and to Provincial Councils on progress of implementation of the 20 Year Plan. Major reviews will be done at the end of every 5 years.

ANNEX I

PLANNING AND DECISION MAKING MACHINERY OF GOVERNMENT



M₁ M₂ M₃ ...M₄ - Ministries
 DC - Development Committee
 DSC - Development Sub Committee
 BACC - Budget & Aid Coordinating Committee
 ACC - Aid Coordinating Committee
 MEC - Macro - economic Committee

ANNEX II

OPERATIONAL FRAMEWORK FOR MONITORING AND EVALUATION

