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## STANDING COMMITTEE ON NATURAL RESOURCES



### REPORT ON THE PETITION BY THE LANDOWNERS OF NAWAILEVU, BUA FOR THE PAYMENT OF FULL AND FAIR SHARE OF ROYALTIES FOR THE MINING OF BAUXITE



PARLIAMENT OF THE REPUBLIC OF FIJI  
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## CHAIR'S FOREWORD

I am pleased to present the third report of the Parliament's Standing Committee on Natural Resources on the petition by the landowners of Nawailevu, Bua for the payment of full and fair share of royalties for the mining of Bauxite that was presented to Parliament by Honourable Mosese Bulitavo.

The Parliamentary Standing Committee under the 2013 Constitution and Parliament Standing Orders aims to enhance and uphold transparency and accountability across all Public Agencies and Officials in the conduct and performance of their duties and responsibilities.

The Bauxite mining licence in the Nawailevu area in Bua was awarded to a Canadian company called Aurum Exploration Fiji Limited commonly known in Vanua Levu as Xinfra, which leased land belonging to four Mataqali or Landowning Units namely:

1. Mataqali Naicobo of Nawailevu Village, 150.7827 ha;
2. Mataqali Nalutu of Navakasiga Village, supply of rocks;
3. Mataqali Noro of Naiviqiri Village, Bauxite stockpile and
4. Mataqali Naita of Votua Village. 34.8459 ha.

All the due regulatory and administrative processes were completed before the actual mining operation to commence. The four Mataqali had received their full and fair share of leases due to them to date in accordance with respective laws and their respective areas leased. The awaiting payments that landowners are claiming are the payment of the Future Generation Fund and the payment of the Fair Share of Royalties under Section 30 of the 2013 Constitution.

The Future Generation Fund of six hundred thousand dollars (\$600,000) has already paid by the Exploration Company and is awaiting the process to include the Divisional Commissioner Northern as one of the executors of the fund before distribution for investment to benefit the future generations. The Fair Share of Royalties formula is yet to be finalised by the Ministry of Lands and Mineral Resources.

The mining operation had created employment of ninety five (95) registered local staff out of the hundred (100) registered staff for the Company and casual labourers are accommodated on need basis. Other benefits of the operation include donation of thirty thousand dollars (\$30,000) to the Bua Scholarship Fund and assistance to youth and education projects.

The bipartisan Standing Committee unanimously agreed on a timetable to call all relevant stakeholders, and to hear their views and analysis of the petition by the landowners of Nawailevu, Bua for the payment of full and fair share of royalties for the mining of Bauxite.

The Report examines all oral and written submissions from the following Ministries and Organisations:

1. Ministry of Public Enterprises
2. Ministry of Infrastructure and Transport
3. Ministry of Rural Maritime and National Disaster Management
4. Ministry of Infrastructure & Transport - Deputy Secretary Operation
5. Ministry of Lands & Mineral Resources
6. Ministry of Local Government & Environment
7. Ministry of iTaukei Affairs
8. iTaukei Lands Trust Board
9. 5 Mataqali Representatives and Landowners of Nawailevu, Bua
10. Aurum Exploration Fiji Limited

The petition was based on the lack of financial management and grievances by Mataqali Naicobo in the utilisation of their lease money. The other Mataqali though received less lease money adhered to Government and other advice provided and invested their lease money through investment projects.

On behalf of the Honourable Members of the Standing Committee on Natural Resources, I would like to sincerely express our gratitude and appreciation to all those Ministries, Departments and Organisations who willingly made oral and written submissions and attended our interviews. This final report is declaration of the voluntary commitment and time of groups and individuals making submissions and appearing before the Committee interviews. This was clearly manifest in the high quality of submissions and answers received during the Committee interview sessions.

I wish to genuinely extend my gratitude and appreciation to the Honourable Members of the Standing Committee on Natural Resources, my Committee colleagues Hon. Ro Kiniviliame Kiliraki MP (Deputy Chair), Hon. Alivereti Nabulivou MP (Member), Hon. Jiosefa Dulakiverata MP (Member) and Hon. Samuela Vunivalu MP (Member). I also wish to acknowledge and thank Hon. Ratu Sela Nanovo MP, Alternate Member for Hon. Jiosefa Dulakiverata.

Finally, I wish to sincerely thank the Committee Secretary, Ms Akanisi Rumasakea and the Committee Secretariat Staff, Mr Kitione Bete, Mr Penijamini Valebuli and Mr Maurice Shute for their steadfast support and assistance with the production of this bipartisan report.

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**HON. CMDR JOWELI R CAWAKI**  
**CHAIRMAN**

# RECOMMENDATIONS

1. Proper education and awareness of all spectrum of the whole mining operation, monetary return and benefits are to be dealt with transparently to avoid suspicion and doubts amongst stakeholders.
2. Government and the mining Operator should facilitate proper education and awareness on the mining operation on all associated opportunities and benefits with affected LOU in future.
3. That government to facilitate awareness and training in investments to help the LOU in their decision on how to use their lease money.
4. That the government to ensure that the investor contributes to the improvement of the living standards of the LOU.
5. That Legislation for determining fair share of royalties from mining as under Section 30 of the Constitution be expediently pursued.
6. The existing Mining Act should be amended to capture International best practices and Standards.
7. All mining processing to be done locally.
8. There is a need for the government to establish its own laboratory to analyse bauxite and all other minerals in the mining industry.
9. The royalty rate imposed by the government should be reviewed to ensure that it benefitted from the mining industry. This will also reflect the “*Fair Share*” payment to the landowners.
10. The primary documents in terms of leases and agreements with land owners are appended to this report for further evaluation. This task would be best undertaken by independent and well qualified individuals having the necessary qualifications and experience.
11. There appears to have been blurring of lines of responsibility amongst Government agencies. Commitments should not be made if not in accordance with government policy or decision.

12. All government departments should establish its own R&D units to carry out research on any new development. Their reports should be forwarded to a central R&D centre for consideration and approval. The purpose of the R&D centre is for transparency and accountability.
13. The AEFL should come up with the best loading methodology to avoid or minimise the environmental impact on the fishing grounds around the loading jetty.
14. The EIA should constantly be reviewed during the life of the mining operation.
15. The Government should establish a standard policy for all mining operations.
16. There had been contradicting figures on the quantity of bauxite extracted by the MRD and AEFL. This has reflected the amount of royalty received by the government which in return will affect the fair share assessment due to the LOU. This should be thoroughly investigated.
17. It appeared from our consultation with the company that the non- involvement of the Ministry of Labour in terms of wage guidelines and OHS compliant is evident.
18. The committee envisaged that all the concerns raised in their consultation would be considered in the review of the Mining Act

## LIST OF ACRONYMS

MES	Mining Excavation Site
LUD	Land Use Decree
FGF	Future Generations Fund
EIA	Environment Impact Assessment
NDP	Northern Development Program
FEA	Fiji Electricity Authority
LICI	Life Insurance Corporation of India
AEFL	Aurum Exploration Fiji Limited
BSF	Bua Scholarship Fund
MLMR	Ministry of Lands & Mineral Resources
LB	Land Bank
LNP	Look North Policy
FS	Fair Share
R & D	Research & Development
OHS	Occupational Health & Safety
LOU	Land Owning Units

# 1.0 INTRODUCTION

## 1.1 Background

On Thursday 14<sup>th</sup> May, 2015, the Honourable Mosese Bulitavu presented a Petition to parliament signed by the landowners of Nawailevu, Bua for the compensation of the environmental damage and for the payment of full and fair share of royalties for the mining of Bauxite to Parliament for consideration in accordance with Standing Orders 37.

The purpose of the petition is to call for the fulfilment of promises made by the government to the landowning units of Nawailevu, Bua. This included the payment of the environmental damages and for the payment of all fair share of royalties due to the landowners from the mining of the Bauxite.

The petition was signed by members of the public with approximately 226 signatures.

The committee received 10 written presentations from the various stakeholders from the 21<sup>st</sup> of July to the 30<sup>th</sup> of July, 2015 and heard four (4) oral submissions from the representatives of the 4 (four) *mataqalis* affected and one submission from the “mata ni Tikina” Bua, held in Nawailevu village from the 25<sup>th</sup> of July, 2015.

## 1.2 The Standing Committee on Natural Resources

The Committee is a standing committee of the Fijian Parliament and was established under Section 109(2) (c) of the Standing Orders (SO) of the Parliament of the Republic of Fiji. The Committee comprises five Honourable Members, drawn from both the Government and the Opposition Parties.

The Committee is mandated to examine matters related to forestry, agriculture, mining environment fisheries, water and marine services and their administration, the Constitution, policing and human rights. Section 110(1) d of the SO mandates the Committee to consider petitions and papers referred to the committee in accordance with Standing Orders 37 and 38.

On Thursday 14<sup>th</sup> May 2015, the Hon Mosese Bulitavu introduced the petition to Parliament for consideration.



The House resolved that the petition be committed to the Standing Committee on Natural Resources to review and report back to Parliament.

### **1.3 Procedure and Programs**

The committee invited all relevant government Ministries and Departments and stakeholders from 21st July, 2015 to the 30<sup>th</sup> July, 2015 to present overviews of their organisations, outlining their organisation roles and objectives and the relevant Ministries and Departments to give an update on the progress of the mining of Bauxite in Nawailevu, Bua.

On Tuesday, 28<sup>th</sup> July, 2015, the committee travelled to the North to Nawailevu Bua for a sight visit of the bauxite mining area and consulted with the owners of the Aurum Exploration Fiji Limited with regards to its benefit to the people of Nawailevu. The day ended with the committee conducting a “*Talanoa Session*” with the people of Nawailevu and other nearby villages whereby the landowners interacted with the committee in terms of the questions and doubts that they needed to be clarified with from the committee as well as from the government stakeholders who were also part of the committee delegation.

### **1.4 Committee Members**

The members of the Standing Committee on Natural Resource Committee:

- Hon. Joeli Cawaki, Assistant Minister for Rural and Maritime Development and National Disaster Management MP (Chairman)
- Hon. Ro Kiniviliame Kiliraki MP (Deputy Chairman)
- Hon. Alivereti Nabulivou MP (Member)
- Hon. Samuela Vunivalu (Member)
- Hon. Jiosefa Dulakiverata (Member)

## 1.5 THE MINING OF BAUXITE

Bauxite mining is new to Fiji Nawailevu Bauxite mine in Bua is the first to be undertaken in the country. Due to this, there had been a lot of teething problems that can only be addressed through experience, consultation and research.

This is also the first lease to be issued by the Director of Lands on behalf of the Trustees of the land owning unit under the Land Use Decree of 2010. This is a special lease MES (Mining Excavation Site) over an area of one hundred and fifty point seven eight two seven hectares(150.7827 ha) for a term of twenty (20) years with effect from 1<sup>st</sup> February, 2011.

There are a number of issues that need to be addressed that are still pending, one of which is the Fair Share payments to the landowning units. This is necessary to ensure that other mining leases in the future can be expediently processed.

The petition from Hon.Mosese Bilitavu submitted to Parliament for and on behalf of two hundred and twenty six (226) people was an indication of the concern of the general public in the processing of such leases.

The Committee on Natural Resources had thoroughly deliberated on the issues raised with the view that these would not reoccur in future mining leases.

## 2.0 ORAL AND WRITTEN SUBMISSIONS

The petition calls for the fulfillment of promises made by the government to the landowning units of Nawailevu, Bua for the compensation of environmental damage and for the payment of all fair share of royalties.

The Committee received oral and written submissions from the relevant stakeholders, which included government Ministries and Departments, Land Owning Units of Nawailevu, Bua and the Aurum Exploration Ltd in Bua. Hon Mosese Bilitavu was also invited to submit before the Committee on the current situation in Nawailevu, Bua.

The Committee conducted a site visit to the bauxite mine in Nawailevu, Bua on Tuesday, 28<sup>th</sup> July, 2015, and consulted with Aurum Exploration Ltd and the four (4) landowning units of Nawailevu, Bua.

## 2.1 SUMMARY OF ORAL SUBMISSIONS

### 2.1.1 Submission One: Ministry of Lands and Mineral Resources

PS for Lands – Mr. Tevita Boseiwaqa  
Director Lands Unit – Mr. Samuela Naicegucegu  
Acting Director - Mrs. .Reijieli Taga

The main issue that was raised by the landowners of Nawailevu village, Bua was the payment of the Future Generations Fund which was yet to be paid to them by government.

In terms of the fair share, it was just the mutual agreed amount that had actually been negotiated with the company, they had been actually agreed for the Future Generations Fund, apart from the leasing and the premium, Aurum Exploration Fiji Ltd had also had to pay for the future generation fund.

For the first site, it was due after two years in operation, and the amount of six hundred thousand (600, 000) is currently with the Ministry of Lands. Apart from the six hundred thousand (\$600,000) the landowning unit, *Mataqali* Naicobo alone would receive five hundred thousand dollars(\$500,000); land owning unit, *Mataqali* Noro – thirty thousand dollars(\$30,000); and land owning unit, *Mataqali* Nalutu – seventy thousand (\$70, 000). The distribution of the future generation fund was done in accordance with the area utilised for the mining.

For the second site, they had calculated and they had actually agreed, both the land owners and company for the one hundred fifty thousand (\$150, 000) Future Generation Fund, that was apart from the premium and the rental paid annually. It was supposed to be due in two years, in line with what was given to the Nawailevu landowners, but for them it would be due in 2016. They had actually spelt it out in the leasing arrangements that they made, that for the one hundred fifty thousand dollars(\$150,000), they wanted to be paid in instalments after the end of the operations that would mean they would be

receiving per annum eight thousand three hundred and thirty three(\$8,333). If we multiply eight thousand three hundred and thirty three (\$8,333) times the left over period of eighteen (18) years, it would amount to about one hundred and fifty thousand dollars (\$150, 000).

In terms of the infrastructure that was mentioned by the Prime Minister in his speech during his visit to the Bua province, the Government through the “*Look North Policy*” is now working towards providing electricity to the Nawailevu village by early next year and provided a suitable platform for social economic improvement not only at Nawailevu but for the whole of Vanua Levu.

### **2.1.2 Submission Two: Hon. M.D. Bulitavu**

The committee had noted from the submission made by the Hon-member that there were three (3) *mataqalis*, land owning units ,who were involved in giving their land to be mined by the Aurum Exploration Fiji Ltd, locally known as Xinfra in Bua. The issue raised by the members of these three (3) land owning units *was* the non-compliance of the initial agreement made by them and the Aurum Exploration Fiji Limited and the land owning units, therefore seek the government intervention to solve this pending issues.

The committee gathered from the submission made, that the extraction of minerals was done by the biggest *mataqalis*, land owning unit land, the other landowning units, did the stock piling and the smallest portion of land given by the third landowning units was for the access road that linked the stock pile area to the main road for the transportation of soil and rocks to the wharf. The landowning units were only given 30 minutes to decide where Government then was Amani Bale.

They were given 30 minutes by their lawyer then Mr Amani Bale to decide and Government was exercising its powers under the law of adverse possession that in the 2013 Constitution under Section 27, compulsory acquisition in the name of development and public purpose, Government has powers like in all Commonwealth countries what the people call “*crown proprietorship*” and Government developing it because Government owns the land from the surface to the crust of the earth, six(6) feet below, that is for the State and all the minerals belong to the State, according to Section 27, also in our 2013 Constitution.

Listed below were some of the pending issues and proposals by the landowners that the landowners needed to be informed with of the progress from the Aurum Exploration Fiji Limited and the Government:

- a) The fair share of royalty in which the Ministry of Lands was still in the process of calculating a formula for the six hundred thousand dollars (\$600,000) on how the royalties would be determined before its final pay out to the land owning units. The landowners were not well informed of the quantity and quality of the minerals being extracted, the price and how much was for their share from the total amount that Government sells as minerals is State property.
- b) The proposed building in Nabouwalu to be rented by Government, to be paid on a 20-year letting agreements, so it becomes theirs so the value of what they have used, the resources goes to the value of their property and the hard-cash does not go into their hands.
- c) The quantity of the minerals which have not been deposited, landowners would like to know the quantity of the minerals too that actually went into the market, the price and how much was their share from the total amount that Government sells because minerals is State property.
- d) To participate in a joint entrepreneurship project, where they were to also be beneficiaries from the mineral exploration. They were to run together until the obligations under that trust were to be fulfilled and that was the setting up of a contract between the landowners and the company. The landowners were to supply food for the company as food supplies for the workers. That venture did not last long because the Chinese company opted to buy food from Suva and Labasa.
- e) Vehicles, there were two vehicles, one has been paid, one is still yet to be paid – one hundred and eighteen thousand dollars(\$18,000) with Merchant Finance and there is a Trust Account which currently a change of trustee process is taking place with the Ministry of Lands because the honourable Minister for Agriculture has resigned .
- f) The rightful owner of the jetty to be determined as there were conflicts within the land owning units.

### **2.1.3 Submission Three: Acting Director of Environment Mr. Aminiasi Qareqare**

The Department of Environment in terms of the environment impact assessment, consulted the villages of Lekutu and Nawailevu and the environment impact study on the loading area that Naiviqiri prior to the mining.

The Department of Environment has an office in the North and is part of the monitoring committee that looks at the development with other government stakeholders in the north including the explorer or the mining licence holder which is Aurum, as well as the company and the office of the commissioner northern.

The department is currently working on rehabilitating Nawailevu Bauxite and they are pursuing into other areas in the mining. There had not been any complains raised by the villages on any damages on the river banks and seas according to the Environment Impact Assessment done by the Department of Environment. In terms of the loading the Bauxite there were some concerns on the initial loading site.

Apparently, there was an agreement by the company to do a conveyer belt loading system and due to the load that was exerted on the conveyor belt, they had to change their loading methodology. However, they had raised some concerns but that was addressed during monthly meetings that were held with the monitoring committee and the company was asked to relook at it in terms of the new operations that were now happening in Dreketi. As highlighted by the official from the Department of Environment, that the loading facility was one of the biggest areas that the Ministry will be addressing in the near future.

### **2.1.4 Submission Four: Divisional Commissioner, Northern Mr. Alipate Bolalevu**

The total amount of money already expended by Aurum and paid to landowning units as recorded in the last meeting in June was \$1.5 million which included the Future Generation Fund of six hundred thousand dollars (\$600,000) that had been directed to the Ministry of Lands until to date.

As noted by the committee, there were two (2) main mining sites and four (4) operational sites which was; the two mining sites were the bauxite surface lease for the first site and the access mining and camp site lease. The four (4) operational sites were; the foreshore, the quarry and the stock pile lease, the foreshore jetty lease and the access lease. The mining had commenced on the second site while the rehabilitation works had already commenced on the first site.

On Bauxite Surface Leases, premium rental paid to the land owning Units, *Mataqali* Naicobo, in Nawailevu is about five hundred and sixty seven thousand dollars (\$567,000); Noro, about thirty two thousand dollars (\$32,000); one hundred thousand dollars (\$100,000) to Nalutu; two hundred and twenty thousand (\$220,000) to *Mataqali* Naita and Votua – twelve thousand dollars (\$12,000); on access to the *Mataqali* Naita and Votua. The royalty payment on fishing rights about two hundred and seventy five thousand dollars (\$275,000) to the *Mataqali* Navakasiga in Lekutu; and the fishing rights rock royalty, about eighty five thousand dollars (\$85,000) to Nalutu in Baravi.

On pending payment for the Future Generation Fund, close consultations with the resource owners had been undertaken and with the desired timeline to wrap up negotiation and disbursement of those funds was supposed to have been done by last month, were as follows – Land Owning units, *Mataqali* Naicobo about five hundred thousand dollars (\$500,000), *Mataqali* Nalutu, seventy thousand dollars (\$70,000); and *Mataqali* Noro – thirty thousand (\$30,000).

On rural development issues capacity building was one of our main weapons that the Ministry used to try and lure the landowning units in. Those were conducted in 2011 on how they could better utilised their lease money to improve on their livelihoods.

On development projects, the Commissioner's Office had formulated a business plan and the other basic infrastructure development on water, how best they could have good access drinking water, generators to generate the power or solar, upgrading of road access to the village, education development for their children while at the tertiary level, housing schemes and other economic opportunities within the village vicinities. Most of

these infrastructural developments was not done due to non-payment of their contribution as was highlighted to the landowners

The committee also noted that there were few investments made by the landowning units, one was the Navakasiga Trust, they invested two hundred fifty thousand dollars(\$250,000) to LICl, they had invested a five(5) year plan with them so by the end of this year, they are getting back that investment.

### **2.1.5 Submission Five: Northern Development Program Mr. Waisele Tuidama**

As suggested by the Northern Development Program there was a lot of suggestions there with other government departments, other stakeholders coming and working together for the success of the project to monitor and encourage the “*Look North Policy*” programmes for the landowners as one of the initiatives of government.

As stated by the Northern Development Program Coordinator that was why Nawailevu was not that successful, because things were done not as a whole team probably had an *ad hoc* consultation and people came and saw it fit. Further added, there should be a team right from the beginning to the completion of the project.

However, NDP came in terms of capacity building of the landowners, how NDP could help them from the opportunities they could create from the funds that they were receiving and the business that Xinfra was doing on their land. The Northern Development Program, NDP, came in only on business consultation to the landowners.

### **2.1.6 Submission Six: The Aurum Exploration Fiji Ltd Mr Derek Qiu – Assistant Executive Director**

The representative of the Aurum Exploration Fiji Ltd, Mr Delei Qiu had requested the committee, since he was based in Suva and that he does not deal directly with the bauxite production, if all questions be directed to the company Director and other company officials who were based in the bauxite area in Nawailevu, Bua. He further requested that if committee could agree to



visit the Bauxite mining area in Bua and to meet and discuss with the other company officials who would be present at the mining site which was agreed by all the members of the committee.

### **2.1.7 Submission Seven: Fiji Electricity Authority of Fiji Mr Bobby Naimawi**

In terms of the provision of electricity to the people of Nawailevu in Bua, as stated by the Fiji Electricity Authority, this was not in the FEA planning but this could be a Way Forward for the Fiji Electricity Authority as Government had currently given directive to FEA to extend power between Korovou and Tavua corridor which is one of the highest priority of FEA at the moment. As stated by the official from FEA, Government had contributed about fourteen (\$14) million each on the extension of the grid from Seaqaqa to Dreketi and to extend it to Nawailevu would require a lot of capital funding.

As stated by the FEA, they had plans for Vanualevu, but for the rural electrification plan, to extend to the rural electrification was the responsibility of the Department of Energy. In terms of the national development, that is where FEA comes in in terms of power development plan.

### **2.1.8 Submission Eight: Aurum Exploration Fiji limited**

(1)Mr. Lei Sang – General Manager, (2) Mr. Derek Qiu – Assistant General  
Manager  
(3)Mr. Isireli Dagaga – Managing Director, (4) Mr. Michael Nesbit

**The question to ask “What are the benefits of the mining bauxite in Nawailevu and Fiji?**

As stated by the Aurum Exploration Fiji Limited that there was an increase in tax revenue to the Government – all payments due to the Government have been paid in full by Aurum. Aurum Exploration Ltd has community programmes, lease payments which contributed to the sustainable development goals in Fiji. Aurum Exploration Ltd found out that some communities have invested their funds in long term sustainable projects such as cattle farms. The company provided employment and job training. Aurum employs about 100 people of which 95 were Fijians, the company brought in direct foreign investment into Fiji, large amounts of money that were brought from overseas and spent directly on the ground in Fiji.

Aurum Exploration Ltd contributed to the net foreign exchange earnings and provided a significant contribution to the national economy.

Some of the benefits that the community and landowners had seen were thirty thousand dollars \$30,000 donated to the Bua Scholarship Fund, BSF, where the Aurum Exploration Ltd closely worked with the land owning unit on village youth and housing projects, assisted with church maintenance, in times of drought we cart water to schools and villages that need help. Aurum Exploration Ltd donated five hundred (500) school bags and stationary to schools in Bua. We donated twenty (24) computers, twelve (12) printer copiers donated to Bua and Macuata Schools. The company helped with road upgrading construction, gave assistance to the old people as well and donated livestock – ten (10) cattle and twenty (20) goats to the three(3) local land owning units which helped the land owning unit with the sustainable development goals.

Employment – the company employed about 100 people, five of which are expats, ninety five (95) of which are Fijians and twenty (27) are from the local land owning units. They had various training programmes to increase the skill levels, where people who maybe do not have previous experience or employment, provided training for various truck driving licenses and there were 5 (five) from the local land owning units. The company also provided long term employment opportunities with ongoing rehabilitation plan, basically the company would be planting trees for the next four(4) or five (5) years. The company requires the assistance from the landowners in the form of employment from the local communities.

Environment and Rehabilitation – the company conducted ongoing testing in the creeks and rivers, the Government tests as well on a monthly basis. The company carried out that sediment to the mine site during the rehabilitation programmes. It was committed to reducing soil erosion which it did almost immediately after they mined the area. They were committed to ensuring that zero spillage of bauxite while loading and we also had two eighteen thousand (18,000) litre water trucks, continuously working to mitigate any dust. Grass was being planted, pine seedlings had been planted, and had actually even planted some food crops, water melon, pumpkin and beans.

The price of the bauxite, for Nawailevu was USD\$20, according to the world market price. To-date the company had already paid all royalties to the Mineral Resource Department. It was USD\$20 a tonne – sale price. The royalty, according to the Mineral Resources Department, is 3 per cent. The royalty, according to the Mineral Resources Department, is 3 per cent. 1.2 million tonnes is correct. That one is a gross tonnage, included is the water.

### **2.1.9 Submission Nine: Director of Mineral Resources Mr Malakai Finau**

Firstly, bauxite is a very new mining venture that we have in Fiji apart from the Vatukoula Gold Mine which has been running for a very long time. The processing and mining plans of the bauxite is different from the way the minerals such as gold is processed and traded.

According to the Department of Mineral's records, there has been \$1,137,496.84 quantum of bauxite. There is dry metric tonnes that is the amount of bauxite that has been exported or sold overseas by the company. The Dry Metric Tonnes (DMT) that is the quantum of bauxite, and according to our records that has not only been extracted but exported.

These are two different things. In mining, you can extract and stock pile but this is the amount that has just been extracted and exported. The Department of Minerals relies on information provided by the company, the buyer and the very own Customs Department and that was how the Department of Minerals managed to come up with that figure of 1,137,496.84 dry metric tonnes of bauxite. The bauxite was send to China for analysis by the buyer and the company. The Department of Minerals is currently upgrading its laboratory to be able to carry out the minerals sample analysis as such.

During the exploration phase before mining, that was how the Department managed to verify the three components from the mining of bauxite which was aluminium, silica and the water content. Free moisture was the water content.

As stated by Mr Malakai Finau, there is no market price for bauxite like for other commodities like gold. The bauxite is more or less on the agreement to sell it to the buyer or from the Department of Minerals to the buyer. There is no set price so it ranges from about \$US20, US30 or US\$40 dollars. It depends on a number of factors such as the minerals components that would be present as a result of analysing the bauxite.

### **2.1.10 Submission Ten: Representative from the Mataqali (Land Owning Unit) Naicobo Mr. V. Kaidawa**

As stated by the submitters, the land owning unit Naicobo had outstanding issues with Aurun Exploration Fiji Ltd from the mining of bauxite from their land and the land owning units had not been informed accordingly of any payment progress from the extraction process .

According to Mr. Kaidawa, the land owning units had only received the lease money from mining of bauxite from their land until to date but they were not aware of the other payment of the fair share or payment from the royalties.

The land owning unit Naicobo during one of their meetings with the i Taukei Lands Trust Board, had learnt that the mining of bauxite in Nawailevu, Bua was projected to finish off by March, 2015. To date the land from the extraction of the bauxite was still piled up awaiting transportation to China where the land owning units was not sure of the cost that would be involved.

The other issue raised by the land owning unit of Naicobo was the agreement made with the Aurum Company in providing employment and infrastructure development to the people of Nawailevu which to date had not been fulfilled.

### **2.1.11 Submission Eleven: Representative from the Mataqali Nalutu**

The land owning unit of Nalutu thanked the Aurum Exploration Fiji Ltd and the Government for providing them financially and thus the members of the mataqali Nalutu used the funds as follows: Housing, education for their children.

The land owning unit of Nalutu had also purchased two vehicles to generate income back to the land owning units and the income generated is being deposited into the bank for the land owning units children's' future.

In addition to this, land owning unit of Nalutu had started a livestock farming thus had improved their livelihood.

The members of mataqali Nalutu had a proposal that the Future Generation Fund be distributed equally amongst the members of the landowning units.

### **2.1.12 Submission Twelve: Representative from the Mataqali Noro Mr. Y Radonumaibulu**

The land owning unit of Noro does not own a piece of land from the mining site but they thanked the Government and the Aurum Exploration Fiji Limited for the payment of the usage of their road.

### **2.1.13 Submission Thirteen: Representative from the Mataqali Naita Mr. J Bola**

The land owning unit of Naita had about 24 hectares that was used by Aurum Exploration. Land owning unit of Naita had so far received \$220,000 from Aurum for the lease money and had been distributed as follows:

- a) 10% - \$5,700 was distributed to the three (3) churches in the mataqali Naita
- b) \$70,000 kept with the mataqali for business development
- c) \$22,000 for education purposes and business operations
- d) Purchase of a double truck- ten wheeler
- e) Lease money from the company for the access road in which land owning unit Naita had only received lease payment once.

The land owning unit of Naita seek for answers on the following questions:

- a) the specific condition made with Aurum Exploration Fiji Limited such as the Employment for the members of the mataqali Naita
- b) Vehicle contract – in one of the meetings with the company in the past months, mataqali Naita had requested for the mataqali vehicle to be contracted with the company but till to date the company has not responded.
- c) Housing provided for the members of the landowning unit of Naita
- d) The 3% fair share of the royalty was announced by the Minister for Lands to the members of the land owning unit of Naita. The Minister for Lands responded and said that the Ministry of Lands has been working on a new formula for the payment of royalty.

## 2.2 Summary of Written Submission:

### 2.2.1 Submission One: Ministry of Rural and Maritime and Disaster Management.

A. Aurum Exploration limited currently holds (6) six leases for its bauxite mining and other operational sites in Nawailevu/Naiviqiri, Bua. There are two main mining sites and four operational sites detailed as follows:

1. Bauxite Surface Lease (1<sup>st</sup> site)
2. Access Mining & Camp Site lease
3. Quarry & Stock Pile Lease
4. Foreshore Jetty Lease
5. Bauxite Surface Lease
6. Access Lease

B. Total amount of money expended by Aurum and paid to Land Owing Units \$1,412,211.45.

### BAUXITE SURFACES LEASES

- C. **Premium Rental** - \$567,590 - Naicoko, Nawailevu  
- \$32,410 - Noro, Naiviqiri  
- \$100,000 - Nalutu, Baravi  
- \$220,000 - Naita, Votua  
- \$12,000 - Naita, Votua

### D. Pending Payment

Future Generator Funds- Consultation with Resources owner had been undertaken with a desired timeline to wrap up negotiations and disbursement of Funds by June 2015.

- a) Mataqali Naicobo - \$500,000.00
- b) Mataqali Nalutu - \$70,000.00
- c) Mataqali Noro - \$30,000.00

### RURAL DEVELOPMENT ISSUES

a) Capacity Building of the land Owing Unit, were conducted in 2011 on how they can better utilise their lease money to improve on their livelihoods.

b) Training area focused were:

- I. Farming, root crops, vegetables to feed the workers at the Bauxite.

II. Fish ponds and prawns – they were encouraged to do fish ponds and prawns to be sold at the Bauxite.

III. Livestocks- Beef, Poultry, layer birds to be sold at the Bauxite.

It was the responsibility of the office of the Commissioner and stakeholders to see and guide the Land Owning Units how best they can invest their lease money to this **Economic Projects**.

## CONCLUSION

There were few investments made by Land Owning Units.

1. Navakasiga Trust - \$250,000.00 invested with LICI
2. Noro Beef Farm - 40 heads
3. Naicobo – one 3 ton truck, one twin cab
4. Education Allowance for tertiary students.

Most of the mataqali members opted to share the lease money that was why most infrastructure development was not done due to non-payment of contribution.

## 3.0 COMMITTEE'S OBSERVATIONS AND DELIBERATIONS

Lack of information, awareness programs and engagement of land owners in the consultation process may have resulted in the filing of this petition. One classical issue contained in the petition which was misconstrued was the promise by the Prime Minister of housing assistance, electricity and water. This in fact is a government rural development program which requires the contribution of the people and not one hundred per cent (100%) free.

- 3.1 The land owners were not privy nor partake in the lease and contract agreement negotiations which totally eliminated them from participating meaningfully in business process.

- 3.2** iTLTB which should represent the land owner's interest were totally out of the picture and not directly involved as the land had been deposited to the Land Bank Unit.
- 3.3** The EIA document process raises a lot of question on its credibility and transparency in order to address correctly the environmental issues and rehabilitation. Mining areas are so bare that wind erosion is continuously dusting extensive surrounding areas.
- 3.4** The bauxite stock pile at Naiviqiri washes into the Lekutu/Dreketi Bay fishing grounds that extends to the Great Sea Reef during rainy season. This causes pollution and affects the marine eco system.
- 3.5** In terms of lease money and other revenues derived from the mining, the landowners lack the capacity and direction to invest wisely.
- 3.6** The future generation fund which is still with the government and yet to be disbursed pending fulfillment of some administrative requirements by the land owners.
- 3.7** The fair share formula will be determined as a percentage of the government's royalty. The landowners are entitled to this additional income.
- 3.8** The current rehabilitation program includes pine planting. The pine takes fifteen (15) to eighteen (18) years to mature which is within the twenty (20) years lease period. The question then arises as to whether the mining company can harvest the pine within the duration of the lease if it was purposely planted for land rehabilitation.
- 3.9** The landowners failed to adhere to the advice of the Committee which was formed to look after their financial affairs.
- 3.10** The FGF is a new concept that only applies to the Nawailevu bauxite lease. The basis of the assessment was not based on any policy or regulation. If this has to be adopted in all mining leases than it has to be thoroughly researched and properly regulated.



## 4.0 Miscellaneous

The general public perception was that the bauxite that was shipped to China included soil. During our visit to the site in Nawailevu, we were advised by the company that what was taken was in fact all bauxite.

## 5.0 Gender analysis

The Committee took into account the provisions of Standing Order 110(2) which states:

*“Where a committee conducts an activity listed in clause (1), the committee shall ensure that full consideration will be given to the principle of gender equality so as to ensure all matters are considered with regard to the impact and benefit on both men and women equally”.*

During the committees’ consultation meeting with the people of Nawailevu village, Bua held at the village community hall on the 25<sup>th</sup> July, 2015, the women in the village also participated during the discussion process and raised issues on the education assistance of their children and housing provision for the newly married couples within their respective LOU.

## 6.0 CONCLUSION

1. The petition was a result of lack of financial management by the LOU of Naicobo in the use of their lease money.
2. The other LOU though received less lease money adhered to advice rendered and invested their money wisely.
3. Bauxite Mining is a one off investment and requires thorough investigation and consultation before it is implemented.
4. A change in the mind set of LOU from distribution of lease money to investment opportunity focus should be encouraged.

5. The living standard of landowners be improved with all amenities during the duration of the mining lease.
6. The landowners are always vulnerable to exploitation by opportunist, consultants and advisors taking advantage of their ignorance and make quick money.
7. It was noted that an estimated twenty (20) million tons of bauxite waiting to be mined in Vanua Levu.
8. All stakeholders should take note of weaknesses encountered in Nawailevu mining and improve on it for the maximum benefit of LOU.

**SIGNATURES OF MEMBERS OF THE**  
**STANDING COMMITTEE ON NATURAL RESOURCES**

We, the members of the Standing Committee on Natural Resources agree with the contents of this report.

.....

Hon. Joeli Cawaki  
(Chairperson)

.....

Hon. Ratu Kiniviliame Kiliraki  
(Deputy Chairperson)

.....

Hon. Alivereti Nabulivou

.....

Hon. Samuela Vunivalu

.....

Hon. Jiosefa Dulakiverata

.....

# APPENDICES

# APPENDIX 1

- 1) Ministry of Public Enterprises
- 2) Ministry of Infrastructure and Transport
- 3) Ministry of Rural Maritime and National Disaster Management
- 4) Ministry of Infrastructure & Transport  
Deputy Secretary Operation
- 5) Ministry of Lands & Mineral Resources
- 6) Ministry of Local Government & Environment
- 7) Ministry of iTaukei Affairs
- 8) iTaukei Lands Trust Board
- 9) Mataqali Representatives and Landowners of Nawailevu, Bua
- 10) Aurum Exploration Fiji Limited

# Appendix 2

COPIES OF THE LEASE DOCUMENTS OF NAWAILEVU MINE AREA



## **APPENDIX 3**

# **PHOTOS OF THE NAWAILEVU TRIP**



