



STANDING COMMITTEE ON NATURAL RESOURCES

REPORT ON THE KAVA BILL

(BILL NO: 24 OF 2016)



PARLIAMENT OF THE REPUBLIC OF FIJI
Parliamentary Paper No. 14 of 20

Tuesday 13th March, 2018

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Published & printed by the Department of Legislature, Parliament House, Suva.

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Chair's Foreword

I stand to present the Standing Committee on Natural Resources review of the Bill for an Act to establish the Fiji Kava Council to regulate and manage the Kava Industry and for related matters, Bill number 24 of 2016.

The Committee on Natural Resources is a Committee established under Section 109 (2) (c) of the Parliament Standing Orders (SO). The Committee is mandated to examine matters related to forestry, agriculture, mining, environment, fisheries, water and marine services.

The main goal of the Kava Bill is to establish the Fiji Kava Council for the purpose of the regulation and the management of the Kava Industry and its related matters. The functions and powers of the Fiji Kava Council are clearly defined in the Bill. The Council will be responsible for administering the Act. It will function as a corporate body with perpetual succession.

The Kava Industry in Fiji is a major contributor to the national economy and the demand for kava has increased in both the local and overseas markets. Since kava is generating millions of dollars in to the Fiji economy, there is a need for a proper legal framework to establish an authority that will manage, administer and assist the growth of the Kava Industry in Fiji.

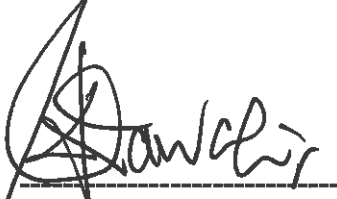
The re-opening of markets for kava in Europe, the existing markets in other countries, there remains the need to protect kava cultivated and processed in Fiji. This requires proper adherence to both domestic and international best practices thus increasing the value for Fiji Kava.

The Committee conducted wider consultations around the country commencing from Sigatoka, Lautoka, Rakiraki, Labasa, Savusavu and in Suva, both at the Suva market and Parliament. The Committee also received written and oral submissions from both government and other stakeholders.

The Committee was informed through submissions that the current shortage of kava supply had happened well before Tropical Cyclone Winston. This aggravated the shortage of supply thus rapidly increasing the price of kava throughout the country. It is anticipated that the increase of kava prices will be in place for a few more years before the production stabilises to meet the growing demand.

I extend my appreciation to the Honourable Members and the Secretariat who were involved in the production of this bipartisan report. My Committee colleagues are Hon. Alivereti Nabulivou (Deputy Chairperson), Hon. Ro Kiniviliame Kiliraki (Opposition Member), Hon Samuela Vunivalu (Government Member) and Hon. Jiosefa Dulakiverata (Opposition Member) and Hon. Mosese Bulitavu (Opposition alternate Member for Hon. Ro Kiniviliame Kiliraki).

On behalf of the Standing Committee on Natural Resources, I commend this Report to Parliament.



Hon. Joweli R. Cawaki
Chairperson.

1.0 Introduction

The Kava Bill was tabled in Parliament and had its first reading on 27th April 2016. It had a second reading on 28th April 2016 and was referred to the Standing Committee on Natural Resources. The Committee has the responsibility for examining the Bill and agreeing to any appropriate amendments.

The main goal of the Kava Bill is to establish the Fiji Kava Council for the purpose of the regulation and the management of the Kava Industry and its related matters. The functions and powers of the Fiji Kava Council are clearly defined in the Bill. The Council will be responsible for administering the Act. It will function as a corporate body with perpetual succession.

Kava is sold domestically and exported for commercial purposes. The Bill's Explanatory Notes state that the demand for Kava has increased in the domestic and international markets. The kava industry in Fiji generates millions of dollars and is a major contributor to the national economy, next in line to dalo and ginger. In light of this, the Government proposes that there is an urgent need for a proper legal framework to establish the Council which will manage, administer and assist the growth of the kava industry.

According to the Explanatory Notes, there is also a concern on the false representation of kava that is exported for commercial purposes which should be prohibited by law. On the other hand, with the renewed opening of the markets for kava in Europe and the United States of America, Fiji must explore the opportunity to protect kava and increase production to compete with other Pacific Island countries in the international market.

To support the Committee in its Bill consultation process, it called for submissions on 1st June, 2016 and received sixty five (65) responses from stakeholders.

It held oral submission sessions from 6th to 8th June, 2016.

The following government Ministries presented their submissions on the allocated venues and dates:

No:	Ministry/Department	Date	Venue
1.	Provincial Administrator Nadroga and Roko Tui Nadroga.	06/06/2016	Sigatoka Town Council.

2.	Provincial Administrator Ra and Roko Tui Ra.	06/06/2016	Provincial Office, Ra.
3.	Commissioner Northern, Provincial Administrator Bua and Roko Tui Bua.	07/06/2016	Naulumatua House, Nabouwalu, Bua.
4.	Provincial Administrator Macuata and Roko Tui Macuata.	08/06/2016	Macuata House, Labasa
5.	Provincial Administrator Cakaudrove and Roko Tui Cakaudrove.	08/06/2016	Provincial Administrator's Office, Savusavu
6.	Ministry of Agriculture, HQ, Suva.	15/06/2016	Small Committee Room, West Wing, Parliament.
7.	Ministry of iTaukei Affairs, HQ, Suva.	16/06/2016	Small Committee Room, West Wing, Parliament.

The Committee would like to extend its appreciation to all those who participated and provided essential contributions to this process. A full list of the evidences received is available in the Annexure.

ACRONYMS

1	SME's	Small Medium Enterprises
2	HQ	Headquarters
3	MP	Member of Parliament
5	CDS	Courier Delivery Services
6	TC	Tropical Cyclone
7	SO	Standing Orders
8	SODELPA	Social Democratic Liberal Party
9	CEO	Chief Executive Officer
10	IKEC	International Kava Executive Council
11	FKC	Fiji Kava Council

2.0 Background to the Bill

- 2.1** The demand for kava has increased in the domestic and international markets where the kava industry in Fiji is a major contributor to the national economy, compared to dalo and ginger.
- 2.2** Kava is sold commercially both domestic and internationally thus generating millions of dollars to the Fijian economy. There is an urgent need for a proper legal framework establishing the Council to manage, administer and promote the development of the kava industry.
- 2.3** Fiji must protect locally grown and processed kava from other Pacific Island kava growing countries. The re-emergence of the European and US markets will increase the demand for the Fiji products.

3.0 The purposes of the Kava Bill 2016

- 3.1** To ensure that the trading of kava at the domestic and international level, will be processed in accordance with appropriate standards and procedures. This is in alignment with the Pacific Regional Strategy for Kava detailing that all kava producing countries should enact a kava management legislation. A copy of the Bill is attached in the Annexure.
- 3.2** Additionally, the implementation of the Bill will ensure that a legitimate platform is provided for the stakeholders to voice their opinions and concerns, particularly the local kava growers, exporters and importers.

4.0 Why is this Legislation necessary?

Currently, the **Fiji Kava Council (FKC)** is a member of the **International Kava Executive Council (IKEC)**, a non-government organization and there is no legislation in place managing the Kava Industry of Fiji.

5.0 Committee Remit and Membership

The Standing Committee on Natural Resources of Parliament was established under Section 109 (2) (c) of the Standing Orders (SO). The Committee is mandated to look into matters that relates to forestry, agriculture, mining, environment, fisheries, water and marine services. The Committee comprises of five (5) Honourable Members, drawn from the Government and the Opposition Parties. The Committee is mandated to by SO 110

(1) (a) to examine the Bill as referred by Parliament, and make amendments to the Bill, to the extent agreed by the Committee.

6.0 Committee Membership:

The members of the Standing Committee on Natural Resources are as follows:-

- 6.1** Hon. Joweli Cawaki, Chair, Assistant Minister for Rural & Maritime Development & National Disaster Management.
- 6.2** Hon. Alivereti Nabulivou, Deputy Chair, Government MP.
- 6.3** Hon. Ro. Kiniviliame Kiliraki, Opposition MP.
- 6.4** Hon. Samuela Vunivalu, Government MP.
- 6.5** Hon. Jiosefa Dulakiverata, Opposition MP.

7.0 Programs and Procedures

- 7.1** The Committee convened its first meeting at the Small Committee room in Parliament on 3rd May, 2016 to formulate its timetable and procedures for the Bill public and stakeholders' consultation.
- 7.2** The Committee conducted twelve (12) meetings which included consultations in the Western, Central and Northern Divisions.
- 7.3** The Committee, in its deliberations, adopted the following consultation program:
 - 7.3.1** Briefing by the Legal Officers from the Solicitor General's Office.
 - 7.3.2** Call for written and oral submissions from the members of the public and stakeholders.
 - 7.3.3** Invite submissions from designated stakeholders.
- 7.4** Invitations for Public submissions on the Bill were published in the newspapers namely the Fiji Times and Fiji Sun on 1st June, 2016.

8.0 ANALYSIS OF THE EVIDENCE RECEIVED BY THE COMMITTEE

Upon, hearing the evidence, the Committee was made aware that those involved with Kava had fully supported the enactment of the Kava Bill 2016.

8.1 GOVERNMENT MINISTRIES RESPONSES TO THE KAVA BILL 2016

8.1.1 Permanent Secretary for iTaukei Affairs, Mr. Naipote Katonitabua, Ministry of iTaukei, HQ, Suva.

He alluded that the Ministry has implemented plans and programs for the farmers including the kava growers on how to maximise their returns on the use of their resources and that information is also disseminated throughout the fourteen (14) Provincial offices in the country. He stated that discussions are ongoing at the Provincial level. He further stated that kava should be consumed till 10.00pm and people will have to adhere to as described in the Village By-Laws. The Village By-Laws has been formulated for the people in the rural, ensuring that Fijian protocol is followed in Fijian Villages and that all decisions taken at village level is respected and observed. In terms of the membership of the Fiji Kava Council, prescribed in Part 2 Clause 3 of the Kava Bill, he suggested that the Deputy Chief Executive Officer of the Ministry of iTaukei Affairs Board is to be appointed to be a member of the Fiji Kava Council. He also suggested that before the formation of the Taskforce it is important that it has a Terms of Reference to include all other relevant Permanent Secretaries forming their own membership and appointments. A report on the progress of its work to be forwarded to the Committee itself.

8.1.2 Permanent Secretary for Rural & Maritime Development & National Disaster Management, Mr. Meleti Bainimarama. He alluded that there were funds provided for by the Agricultural Marketing Authority (AMA) to assist all farmers. The Ministry of Rural and Development only operates the Income and Generating Projects (IGP) and its aim is to assist farmers by providing infrastructure such as roads.

8.1.3 Ministry of Agriculture, Mr. Sovalawa, Acting Director Extension

There was a high demand of kava in the market but less supply as alluded to by Mr. Sovalawa. This was the reason why the Ministry had proposed that the Public Sector Investment Program, (PSPI) be established to concentrate on the kava development. He further stated that the Ministry of Agriculture had an official record of seven (7) varieties of Kava. The challenge faced by the Ministry of

Agriculture was the varieties of kava in the market, the inconsistency of supply and the quality that the consumers want.

He further alluded that the availability of planting materials has been an ongoing issue for some time and the Ministry has proposed to work on building up the kava stock in terms of planting materials. Furthermore, he stated that venturing into the tissue culture was quite scientific and costly. He suggested that in order to maximize the returns to the kava farmers, government should regularize the kava price to a minimum so those middlemen do not dictate the kava prices to the kava growers. The price of kava now varies according to each location and distance. The Ministry could assist to regularize the kava price to a minimum standard taking into consideration factors such as the location and distance of travelling to reach the main market in Suva.

The Ministry has set aside a sum of one million dollars (\$1million) to assist farmers to develop their agricultural products and sustain it for the future. The funds were distributed evenly to the four (4) divisions in the country.

8.1.4 Roko Tui Macuata and Provincial Administrator, Macuata

Their suggestions for changes to the Kava Bill for 2016 is stated as follows:

Promote Rural Growth Centre to be administered by Cooperatives;

- Prohibit consumption and sale of kava to children under 17 years and below;
- Prohibit drinking group on public places – exceptional on certain function e.g. during festive season which has permit;
- Regulated price for middle man (yaqona sale- market area) fixed price;
- Regulated hours in consumption of kava in villages and settlements;
- Easy access for farmers to financial aids – farm access roads, etc.;
- Compensation and rehabilitation fund for yaqona after disaster.

8.1.5 Roko Tui Ra and Provincial Administrator, Ra.

There has been discussions with the people of Ra to grow kava as land area is existed to be futile for kava

farming. The Province of Ra has established a kava committee for the farmers in the province to ensure that their issues are addressed and would not be reoccurring in future. This committee is also represented in the main Committee of Kava Farmers in Fiji. A kava association was formed in clusters in 2015 to look after the kava farmers in the province. The office has started piloting the formation of the Association in Nalawa and Nawairuku. The formation of such association will be conducted around the Province of Ra.

9.0 Oral & Written Submissions by Stakeholders

9.1 Venue: Suva Market- Monday 13th June, 2016

9.1.1.1 Ms. Asinate Navunisaravi- Suva Market – Asinate is a kava grower from Namacu village in the island of Koro. Her family kava business started in 1981 at the Suva market. Kava roots (waka) were sold for \$18.00 per kg and “lewena” for \$8.00 per kg at that time. Now, the kava price has increased and has been sold for \$70 to \$80.00 per kg kava roots (waka) and \$50 to \$60.00 per kg of pounded kava (mix). The shortage of kava supply in the market was due to the aftermath of TC Winston. She buys from the nearby kava vendors in times of shortage and also operates as a middleman. She also sells other items such as “voivoi”, coconuts etc. to be able to pay for the market fees. The problem that kava vendors faced was the shortage of kava in the market that resulted in the increase in price. There were little sale at times. Now kava vendors only make a profit of \$4.00 to \$5.00 per kg. She supports the Bill and her view was for the Kava Council to set a standard price to benefit everyone in the kava industry.

9.1.1.2 Mr.Ritesh Kumar, Suva Market Vendor – He has been a kava vendor for the last fifteen (15) years. He used to buy kava roots (waka) from \$15.00 to \$20.00 a kilogram. The same waka is now sold for \$80.00 to \$90.00 a kilogram. The aftermath of TC Winston resulted in the increase in the price of kava as the supply was less and the demand was high.

Middlemen usually dictate the price of kava which affected the buying power of the consumers. The kava being sold was not of quality but consumers had no choice but to buy. His view for the Kava Bill is for the Government to standardise the price of kava, control the quality and to see that it is suitable for consumption. He requested for the Government to stop the import of kava from Vanuatu because their kava is fumigated with insecticide that is harmful to human beings.

9.1.1.3 Ms. Emi Bole, Suva Market Vendor- the challenge that Ms. Bole faced was the increase in the kava price dictated by the kava growers and the middlemen. It increased dramatically after TC Winston. She strongly believed and agreed that the Kava Council be formed to look into the affairs of the kava vendors and the Kava Industry as a whole.

9.1.1.4 Mr. Lisala Wakaniyasikula, Suva Market Vendor and Kava Grower Kadavu- The increase in price of kava was due to the fact that there was little supply in the market. He is a kava grower in Kadavu and also a middleman. He stated that most farmers in Kadavu dictate the price of kava because they were the only supplier at that time. Most kava plantation were destroyed by TC Winston and had a negative impact to their families and also led to the decrease in supply of kava in Fiji. He was of the view that the Kava Council would look into these issues and set a standard price for the kava farmers, the vendors, exporters and importers.

9.1.1.5 Moreen Nand, Suva Market Vendor – The price of kava has increased which makes it difficult for her to make profit. She buys kava for \$30.00 to \$35.00 a kg of waka previously. Now she buys kava for \$70 to \$80.00 a kg of waka and sells it for \$75 or \$85.00. She finds it hard to pay for the daily market levy thus she agrees with the Bill and requests that the Kava Council be established to control the price for kava or all kava farmers, vendors and exporters.

9.1.1.6 Mr. Josefa Marawa, Suva Market Vendor – He stated that the price of kava had increased and fluctuated from time to time. He agrees with the

Bill and the formation of the Kava Council to look after the interests of the kava vendors.

9.1.1.7 Mr. Rosa, Flagstaff Kava Vendor, Suva- He runs their family kava business. Requests that the Bill looks into small kava business licenses as well.

9.1.1.8 Mr. Atama Tunavatu, Suva Market Vendor and Kava Grower, Kadavu- He alluded that the kava growers sell waka for only \$50.00 to \$60.00 a kg whilst Taki Mai Kava Dealer in Lami sells kava for \$160.00 to \$170.00 pounded kava to Tappoo City in Suva. There are variations in the kava prices and suggested that government controls the price so that everyone in the industry benefits.

9.1.2 Venue: Sigatoka Council Conference Room

9.1.2.1 Mr. Avinesh Reddy – Sigatoka Kava Vendor - He alluded that their major kava suppliers were from Taveuni, Labasa and Savusavu however, the kava vendors were faced with a challenge of the increase in the price of Kava. Kava was not of high quality as they tend to lose out after drying the products. He agreed that the establishment of the Kava Council would be of great advantage if approved by Parliament. The Kava Council should have the powers to regulate the kava prices so as to avoid the middlemen from dictating the price.

9.1.2.2 Mr. Rajendra Chand, Olosara – Sigatoka Kava Vendor - He buys kava from Savusavu and Labasa. The price of kava from Savusavu and Labasa were high and he could not make any sale at the end of the day, hence the vendors could not afford to pay for the Courier Document & Parcel (CDP) payments. The kava growers sold green “waka” and vendors sell at the same price. So the vendors are at a loss.

9.1.2.3 Mr. Jolame Nauma, Draubuta Village, Navosa - He alluded that because of the different location of the farmers, they could not communicate amongst themselves to agree to a standard price. Kava prices vary between farmers. The prices were dictated by the middlemen. Some middlemen sell at exorbitant prices. He stated that the introduction of the Kava Bill would really assist the farmers by setting out a reasonable price for everyone involved in the kava industry.

9.1.2.4 Mr. Sanjay Kumar, Naidovi, Cuvu - Sigatoka Kava Vendor
He buys kava from Taveuni and is quite expensive.

9.1.3 Venue: Lautoka City Council Chambers

9.1.3.1 Mr. Jone Nakauvadra, Chief Executive Officer, Lautoka City Council

He commented that the kava price was something that really could not be controlled because it was basically determined by the supply and demand factor which basically controlled majority of the commercial activities and industries. The kava supply was a big problem and the demand was either consistent or increasing. The demand could not come down for kava because a lot of people were enjoying their kava and could not be stopped. It was the consumption of kava which was a problem right now.

The consumption of kava was affecting family lives. The people needed to understand where to draw the line. Social life and family life should not overlap and contravene one another. While people enjoyed their social life, they should also put priority in their family life which was more important. With regards to the price, people do not have any control over it, but hope that common sense will prevail. People want to enjoy their kava, the best thing for them is to plant their own.

9.1.3.2 Mr. Sayed Ishak, Field 40, Kava Vendor, Lautoka Market - He alluded that the price of kava has increased. The supplier should be mindful when selling kava as vendors are suffering. The vendors found it hard to sell kava as they bought it at a price of \$65.00 to \$68.00 per kilogram. He used to buy kava for

\$40.00 in the past and made profit but now the price is at \$75.00 to \$100.00 per kilogram and he could not afford. There was less or no sales at all in a day. The burden of paying the market stall fees daily was a big problem faced by the vendors.

9.1.4 Venue: Roko Tui Ra, Ra Provincial Office.

9.1.4.1 Mr. Mosese Nakoroi He alluded that there has been plans and programs provided by the Provincial office for the province of Ra in terms of raising awareness to the people to be more involved in the kava farming. He highlighted that kava farmers in Ra have been reluctant to sell green kava. The increase of the price of kava by the middlemen and kava growers in Ra has been ambiguous. He suggested for the government to regulate a standard price of kava for everyone in the industry. He stated that the Provincial office has introduced programs that included educating the people of Ra on the importance of growing quality kava and imposing a reasonable price considering the other factors such as location, distance of travel, quality and the years it took to grow a kava plant before kava is harvested.

9.1.5 Venue : Labasa Market, Macuata

9.1.5.1 Mr. Peni Donu, Natural Resource Owner, Macuata – He alluded that the Bill should recognize and consider the age category from twenty (20) years and over as the eligible age for consumption when the Kava Bill is passed in parliament.

9.1.5.2 Ms. Perina Marama, Labasa Kava Vendor – She alluded that the lewena or waka “kava bomb” costs \$40.00 after TC Winston, it used to cost around \$15.00 or \$20.00. The cut pieces were sold at the price of \$30.00, \$50.00 or even \$60.00 right up to \$100.00. The prices gradually increased and vendors struggled to sell to get profit. She supported the Bill.

9.1.5.3 Mr. Vijay Nand, Naiyaca, Labasa, Kava Vendor, Labasa Market

He requested the Government assist other farmers with agricultural seedlings and machines to proceed to intercropping such as vegetable farming, root crop and sugar cane farming as kava prices fluctuate.

9.1.5.4 Mr. Bal Ram, Labasa District Advisory Council

He stated that kava is a traditional drink of Fiji and felt that that aspect of kava should be maintained and sustained all the time. However, he felt that kava is mostly commercialised and there should be some sort of regulation in place to control the traditional, commercial and the other aspects including the health aspects of kava on the people and the nation.

9.1.6 Venue : Savusavu Market, Cakaudrove

9.1.6.1 Mr. Jone Baleivanua, Kava Farmer, Navetau, Tunuloa, Cakaudrove

He stated that there should be an association to safeguard the interest of the kava growers. This would be best as everyone was represented at all levels. Having such association would empower farmers and growers to sell directly to retailers earning the highest profit.

9.1.6.2 Mr. Mosese Salakibulu, Mata ni Tikina, Tikina o Nasavusavu Waivunia Village, Savusavu.

He alluded that the problem faced by the kava vendors in Savusavu was that price fluctuates. This happens when dealings were done through the middlemen. When there was increase in kava supply, the price would decreased and vice versa. The middlemen dictated the price to the kava growers.

9.1.6.3 Mr. Iosefo Cagilaba Natewa, Savusavu

He alluded that he started his kava business twenty (20) years ago. He was selling kava for \$30.00 per kg at that time. He buys from the kava farmers from the villages nearby. The prices of kava varies from time to time and after TC Winston it increased to \$70.00 per kg and it affected the sales.

He mentioned that sometimes farmers bring kava that is not of quality and this affects the vendors in determining which price to impose.

9.1.6.4 Mr. Joseva Rokonai, PA Cakaudrove

He alluded that kava farmers in the province of Cakaudrove needed government assistance such as funding. He also suggested for the government to re-establish the Cooperatives Department to monitor the farmers.

9.2 Written Submissions

9.2.1 Lami Kava Ltd – Mr. Donny Yee, Managing Director of Lami Kava

He is a retailer, wholesaler and exporter of Fiji Kava for more than 30 years and would speak on behalf of the Fiji Kava export sector. He thanked everyone for compiling the Kava Bill as way forward for the Fiji Kava Industry. He alluded that Kava is the 3rd largest export commodity in the country and has potential to grow further but there were certain areas that Fiji needs to work on for improvement in order to progress to achieve further growth in the Kava Industry. He further added that Lami Kava sourced most of its Kava from Kadavu. When the supply is not enough they source it from other places like Gau, Moala, Bua etc. He further suggested that the Bill generalize the origin to the country of origin rather than the island because it is more important to identify Fijian Kava grown kava to imported kava. Fiji cannot meet the demand from the market. Kava growers need to plant more to produce more kava. Kava buyers turn away to other suppliers as Fiji cannot produce kava to meet the demand in the market. He added that the Kava Industry in Fiji has the potential to grow further if everyone works together to achieve a more standard price for kava and increase kava farming. Vanuatu has ventured more into commercial farming rather than subsistence farming such as Fiji, thus Vanuatu produces more kava. Lami Kava stated that it would be better if Government is involved as they do not directly involved in the transition.

9.2.2 Mr. Sada Naisoro

He alluded that the Kava Bill will only divert useful government funds away from useful capital projects. The Bills is a “toothless tiger”, neat on paper and may exert some influence but more or less cannot cover everyone. He alluded that the best part of the Bill was Part 7 Clause 30. He further alluded that the Kava Council would not need a Chief Executive Officer to administer its operations.

9.2.3 Mr. Manu Korovulavula

He alluded that kava importers and exporters particularly could manipulate the intent of the Act or the Bill by importing kava and exporting the same. Importing from a different country and re-exporting the same kava products. He was in favour of the Bill and stated that the Bill was long overdue. He suggested, however, that his proposed amendments be taken into consideration by the Committee. He further stated that words such as control and regulate be considered and be emphasized more in the Bill. Most importantly, he said, implementers must be honest in fulfilling their responsibilities in the kava industry. He strongly stated that the reason for the low production of kava in the years was that Fijians needed to change their mindset. There was a need to raise awareness to develop the kava farmers to understand how the market works and as well as understanding the government systems in place, particularly farmers in the maritime division. The maritime famers usually were faced with difficulty in shipping their products to the mainland. The lack of supply of fuel to Kadavu was a concern to the famers as it had to be synchronized with the schedule of shipping.

9.2.4 Mr.Zane Yoshida - Taki Mai Industry

He alluded that mass propagation of the cultivars in Fiji is a critical part of the success as an industry because the industry at the moment was struggling pre-Cyclone Winston. The yagona supply has gone to almost zero in the Lomaiviti region so Taki Mai was looking at out sourcing outside of Ovalau. The issues though, even pre – Winston, Taki Mai were processing for a shipment to Australia around two tons of green kava a week and noticed the kava lactone content had dropped off significantly. Taki Mai used to get around 10.8 percent

of lactone concentration and it had dropped to 5.5 percent. It was very hard for Taki Mai to move into the nutraceutical market, the international market place with such low kava lactone content with the yaqona that they were sourcing. He stated that standardization of the propagation of kava and also from province to province, the understanding of some of the issues, some of the challenges were critical and how to plan for the international demand that was already in existence, it would have a multiple effect.

Kava price would soon increase to \$1000.00 a kilo, the only way forward is mass production.

9.2.5 Mr. Pio Tikoduadua – Kava Farmer, Delasui Village, Tailevu

He welcomed the Parliament Committee and thanked them for bringing the kava bill to the kava farmers in Delasui village in Tailevu and the nearby communities. The people of Delasui in the Tikina of Namalata and the vanua of Wainibuka in Tailevu had been associating themselves with kava farming. Kava has been their source of income in the past and till to date. The villagers diversified into other crop farming such as ginger and dalo for sustainability.

The challenges faced by the kava farmers in Delasui and Wainibuka was obtaining the market to sell their kava products .He further added that he was happy that a Kava Council was to be established under the Kava Bill that would look into the affairs of the kava growers, exporters and importers.

He further recommended that a law be made to safeguard and protect the interest of the kava growers or kava farmers. Secondly, to standardize the price of kava for everyone that would be involved in the kava industry in Fiji. He added that for the “Indemnity “clause 16 of the kava Bill” was contradicting. There would be other limitations and that was not clarified in the bill.

He is of the view that persons at the age of 18 years should consume kava. This age of 18 is the legitimize age to vote under the Elections Office in Fiji. He also viewed that women should not be restricted to consume kava but be given the freedom to make their own choices.

9.2.6 Mr. Mudunavere – Kava Grower, Delasui Village

He suggested that the starting age for persons to drink kava be 21 years of age. It is a general perception in society that when a person reaches the age of 21, becomes an adult and is free to make his / her decision in life.

9.2.7 Mr. V. Komaiwaca – Kava Grower, Delasui Village

He was thankful to the Committee and the Government for raising awareness on the content of the Kava Bill to the people of Delasui. Mr. Komaiwaca mentioned that the villagers of Delasui formed a group which consisted of farmers who have been assisted by the Ministry of Agriculture through farming assistance.

9.2.8 SODELPA

The Bill was long overdue and would enhance and facilitate the promotion of the interest of the kava growers, processors, exporters and importers, through the work of the newly established Kava Council. The quality control and strict compliance of the required standards for kava export would be strictly adhered to as that was one of the functions of the Council.

One of the current areas of concern for domestic consumers of kava was the price hike currently experienced and there was a need to also place a cap on a realistic price for the different grades of kava. This Bill would be economically beneficial to government and all stakeholders. SODELPA's recommendation was to ensure that the Kava Bill 2016, provides a fair and right formulae to ensure a win - win situation for consumers and all kava growers, exporters and processors. The quality control and expert standards were compiled and kava would take over and would be one of the main revenue earning commodity for Fiji.

9.2.9 Mr. Donny Yee- Lami Kava

The issue that he wished to raise was from the exporters' point of view. He suggested that Government specifies the origin of kava and the country of origin. It is more important to differentiate Fijian grown kava from imported ones.

He added that most kava exporters could easily identify Fijian grown kava from imported kava as the characteristics are different.

The way forward for Fiji is for the Government to endorse the Kava Bill. The bill would govern and monitor the standard and quality of kava in Fiji for both export and local consumption. His view is that the Kava Bill will ensure that the standard and quality of Fiji kava is protected. The Bill will also regulate the importation of kava from Vanuatu and other countries.

He further stated that one of the main issues that the kava exporters regularly faced was the inconsistent supply of quality kava. He strongly emphasized that the kava farmers needed to be educated on the importance of producing quality kava and consistency in supply.

There was an issue that he wished to raise from the exporters point of view, was the labelling of the kava being exported, in particular the island of origin of the kava. In theory it would be a good practice but practically it would be difficult as most companies do not purchase from one particular island source.

9.2.10 Dr. Mathias Schmidt – Herb Research Germany

His hypothesis on kava toxicity on the “Two Day” kava. “Two Day” kava predominantly is a traditional description based on experience with effects and side effects.

9.2.10.1 Solid evidence of recent introduction of the Vanuatu “Two Day” variety “Palisi” in the Swiss kava product with the nine case reports of liver damage in 2000.

9.2.10.2 Evidence of the use of “Two Day” kava stem peelings as cheap and non-traditional raw material.

9.2.10.3 Kava liver case reports in New Caledonia possibly associated to the use of “Two Day” kava. He alluded that “Two Day” kava is predominantly a traditional description based on experience with effects and side effects. The notion of “Two Day” kava is unknown in

the kava producing countries such as Fiji, Samoa and Tonga, but these countries have experienced inferior quality imports.

10.0 COMMITTEE DELIBERATIONS AND OBSERVATIONS

- 10.1** The Committee considered that it had carried out wider consultations on the objective of the Bill as reflected in its Final Report. The Committee considered that there was no need for further consultations.
- 10.2** The Committee had read through the Bill clause by clause and agreed to the amendments made. A final revision of the Report, paragraph by paragraph and endorsed it.
- 10.3** The Committee had considered all written and oral submissions made by the stakeholders. A number of concerns were raised during the Committee's consultations with regards to the Bill.
- 10.4** The Committee noted that most of the oral and written submissions received from the stakeholders supported the formation of a national network of Kava Growers Co-operative Association at village, district and provincial level in the kava growing areas.
- 10.5** It should be compulsory for all registered kava growers to be members of the Kava Growers Association at their respective levels.
- 10.6** The Committee had taken into consideration the views of the kava growers whilst forming associations to eliminate middleman from buying directly from them.
- 10.7** The prices of the different classes of kava products at the village, district and provincial level should be the prerogative of the respective Co-operative Associations.

Note:

On Wednesday 21st February, 2018, the Permanent Secretary for iTaukei Affairs, Mr. Naipote Katonitabua advised the Committee that the Village By-Laws is currently on hold.

11.0 IMPACT OF KAVA CONSUMPTION

The nature of effects will largely depend on the strain of the kava plant and the form of its consumption. Traditionally, only noble kava cultivar has been consumed as they are accepted as safe and produce desired effects. The specific effects of various noble kava depend on various factors such as the cultivar used (and the related specific composition of kava lactones), age of the plant and method of its consumption. However, it can be stated that in general, noble kava produces a state of calmness, relaxation and well-being without diminishing cognitive performance. Kava may produce an initial talkative period, followed by muscle relaxation and eventual sleepiness.

According to Kava – Wikipedia, one of the earliest Western publications on Kava (1886) quoted “A well prepared kava potion drunk in small quantities produces only pleasant changes in behavior. It is therefore a slightly stimulating drink which helps relieve great fatigue. It relaxes the body after strenuous efforts, clarifies the mind and sharpens the mental faculties”. Unquote.

- 11.1** The Committee whilst deliberating on the report, discussed related issues on the over consumption of kava generally in Fiji’s context. The Committee has identified some of the common causes of over consumption.

11.2 SOCIAL IMPACT OF KAVA

- 11.2.1** Widely consumed across the population (children, women and adults) led to decreased productivity of consumers;
- 11.2.2** Over consumption of kava leads to laziness and less quality family time;
- 11.2.3** Abuse the traditional value of kava;
- 11.2.4** Misuse of funds amongst families;
- 11.2.5** Causes domestic problems;
- 11.2.6** Causes early school drop outs;
- 11.2.7** Affects marital relationships and
- 11.2.8** Excessive kava drinking leads to other social problems (smoking, alcohol, nightclubbing etc.).

11.3 ECONOMIC IMPACT

- 11.3.1** Contribute to absenteeism amongst workers and loss time in workplaces

- 11.3.2** More sickness from abuse of kava which leads to unproductivity.
- 11.3.3** Excessive kava drinking leads to other social problems (smoking, alcohol, clubbing etc.).
- 11.3.4** Traditional obligations become very expensive.

11.4 HEALTH IMPACT

- 11.4.1** Increases in medical costs at both family and public level;
Burdens to family members (medical expenses, transportation etc.);
- 11.4.2** Scaly skin diseases;
- 11.4.3** Pre-mature deaths;
- 11.4.4** Affects new born babies;

11.5 ENVIRONMENTAL IMPACT

- 11.5.1** Unhygienic practices of kava drinkers (spitting, vomiting, urinating, littering etc.);
- 11.5.2** Excessive noise after hours (sigidrigi), dancing and pounding of kava;
- 11.5.3** Pollution.

12.0 GENDER ANALYSIS – SDG 5

The Committee gathered that the participation of women in the kava business has increased. This is evident by the number of women vendors in all municipal markets visited by the Committee. Thus women have been able to contribute equally to the household income of numerous families. This contributes to poverty alleviation within the family.

The Committee also noted the increased participation of women in the rural areas as kava growers and processors, vendors in municipal markets and also participants in Small Medium Enterprises (SMEs). From both social and economic point of view, women should be actively encouraged at government and community level to become members of the Fiji Kava Council.

Gender is a critical dimension to parliamentary scrutiny. Standing Order 110 (1) requires committees to consider gender equality and ensure that the impact on both men and women is explored in all matters.

The Committee also learned that the participation of women can be at all stages of the supply chain. Women can be kava growers, processors, exporters and importers provided they are given the right training, financial advice and support. This was witnessed by the Committee when visiting all municipal centres and rural areas in Viti Levu and Vanua Levu.

The Bill is generic in the gender participation of women in the industry however, their effective participation depends on the open merit system, sound management and financial capability of the industry.

The women of our community have both social and economic interest in the administration and control of the Kava Industry. It is clear women bear the brunt of abuses associated with excessive kava consumption and over expenditure on kava. The potentiality of social abuse on women demands that the role of the Fiji Kava Council should be expanded to include consumer protection and responsible consumption of kava.

13.0 CONSIDERATION OF BILL CLAUSE BY CLAUSE (PROPOSED AMENDMENTS BY THE MEMBERS)

The following proposed amendments had been agreed with by the Committee Members.

PART 1 – PRELIMINARY

13.1 Clause 1 sub clause 1: Short title and commencement

13.1.1 This clause provides for the short title and commencement of the Bill.

Deliberations

The Committee Members' agreed to change the title of the "Kava Bill" to "Yaqona" Bill 2016.

13.1.2 The Bill should read as "Yaqona" Bill 2016.

Recommendation

13.1.3 "Kava" is a local product and locally referred to in the iTaukei language as "Yaqona" The Committee had taken into consideration the public submissions received recommending the use of the Yaqona instead of Kava. The word "Kava" has no meaning in the Fijian context.

13.2 Clause 1 sub clause 2: to add the word “shall” and the clause should read as:

This Act shall come into force on a date or dates appointed by the Minister by notice in the Gazette

Deliberations

13.2.1 The Committee Members agreed that clause 1 subsection 2 be amended.

Recommendation

13.2.2 The Committee recommends that the word “shall” is more appropriate.

13.3 Clause 2 Interpretation

13.3.1 The Committee agreed that the word “**section**” under the “**annual general meeting**” interpretation be removed and the word “**clause**” to be inserted.

Deliberations

13.3.2 The Committee agreed that clause 2 be amended.

Recommendation

13.3.3 The Committee recommends that the Bill has not become an Act.

13.4 The Committee recommends that the word “**applicant**” be added to the Interpretation list.

Deliberations

13.4.1 The Committee had agreed to amend the Interpretation list. To add the definition of the word “**applicant**”.

Recommendation

13.4.2 The Committee recommends that the person who is applying to register and obtain a license as a kava grower, kava processor and kava importer should be referred to as an applicant.

13.5 Clause 2: Interpretation the word “**Public officer**”.

Deliberations

13.5.1 The Committee had agreed that the word “public officer” be specifically defined under clause 2.

Recommendation

The Committee Members had suggested that the meaning of the word be exact and be more specific under the iTaukei Affairs Act (Cap.120);

13.6 Clause 3: Objectives

13.6.1 Clause 3 sub clause (a) – The Committee Members agreed to amend the objective of this Act, to delete the words “administration and management” and the objective should read as:

establish a Council that oversees development, control, regulation and licensing of kava business in Fiji.

Deliberations

13.6.2 The Committee had agreed to amend clause 3 sub clause (a).

Recommendation

The Committee recommends that the objective of the Act is to establish a Council that oversees the development, control, regulation and the licensing of kava industry in Fiji.

13.7 Clause 3 sub clause (e) – the word “**incidental matters**” is too broad. The Members needed more clarification from the Solicitor General’s Office.

Deliberations

13.7.1 The Committee had agreed to amend clause 3 sub clause (e).

Recommendation

The Committee recommended the word “**incidental matters**” should be clearly defined to reflect the objective of the Act.

PART 2 – FIJI KAVA COUNCIL

Establishment and composition of the Kava Council

13.8 Clause 5 sub clause (1) to delete the word “**may**” and replace it with the word “**shall**”, it should read as:

This section establishes the Fiji Kava Council as a body corporate with perpetual succession and a common seal, and shall -

Deliberations

13.8.1 The Committee had agreed to amend clause 5 sub clause (1).

Recommendation

The Committee recommended that the word “**may**” be deleted as it is optional in the sense that decisions can or cannot happen. Therefore, insert the word “**shall**” as it is more appropriate. Some consideration should be given to the representation of or consultation with Health professionals, scientific communities and social services providers.

- 13.9 Clause 5 sub clause (3)** inclusion of the 5 ex-officio members to two more members. To include the Chief Executive Officer of iTaukei Affairs Board and the Director for Rural & Maritime Development and comprised as:

- a) the Permanent Secretary who shall be the Chairperson;
- b) the Chief Executive Officer iTaukei Affairs Board;
- c) the Director for Agriculture Trade Unit;
- d) the Director for Trade under the Ministry of Trade;
- e) the Director for the Food Unit under the Ministry of Health;
- f) a Manager from the Biosecurity Authority of Fiji;
- g) Director for Rural & Maritime Development.

Deliberations

13.9.1 The Committee had agreed to amend clause 5 sub clause (3).

Recommendation

The Committee recommended the inclusion of the Chief Executive Office of iTaukei Affairs Board and the Director for Rural and Maritime Development to increase the ex- officio members to seven (7) .The reasons for the inclusion of the two Ministries as they are mandated to serve the rural and the maritime population.

- 13.10 Clause 8 sub clause (c)** to delete the word “**other persons**”, it should read as:

work in cooperation with the relevant Government departments, institutions on matters related to the industry, including assisting in the

Deliberations

13.10.1 The Committee agreed to amend clause 8 sub clause (c).

Recommendation

The Committee recommended that the word “**other persons**” be removed as it is not definitive.

13.11 Clause 10 sub clause (4) the quorum for any meeting of the Council shall be 8 and not 9 members including the Chairperson or the person presiding at the meeting, it should read as:

The quorum for any meeting of the council must be 8 members including the Chairperson or the person presiding at the meeting.

Deliberations

13.11.1 The Committee agreed to amend clause 10 sub clause (4).

Recommendation

The Committee recommended that the quorum should be 50% plus one which is eight (8). The Council is consisted of seven (7) ex- officio members and eight (8) other members appointed by the Minister.

13.12 Clause 10 sub clause 5 (b) to delete the word “**will have**” and insert the word “**shall**”. It should read as:

if there is an equality of votes, the Chairperson of that meeting shall have a casting vote in addition to his or her own vote.

Deliberations

13.12.1 The Committee agreed to amend clause 10 sub clause 5 (b).

Recommendation

The Committee recommended that the word “**shall**” is more appropriate.

13.13 Clause 10 sub clause 6 (b) to delete the word “**timely**” and insert the word “**weekly**”. It should read as:

Weekly distribute minutes of the meeting one week before the meeting

Deliberations

13.13.1 The Committee had agreed to amend clause 10 sub clause 6 (b)

Recommendation

The Committee recommended that the word “**timely**” is too broad and we have “**inserted one week**” before the meeting which is more specific.

13.14 Clause 11 sub clause (2) – to delete the word “**may**” and replace with the word “**shall**”. It should read as:

The disclosure in subsection (1) shall be recorded in the minutes of the meeting and unless the Council otherwise determines, the members

Deliberations

13.14 .1 The Committee had agreed to amend clause 11 sub clause (2).

Recommendation

The Committee recommended that the word “**shall**” is more appropriate

13.15 Clause 14 sub clause (1) – to delete the word “**registration**” and replace it with the word “**resignation**” It should read as:

Every appointed member shall, unless he or she vacates office earlier by death, resignation, or removal, hold office for a period of 3 years, shall be eligible for reappointment, unless removed on disciplinary grounds.

Deliberations

13.15.1 The Committee agreed to amend clause 14 sub clause (1).

Recommendation:

The Committee recommended that the word “**resignation**” is more appropriate.

13.16 Clause 15 sub clause (1) – to delete the word “**must**” and replace it with the word “**shall**”. It should read as:

The Council shall appoint a person from among persons who hold a degree in management to function as the CEO of the Council, who shall act as secretary to the Council.

Deliberations

13.16.1 The Committee agreed to amend clause 15 sub clause (1).

Recommendation:

The Committee recommended that the word “**shall**” is more appropriate.

13.17 Clause 16 – Indemnity

Clause 16 sub clause (1) - The ability of the Kava Council to sue and be sued that is further defined under clause 5 of the Bill.

Deliberations: The Committee agreed to amend clause 16.

13.17.1 The Committee seeks clarification from the Office of the Solicitor General on clause 5 as to who is liable, the Council or any public officer employed or engaged by the Council?

Recommendation:

The Committee recommended and agreed that clause 5 be amended. To be more specific in terms of who can sue and be sued.

13.18 PART 4 – ACCOUNTS AND FINANCE

13.19 Clause 17 sub clause (b) –contributions and donations to the Council, there is uncertainty as to “who can contribute” to the Council;

Deliberations:

13.19.1 The Committee agreed to amend clause 17 sub clause (b).

Recommendation:

The Committee seeks more clarification from the Solicitor General’s Office (SG) as to who can donate (motives and intentions) as it will create corruption.

13.20 Clause 18 sub clause (1) – The Committee Members’ seeks more clarifications to the Solicitor General’s Office as to “Why the Kava Council’s financial year changes to July and ends 30 June the following year, both days inclusive?”

Deliberations:

13.20.1 The Committee agreed to amend to clause 18 sub clause (1).

Recommendation:

The Committee suggested to amend this clause in order to maintain consistency with the Government Budgetary timeline.

13.21 PART 5 - REGISTRATION AND LICENSING

13.22 Clause 20 sub clause (1) to remove the word “person” and replace it with the word “applicant”. It should read as:

The Council has the power, with or without conditions, to register an applicant as -

Deliberations:

13.22.1 The Committee agreed to amend clause 20 sub clause (1).

Recommendation:

The Committee felt that the word “applicant” is more appropriate.

- 13.23 Clause 20 sub clause (1) c and d** should be swapped. It should read as: **(c)** a kava exporter and **(d)** a kava importer.

Deliberations:

13.23.1 The Committee agreed to amend clause 20 sub clause (1) c & d.

Recommendation

The Committee felt that the Bill should focus on the kava exporter first than the kava importer. Kava exporter deals with kava products within the local suppliers compared to imported kava products from other regions.

- 13.24 Clause 21 sub clause (1)** – remove the word “may” and replace it with the word “shall”. It should read as:

The Council shall be subject to the approval of the Minister, remove the name of any person or body from the register if -

Deliberations:

13.24.1 The Committee agreed to amend clause 21 sub clause (1).

Recommendation

The Committee recommended that the word “shall” is more appropriate.

- 13.25 Clause 21 sub clause 1 (a) and (b)** – change in their order, kava exporter or kava importer. It should read as:

a) The kava grower, kava processor, kava exporter or kava importer ceases to be a grower, processor, exporter or importer of kava

b) The kava grower, kava processor, kava exporter or kava importer fails to obtain and maintain reasonable standards, quality and efficiency as the Council determines; or

Deliberations:

13.25.1 The Committee agreed to amend clause 21 sub clause 1 (a) and (b).

Recommendation

The Committee recommended that the kava exporter should come first before kava importer as kava exporters' deal with kava products compared to imported kava products.

- 13.26** **Clause 23 sub clauses (2) and (3)** – delete the word “may” and replace it with the word “shall”. It should read as:

The Council shall take into account the following when considering whether or not an export or import license is to be granted or not-

Deliberations:

13.26.1 The Committee agreed to amend clause 23 sub clauses 2 and 3.

Recommendation

The Committee recommended that the word “shall” is more appropriate.

- 13.27** **Clause 23 sub clause (3)** insert the word “stipulated” under the Act for the issuance of a license. It should read as:

The Council may grant an applicant a license where the applicant satisfies the requirement stipulated under the Act.

Deliberations:

13.27.1 The Committee agreed to amend clause 23 sub clause (3).

Recommendation

The Committee recommended to use the word “stipulated” after the word requirement and to delete the words for the “issuance of a license”.

- 13.28** **Clause 23 sub clause (4)** remove the word “must” and replace it with the word “shall” It should read as:

If the Council is of the opinion that the applicant does not satisfy some of the requirements in subsection (1), the Council shall-

Deliberations:

13.28.1 The Committee agreed to amend clause 23 sub clause (4).

Recommendation

The Committee recommended that the word “shall” is more appropriate.

13.29 Clause 24 sub clause (1) putting the word export before import. It should read as:

A person, including a registered kava grower, kava processor, kava exporter or kava importer, is prohibited from importing or exporting any kava or kava product unless the person is licensed under this Act.

Deliberations:

13.29.1 The Committee agreed to amend clause 24 sub clause (1).

Recommendation

The Committee recommended that the kava exporter should come first before kava importer as kava exporters' deal with kava products compared to imported kava products.

13.30 Clause 29 sub clause (1) remove the word "must" and replace it with the word "shall". It should read as:

The Minister shall, within 10 working days of receipt of the Council's written sub statement under section 28, either -

Deliberations:

13.30.1 The Committee agreed to amend sub clause 29 sub clause (1).

Recommendation

The Committee recommended that the word "shall" is more appropriate.

13.31 Clause 29 sub clause (2) remove the word "shall" and replace it with the word "may". It should read as:

(1) The Minister shall, within 10 working days of receipt of the Council's written statement under section 28, either –

Recommendation

The Committee recommended that the word "may" be deleted and replaced with the word "shall".

13.32 PART 7 MISCELLANEOUS

13.33 Clause 31 sub clause (2) remove the word "must" and replace it with the word "shall ".It should read as:

The following matters shall be dealt with at the annual general meeting

Deliberations:

13.33.1 The Committee agreed to amend clause 31 sub clause (2).

Recommendation

The Committee recommended that the word “may” be deleted and replaced with the word “shall”.

13.34 **Clause 31 sub clause (3)** remove the word “may” and replace it with the word “shall”. It should read as:

The Council shall convene a special meeting under this section for the purposes of discussing any urgent matter resting to the industry.

Deliberations:

13.34.1 The Committee agreed to amend clause 31 sub clause (3).

Recommendation:

The Committee recommended that the word “shall” is more appropriate.

13.35 **Clause 32** remove the word “may” and replace it with the word “shall” “It should read as:

The Minister shall make regulations, on the advice of the Board....

The Committee carried out wider consultations on the purpose of the Bill, the establishment of the Kava Council for the regulation and management of the Kava Industry and other related matters. The Committee felt that there was no need for further consultation.

Deliberations:

The Committee felt that there is a need for wider consultations on the Kava Regulations after the Bill becomes an Act. The Committee had agreed that there is a need for wider public consultations on the development of kava to the growers, exporters and importers for sustainability.

14.0 COMMITTEE'S CONCLUDING REMARKS

15.0 COMMITTEE'S RECOMMENDATION

The Committee recommends that the Kava Council formulates regulations that would take into consideration the following:

- a) The establishment and formation of Kava Growers Co-operatives ;
- b) The control, monitoring and management of the kava supply chain;
- c) The regulation of kava prices in accordance with quality and branding;
- d) The regulation of kava consumers;
- e) To ensure sustainable market supply;
- f) The social, economic, environmental and health impacts;
- g) The establishment of a national database to capture all aspects of the kava Industry;
- h) To ensure that there is women representation in the Kava Council;

16.0 CONCLUSION

The Committee had fully conducted wide consultations, scrutinised and analysed submissions.

The Committee also established the social, health, environmental and economic impacts on the consumption of kava.

The Kava Council is obliged to consider the above in the drafting and formulation of the Kava Regulation.

In formulating the Regulations, the Kava Council is required to take into account wider community concerns on the consumption of kava.

There is a wide responsibility beyond protecting and enhancing economic interest of growers, wholesalers, processors and vendors. There is a great need for regulatory action to be underpinned by variable empirical evidence and export analysis. Undependable evidence from interested parties is not sufficient.

MEMBERS SIGNATURE:

1. Honourable Joweli R. Cawaki

Chairperson.....

Date ...13/03/18

2. Honourable Alivereti Nabulivou

Deputy Chair.....

Date...13/03/18

3. Honourable Ro Kinivijame Kiliraki

Opposition MP.....

Date ...13/03/18

4. Honourable Josefa Dulakiverata

Opposition MP.....

Date ...13/03/18

5. Honourable Samuela Vunivalu

Government MP.....

Date

APPENDICES

APPENDIX 1 GLOSSARY

APPENDIX 1

17.0 GLOSSARY

DEFINITIONS USED IN THE BILL:

No:	Phrase	Definition
1	annual general meeting	includes the annual general meeting and a special general meeting convened under section 31
2	appointed members	refers to the members appointed by the Minister under section 5(4)
3	CEO	means the chief executive officer appointed under section 15
4	Chairperson	means the chairperson of the Council
5	Council	means the Fiji Kava Council established under section 5
6	financial year	means the period from 1 July to 30 June in the following year, both days inclusive
7	industry	refers to the Fiji Kava Industry and related matters
8	member	means any member of the Council appointed under section 5
9	Minister	means the Minister responsible for agriculture
10	Ministry	means the ministry of agriculture
11	Permanent Secretary	means the permanent secretary responsible for agriculture
12	person	means any individual or any company or association or body of persons, corporate or incorporated
13	public officer	means a person in the permanent or temporary employment of the Government including a person appointed under the iTaukei Affairs Act (Cap.120)
14	kava	means whole plants or parts (roots or stems) of the <i>Piper methysticum</i> species whether in the dried or fresh form, and includes imported kava
15	kava exporter	means any person who is engaged in the business of importing kava or both kava products
16	kava grower	means any person who cultivates kava for commercial purposes

17	kava importer	means any person who is engaged in the business of importing kava or kava products
18	kava processor	means any person who is engaged in the business of processing any type of kava product; and
19	kava product	means any product prepared from dried fresh kava, and includes extracts of kava for beverage, pharmaceutical or dietary purposes.
20	cultivar	The term <i>cultivar</i> most commonly refers to an assemblage of plants selected for desirable characters that are maintained during propagation. More generally, <i>cultivar</i> refers to the most basic classification category of cultivated plants in the <u>International Code of Nomenclature for Cultivated Plants</u> (ICNCP). Most cultivars arose in cultivation, but a few are special selections from the wild.
21	Waka	Kava roots
22	Voivoi	Pandanus leaves

APPENDIX 2 VERBATIM

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON
NATURAL RESOURCES HELD AT THE COMMITTEE ROOM (EAST WING),
PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY, 16TH
JUNE, 2016 AT 11.00 A.M.**

Submittee No. 3: Lami Kava Limited

In Attendance: Mr. Donny Yee : Managing Director

MR. CHAIRMAN.- Donny, thank you for waiting. The Committee has learnt a lot from Zane today, and we really appreciate your presence and thank you for availing yourself to be with the Committee.

As you know, we have the Kava Bill and we also know that you are one of the bigger player in this industry. So to hear and learn from the expert is something that the Committee looks forward to and also your contribution to the Kava Bill that is before us.

So on that note, we will now invite you to present to us your contribution to this Bill.

MR. D. YEE.-- Honourable Chair of the Committee, Members of the Standing Committee, *ni sa bula vinaka*. My name is Donny. I am the Managing Director of Lami Kava Limited. We are just a family-based business and we have been in the kava business for over 30 years now. We are in the business of retail, wholesale and export of Fijian-grown kava only.

I have been asked to speak to you today on behalf of the Fiji Kava export sector and address some issues that we are faced with and hopefully we can work together with Government to address these issues.

First, I would like to thank everyone involved in compiling this Kava Bill and as I believe, this is a way forward for the Fiji Kava Industry.

Kava is the third largest export commodity in the country and has the potential to grow further but there are certain areas that we need to work and focus on for improvement in order to progress and achieve this growth.

As for the Kava Bill, there is an issue that I would like to raise from an exporters' point of view, in regards to the labelling of the kava being exported, in particular the island of origin of the kava. In theory, this will be a good practice but practically this will be difficult as most companies do not purchase from one particular island source. We source most of our kava from Kadavu but when we do not get enough supply, we source it from other islands that have some similar qualities, in terms of taste and strength, like Gau, Moala, Bua, et cetera.

Some middlemen source from different areas and mix them before selling to us and once we receive it, we cannot honestly verify where it is from. For instance, kava from certain islands that have very similar features, therefore, it will be very difficult to identify the difference.

I would suggest that we generalise the origin to the country of origin rather than the island because it is more important to identify Fijian grown kava to imported kava. Most of us in the kava industry can easily identify Fijian-grown kava from kava of other countries because the characteristics are usually different.

In growing this industry, I believe that having the Kava Bill is the right way forward. This Bill will govern and monitor the standard of kava in Fiji, for both export and local consumption. This Bill will also ensure that we do not damage the reputation of the standard of Fiji Kava and never repeat what happened in the late '90s when we were branded for producing poor quality kava.

The Fiji Kava industry has a potential to grow much further. If everyone involved in the industry can work together towards achieving a more uniformed standard for kava and increase kava farming or *yaqona* farming. We have to change our mindset when it comes to producing kava. We need Government assistance mainly for farmers so that we can move away from subsistence farming and work towards large-scale farming that our neighbour Vanuatu is doing now. Most farmers only plant a few *yaqona* plants and harvest when needed for school fees or outboard, for instance. We need to move in with the world and get more proactive and Government assistance would be required in this department.

For one, this will produce our importation of kava. I do not know the exact number of tonnes that Fiji import per year but I know that Fiji do import a huge amount of kava, mostly from Vanuatu. I do not blame these importers because we do not produce enough local kava to even accommodate the local demand, and the difference in price is significant as well. For example, after the *Cyclone Winston*, the local farm gate price reaches as high as \$80 per kilo, which is more than doubled and almost tripled the price of Vanuatu imported kava.

I am informed that the Vanuatu Kava can be imported for a landed cost of around \$25 to \$30 a kilo. Even before the Cyclone, local farm gate prices between \$45 to \$50 a kilo, which is still much higher than the Vanuatu imported price. All this money going towards kava importation could be direct income for our own farmers here in Fiji.

We strongly believe in the quality of the local grown kava which is why our company source only local grown kava, but it is getting very difficult to compete with other kava producing countries that sell at a much cheaper price than us. We are the best kava varieties and we are lucky to have that because all 13 varieties grown here in Fiji are of noble variety, which means that they are more desirable by most kava importers. The kava that we have here do not have bad side-effects, while other kava producing countries have a common variety called two-day. This variety is not recommended for consumption because of its side effects, so that is a bonus for us. The problem of high kava prices comes down to supply and demand. The demand is higher than the supply.

We do not produce enough to meet our local demand, which is why there is a lot of kava import, so we need to work together to balance out the scale of supply and demand, only then we can decrease our import and increase our export which will benefit the country. I believe Fiji is consuming more kava at the moment than what we export.

One of the main issues that we are regularly faced with as an exporter is consistent supply of quality kava. We need to educate our farmers on the importance of producing quality kava. The quality of kava is mainly determined by the farmers. If the farmer harvests, cleans and dries kava well, that kava will be considered high quality kava. If he does not dry it well after harvesting, the quality drops and the longer it stays damp, the lower the quality. Some farmers do this to gain more weight but they fail to understand the effects on the quality.

Some kava farming areas are very good at producing and maintaining consistent high quality kava, even during the wet season and these are the farmers I think the Ministry of Agriculture should work with and implement the same system they use to other kava producing areas, so that we can have a better kava standard.

As for us exporters, it is better to get a three-year old well-dried kava than to get a 10-year old kava that is not well-dried and has low quality because the farmer did not do his job well for whatever reason. From our point of view, we believe that we have to work together to improve on two main things.

Firstly, Government assistance to farmers, mainly to farmers, to increase production by providing good, healthy planting materials that will grow faster and resistant to disease and better drying facilities mainly during wet season. This will improve local production and balance out the supply and demand skill and reducing importation.

Secondly, educating farmers on the importance of producing high quality kava and implement methods on how to achieve it.

I really hope that this Kava Bill will bring about the necessary changes that will improve the Fiji Kava Industry and benefit everyone involved in the industry. *Vinaka vakalevu* for your time and for giving me the time to present this.

MR. CHAIRMAN:- Thank you, Donny for your presentation to the Committee today. You have touched a lot on a lot of areas, from the point of view of an exporter and now I will give the floor to the Committee if there is any question to Mr. Donny Yee, Managing Director of Lami Kava Ltd.

HON. S. VUNIVALU.- Thank you, Mr. Yee, for your presentation this afternoon. As you have mentioned that we have 13 kinds of varieties of kava, have you ever tried to mix them because what we have in Vanuatu is the two-day; you drink today and rest for two days? Have you ever tried to mix all the local varieties?

MR. D. YEE.- All our local varieties are noble, so they are all good. Chair, that is the lucky thing about us in Fiji, we do not have any two-day. The only problem is that, we are not producing enough, that is why I am just calling on the Government if they can assist in a way that we can educate the farmers and get out of the small farming and get into bigger farming because even the local supply of kava is not even enough for our local consumption.

MR. CHAIRMAN.- Apart from export, you also do supply the local market?

MR. D. YEE.- Yes, local as well, we do retail and wholesale as well.

HON. RATU K. KILIRAKI.- There are some products from the *yaqona*, the *waka*, the *lewena*, the *kasa*, the *civicivi*, how far do you go in your production? Do you process all those?

MR. D. YEE.- We mainly specifically buy *waka* but we also do have *lewena* and *kasa* and we supply our customers according to what they want and the price they are willing to pay for.

HON. J. DULAKIVERATA.- Mr. Yee, thank you very much for your presentation. You mentioned a very interesting issue here that it is better for you to get a three year old well-dried kava than a 10-year old low quality but when you buy, you buy on weight, not on quality?

MR. D. YEE.- Yes, we buy on weight.

HON. J. DULAKIVERATA.- And not on quality?

MR. D. YEE.- On quality as well.

HON. J. DULAKIVERATA.- How do you differentiate, you just look at it?

MR. D. YEE.- Most of it, just by looking at it, you can tell the difference and the second test is smell. So when you smell it, you can tell the difference, because some farmers or some suppliers, they would like to put the good ones on the top and the bad ones at the bottom but when you smell it, the smell from the bottom, you can normally catch it because of its dampness. Some do it for weight, some probably just do not know the difference, that is why I said that if you educate them, that will make a lot of difference to know the importance of getting quality well-dried *yaqona*.

HON. J. DULAKIVERATA.- Any suggestion on that on how to improve the situation?

MR. D. YEE.- One that I would suggest is probably the Agricultural Ministry to have a workshop and identify, like I said, there are some areas of kava farmers that they produce very good kava – even during a wet season, the *yaqona* is still very good. So if we can learn from those farmers and implement the same thing to some other areas that are not so good at producing high quality kava, it would be a good thing.

HON. J. DULAKIVERATA.- One of the issues that was raised during our visit to Tailevu, they needed assistance for their drying because they have their farmers right in the interior and to dry during wet season, they need some assistance to have some iron sheets.

MR. D. YEE.- Probably sheds with mesh so that the airflow goes through.

HON. MEMBER.- Drier?

MR. D. YEE.- No, not the drier. Drier will spoil the quality of that. That is why Taveuni produces good kava as well, good *yaqona*, the problem is because a lot of them use drier so their price is normally low and spoils the quality.

HON. J. DULAKIVERATA.- So just by hot air?

MR. D. YEE.- Yes, hot air, even if it is during wet season some areas they dry their *yaqona* in sheds and they have the netting so that the air flows and wait for the time when the sun comes out and they put it out in the sun. Most places, they just take it and put it in the house and that builds up. So the longer you leave it, the worse the quality.

MR. CHAIRMAN.- You are losing the quality. So you were suggesting in your presentation that rather than the label goes down to island because of the practice of buying that we are having, the origin, so for labelling, it is just "Fiji".

MR. D. YEE.- I would suggest if it is just "Fiji" it would make things much easier and more

MR. CHAIRMAN.- So most of your *yaqona*, I understand, comes from Kadavu?

MR. D. YEE.- Majority of it comes from Kadavu.

HON. J. DULAKIVERATA.- But not enough?

MR. D. YEE.- But not enough.

HON. RATU K. KILIRAKI.- Do you have your partnership arrangements or any kind of agreement with the growers?

MR. D. YEE.- No, there is no agreement. Mainly, just whoever bids for the highest price so it is a price-driven commodity.

MR. CHAIRMAN.- Which country are you exporting to?

MR. D. YEE.- We are exporting to the US, Hawaii and quite a number of neighbouring Pacific islands that do not produce pounded *yaqona*.

HON. RATU K. KILIRAKI.- Do you have any problems with the food authority in Australia or the United States?

MR. D. YEE.- Australia is a total ban.

HON. RATU K. KILIRAKI.- United States?

MR. D. YEE.- With United States, you have to follow their FDA requirements.

MR. CHAIRMAN.- You do not have problems with that?

MR. D. YEE.- No, we do not have any problems with that.

MR. CHAIRMAN.- For them, they have gone into vacuum packing.

MR. D. YEE.- This high price as well is causing a lot of problem too for exporters because like for instance since the Cyclone because of the high price now, we cannot compete with the other *yagona* producing countries so we have lost maybe about 70 per cent of our export due to that.

HON. A. NABULIVOU.- That is the problem faced by your company?

MR. D. YEE.- Yes, that is one big problem that we are faced with. I think a lot of exporters as well are facing that, except for the ones that are importing from Vanuatu, they have no issue on that because can buy it for cheap.

HON. A. NABULIVOU.- Do you import kava too from Vanuatu?

MR. D. YEE.- No, we do not, but that is what I am afraid of because we are very totally Fiji-grown kava. If you look at our packages, you will see that it is written there, "100 per cent Fiji Kava" but my concern now is that, because of this high price that keeps going up, we might have no choice but to source it from our customers because they cannot meet that price.

HON. A. NABULIVOU.- In your presentation on the Kava Bill, there is an issue that you would like to raise, what is that, the labelling? Can you elaborate more on the labelling?

MR. D. YEE.- Labelling; because on the Kava Bill, it says you have to state the island of origin and because most buyers, we do not really buy specifically from one place, if you buy it from different islands, like I can buy 80 per cent from Kadavu or may be 60 when the supply is low, then I have to source it out from other islands that have similar quality and then when you put them all together, it is just a matter of honesty, from there it will be very hard. If I say, Kadavu, then I am not being honest because it has got other kava there as well.

HON. A. NABULIVOU.- What do you think about this Bill?

MR. D. YEE.- I think it is a good thing, a good start for this industry. It is a very young industry, it is very young compared to other industries.

HON. A. NABULIVOU.- Just one thing too you were raising about the brand of imported kava, we have been talking a lot about that; importing kava from Vanuatu, through Fiji and brand with Fiji Kava and then you export. Can you explain more on that, you know more about that?

MR. D. YEE.- It is dangerous because I had the honours of having a one-on-one meeting with Dr. Matthias from Germany. He is the man involved in the lifting of the ban in the European Union, and I asked him about that and he said that that it is very dangerous that we are re-exporting and labelling it as Fiji Kava because they do not want two-day kava for pharmaceuticals. That variety, they do not want, so he specified in our last agriculture meeting that it is dangerous. If we are going to be importing two-days kava and re-exporting it, label it as Fiji Kava because we will get the blame for it, not Vanuatu, so you identify the difference.

HON. A. NABULIVOU.- You have been in the industry for how many years, 30 or 40 years, I am second generation so

HON. A. NABULIVOU.- What was the volume of the kava before *T.C. Winston* that you get from the islands, what is the quantity like, the supply before and after?

MR. D. YEE.- Right now because of the high price, like I said, the export sale has dropped but the supply that is coming from the island, there was a lot coming but I think it has slowed down now because the price is starting to come down again.

MR. CHAIRMAN.- I understand Mr. Naisoro from Kadavu is selling to Lami Kava?

MR. D. YEE.- Yes.

MR. CHAIRMAN.- He is one of the bigger growers in Kadavu?

MR. D. YEE.- Yes.

MR. CHAIRMAN.- Maybe he is also sourcing his input into this Bill?

MR. D. YEE.- I believe that our country still has a lot to offer when it comes to kava, the *yagona*, we can still produce more, like I said, the more that we farm and produce, the less that we have to import and then that can also increase our export so it is better for us for more foreign exchange.

MR. CHAIRMAN.- We heard the presentation from Zane, the presentation by Dr. Schmidt.

MR. D. YEE.- Yes.

MR. CHAIRMAN.- If kava is now approved by FAO, then it opens up bigger markets so the way forward now is to grow more. Any other questions?

HON. S. VUNIVALU.- After *Cyclone Winston*, mostly in the Western side of Viti Levu, they have been selling at \$100 a kg. In my experience, when I was in the Military serving in the Middle East, we used to dry the *kosa* and we can drink it for two or three times. What do you think about the *kosa* because of the high price of *yaqona*, do you drink it too?

MR. D. YEE.- I do not think there is a problem, *baleta ni se yaqona tikoga*, unless it has got wood chips or something, then that is different. When I asked Dr. Matthias when he came down, he was saying that they do not want the Vanuatu kava because of the two-day, but they still prefer to buy from Vanuatu and I asked him why when we do not have two day kava, why would you want to buy from them and not from us. His answer was very good, he said "we are not interested in Fiji because Fiji cannot even produce enough to maintain its own demand." So there is no reason why they would want to come here and buy from us because we import a lot from Vanuatu.

MR. CHAIRMAN.- Consistency.

HON. A. NABULIVOU.- We have the resource, but no money. Can you assist the farmers?

(Laughter)

MR. D. YEE.- If any assistance, like I said, I have always told a lot people that exporters, not to worry about us, we can take care of ourselves, the assistance to go to the farmers.

HON. A. NABULIVOU.- The problem faced by your company from the start until now, what is the problem faced, any problem faced during your time in the company?

MR. D. YEE.- The biggest problem we are facing now is what we are facing at the moment which is the high price because it is hard for us to compete.

HON. A. NABULIVOU.- Because the demand is there?

MR. D. YEE.- Yes, and the sad thing is that, the industry was just picking up from last year, this year, it was just gaining momentum and now this has happened, it is unfortunate but we can learn from it.

HON. A. NABULIVOU.- This *TC Winston* has just left, there is something we learn, what is the solution to it, can you tell us like an exporter?

MR. D. YEE.- The solution is to change the mindset. We have to change from being subsistence farmers to commercial large scale farmers, as a village, as a community, everyone has to work together to produce more. That is the solution to the problem and only then that we can reduce our import.

HON. A. NABULIVOU.- We can do something, that is why I said, just hold our hands together and move forward, then we can give and take. You can assist

some of the dealers or the markets or the growers because we do not have enough kava in Fiji, *yaqona* but as I said, the resource is there, can you just assist some growers who have been exporting or dealing with you, just to encourage them to go on a commercial kava farming?

MR. D. YEE.- I have been doing that for many years. I talked to my suppliers and I try and encourage them to plant more but I think sometimes when it comes from a private sector like us from a company, it is not really well-received, I think it is best if it comes from a third party, which I believe is the Government. I think it will be better if it comes from Government because they are not directly involved in the transition.

MR. CHAIRMAN.- Donny, this morning, we started off with PS iTaukei and PS Rural Development and Director Extension of Agriculture because yesterday we have been told by Agriculture that they are now putting their proposal for \$1 million for *yaqona* in the next budget year, so we are suggesting to them to form a Task Force to look at increasing the production.

MR. D. YEE.- That will be very good.

MR. CHAIRMAN.- As you said in your presentation, Vanuatu has beaten us into the production area. For them, there are no more subsistence farmers but they focus more on commercial farmers.

MR. D. YEE.- That is why they produce a lot. They themselves consume a lot in their country but they have a lot that they can supply out. They are the biggest kava exporting country right now. They are the main one that is exporting to America, to most of the Pacific Islands in the Pacific, everywhere. They are everywhere.

HON. A. NABULIVOU.- We are blessed with good soil too.

MR. D. YEE.- We have better soil, we have better *kava*.

MR. CHAIRMAN.- On that note, Donny, thank you very much for availing yourself and contribute to the Committee today. The Committee has learnt a lot and also your contribution has been noted and it will be part of our report to Parliament. We thank you a lot for presenting yourself to the Committee this morning.

MR. D. YEE.- *Vinaka vakalevu.*

The Committee Interview adjourned at 11.40 a.m.

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON
NATURAL RESOURCES, HELD IN THE COMMITTEE ROOM (EAST WING),
PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY,
16TH JUNE, 2016 AT 11.15 A.M.**

Submittee No. 2: Taki Mai

In Attendance: Mr. Zane Yoshida

MR. CHAIRMAN.- Members of the Committee, we will start with our meeting. We are fortunate this morning to have Mr. Zane Yoshida from Taki Mai to brief us on his product and also the Bill before us, the Kava Bill.

Mr. Zane, on behalf of the Committee on Natural Resources, we welcome you to the Committee and to this consultation today and we look forward to your presentation.

MR. Z. YOSHIDA.- *Vinaka*, Honourable Members of the Standing Committee on Natural Resources, thank you very much for the invitation to come and present to you this morning on my views with regards to the Kava Bill that is being proposed and also to discuss some of the issues I see that are very important in the finalisation of this Bill.

This morning, in particular, I would like to share with you a presentation from a gentlemen called Dr. Matthias Schmidt who has visited Fiji a number of times and who has contributed to the overturning of the ban that was in placed in Germany in 2014.

So, I have got permission here to use Dr. Schmidt's presentation that he presented to us at an international kava conference in Hawaii last year.

With the topics covered in the presentation, he talks about the historical use of kava and medicinal products in Germany, followed by the kava ban that was recently lifted. Also, an area that he talks about is the kava safety, followed by the differentiation between noble and two-day varieties of kava, and steps towards defining a kava standard for the region.

Kava, in fact, was introduced into the United States Farmer-Copier in 1952. In 1914, it was admitted into the British Dispensary as a medicine. In Germany, you can see here, it was first described by Lewin as early as 1886. In fact, that scientific name for kava, *Piper Methysticum*, came about from Capt. Cook during his voyages to the Pacific. where he had a German Botanist on board his ship that called it *Piper Methysticum*, which translates to intoxicating pepper.

So in fact, kava is a close relative of the black pepper family. It was on the market in many uncontrolled products, particularly for the treatment of generalising anxiety disorders, positively monograph by the Commission-E in 1990 for stress-related anxiety.

In 1990 to 2000, there was a huge kava boom in Germany and throughout Europe. In fact, during the boom, there were many as 450 million doses of kava administered daily for the treatment of stress and anxiety. The downfall, it seems was in 2000, when there were cases of reported liver toxicity in Switzerland, with acetone extracted ingredients from the kava plant.

In 2001, the German drug regulatory authority, BfArM, started a drug safety protocol.

In 2002, the German Commission-E spoke against a ban of kava.

The European Member States followed this ban even without any evidence. This caused the kava market to crash in 2002 for the Pacific Islander farmers and exporters.

From 2001 to 2011 in fact, the former marketing authorisation holders contested the still preliminary decision of the German authorities but could not take the case to court. In 2011, there was a final decision, so in fact from 2002, there was no ban of kava in place.

Dr. Matthias Schmidt and his company, Herb Research forced the regulatory body in Germany, BfArM to put a ban in place in 2011, after 9 years of stalling this ban. So from 2012 to 2015, the German manufacturers could finally take the equivalent of the TJ or the FTA BfArM to court because there was no solid evidence on the direct correlation between kava and liver toxicity.

In June 2014, the decision of the administrative court was deemed illegal and BfArM appealed this. In Feb., 2015, the decision of the upper administrative court full confirmation of the first court ruling. The court denied a negative benefit to risk balance for kava. The ban is now lifted in Germany and the former marketing authorisations reinstated, so this means that any kava products that are administered for the treatment of stress or anxiety related diseases have to be used with an ethanol extract as opposed to water extract.

So the arguments in the kava debate, particularly in Germany, was in relation to the risk of liver toxicity. Was there unacceptable risk? No. Technically, kava was banned with the argument that it had no efficacy. It did not work. It is what BfArM was trying to say. Efficacy studies accepted in the '90s for marketing authorisations were assessed using criteria implemented only years later.

BfArM's logic was if kava was not efficacious, even the suspicion of a risk was sufficient reason for a ban. The court ruling was proof of efficacy of authorised medicinal products cannot retrospectively be questioned due to

change study parameters. So as we all know, the kava ban has been lifted in Germany. Kava will be a prescription medicine only now, not over the counter.

I will share some of the things that we have developed with kava products because we have a product here that we have launched in the Australian market as a listed medicine, so we have got the therapeutic goods administration approval to sell this product in Australia as a listed medicine for the treatment of anxiety. It is a listed medicine, it is over the counter, so it is not prescription, in Australia, it is capsules.

So the quality now is under debate. The problem is though there is no standard for kava, the next pitfall for further delays, the authority still blocks kava imports as illegal.

HON. A. NABULIVOU.- The quality is under debate?

MR. Z. YOSHIDA.- There is no regional standard for kava in place so part of the pushback when the kava ban was put in place in 2002 under pressure from South Pacific Governments, the WHO stepped in to do a lot of research, particularly looking at the correlation between liver toxicity and kava. They did research from 2004 to 2007 and they came back with certain recommendations. They could not find first of all a correlation between traditional use of kava and liver toxicity. By traditional, I mean, the *lewena* or the stump and the *waka* or the root system and the way we normally drink kava with water. There was no direct evidence between that method of preparation and liver toxicity. So is there a safety issue with kava?. What is the evidence?

HON. A. NABULIVOU.- You mean the quality of kava will result on the liver toxicity?

MR. Z. YOSHIDA.- What has been done since, the WHO did their own researches, they have found that certain parts of the plant or certain varieties of kava have toxins in it. That can contribute to liver toxicity, so I will talk about that more in my presentation.

Different figures for case reports: The most recent statements of German authorities spoke of 110 reports of liver toxicity worldwide. The large figure combines different sources of reporting and reviewing and adds them leads to a multiplication of cases. A case report though is not yet proof of causality by kava, so you can be an alcoholic and have existing liver problems and drinking kava may contribute to that existing problem. So there is no direct evidence that if you drink kava, you are going to have liver toxicity.

HON. A. NABULIVOU.- There is no evidence?

MR. Z. YOSHIDA.- No.

HON. A. NABULIVOU.- Why do they ban?

MR. Z. YOSHIDA.- I tell you what. From 1990 to 2000, with the 450 million daily doses of kava, the prescription medicines for stress and anxiety worth \$23 billion annually is a huge, huge market, your zenex, your valium, your prozex are medicines that are prescribed for the treatment of stress and anxiety, and we all know that stress and anxiety is becoming a big issue, particularly in the West. So as the kava products started to grow from 1990 to 2000, they in fact captured 10 percent market share of the pharmaceutical drugs, so the kava market in 2000 was worth \$2.3 billion worldwide.

All of a sudden, ten years, no issues with liver toxicity, all of a sudden BfarM put a ban in place so we think that it was an underlying issue because of kava capturing sales from the pharmaceutical companies, so different methods led to different outcomes of the casualty assessment. The approaches taken by BfarM have been shown unsuitable for liver disease. The application of a suitable method reduces the number of cases to only three with a high probability of having been caused by kava so that is from a publication by Teschke and Wolff in 2009.

So with these three cases, with high probability, the three case reports with a high probability of having been caused by kava are:

- One case of an allergy, unpredictable and unavoidable;
- The second two were observed with a product of questionable quality, potentially linked to the use of two-day kava.

So for the sake of the Committee here, we, in Fiji, have 13 different varieties of *yaqona*. All our varieties in Fiji are considered noble cultivars, these are defined by traditional drinking kava.

In places like Vanuatu, in particular, they have the most number of kava varieties, in fact, they have around 83 varieties of kava. So the origins of kava, definitely came from Vanuatu and ended up in the other Pacific islands in the early trading days. So from the 83 varieties, I think 52 of them are considered two-day kava and only 31 or so are considered noble varieties.

Two-day varieties, when you look at the active ingredients in the kava plant, you have something called kava lactones. Each kava plant has six major kava lactones which are the active ingredients. They are kavain, dia-hydrokavain, methystician, dia-hydro methystician, so on so forth.

In addition to the six major kava lactones, two-day varieties of kava also consist of two undesirable kava lactones which are called flavo-kavain A and flavokavain B. So there is a ratio that is used when you look at a high performance liquid chromatography graph of kava, the concentration of flavokavain in relation to the total kava lactone levels to determine whether the variety is in fact noble or two-day. So those undesirable kava lactones called the

flavokavains exist within two-day varieties which are known precursors of liver toxicity.

We do not have those varieties here in Fiji. We do not have those varieties in Tonga, Samoa but Samoa has two varieties, Tonga has six varieties. Hawaii has 13 varieties like Fiji but Hawaii also has one introduced two-day variety called the *isa* variety that was brought in by Dr. Lebot from Vanuatu and introduced into Hawaii. The two-day varieties are much easier kava to grow because you can grow it within 24 months at full maturity and full kava lactone content as well.

HON. MEMBER.- That is the one that grows wild here in Fiji?

MR. Z. YOSHIDA.- No, that is called false kava, so that is not *piper methysticum*, that is called false kava.

HON. RATU K. KILIRAKI.- There is one that is very prolific in growing, they just grow

MR. Z. YOSHIDA.- Yes, the scientific name for that is *piper atrium* so it looks like kava, it smells like kava but it is not kava.

HON. MEMBER.- No lactones, the ones with big leaves.

MR. Z. YOSHIDA.- Yes, no lactones, it still has got the heart-shaped leaf but a longer leaf, so this is where Dr. Schmidt spoke about the 400 million daily doses of kava administered in Europe between 1990 to 2000. So when compared with the sales figures, the observe case reports become insignificant. You think about it; 400 million doses a day and only 3 highly probable cases linked to kava. I mean, alcohol or other prescription medicines, even paracetamol has a huge incidence rate for liver toxicity, compared to something like kava so this again, I believe is a huge conspiracy for the West to keep kava out of the market. The quantity is consumed worldwide should also have been taken into account by BfarM at the time of suggesting a ban be put in place.

The German court did not recognise a risk in these figures. Remember, the presentation of the case reports only served as an excuse for re-evaluating the efficacy of kava extract containing medicinal products. Kava was banned for lack of efficacy, not so much for safety reasons and since the ban has been put in place, the University of Melbourne in Australia has conducted numerous clinical trials to show that kava when you administer 240 milligrams of kava or 4 of the capsules that we contain in our products, you have a significant reduction in generalising anxiety disorder over a two-week period.

So the active ingredients in the kava plant, the kava lactones have the same effect on your GABA-receptors in your brain as those benzodisopin classification of drugs do, your zenex, your valium, your prozex, the issue though is those prescription medicines are also highly addictive.

We have some famous people who have passed away recently: Britney Houston, Robin Williams and Michael Jackson, all on these anti-depressants which are highly addictive and can cause suicidal effects as well. So the mere possibility of toxicity was sufficient to justify regulatory action against kava, so I will not go into too much detail here, and I will make this presentation available to the Honourable Members of the Committee, so the hypothesis on kava toxicity, the use of two-day kava.

Two-day kava in fact came about by the pigeon English used in Vanuatu so when you drink two-day varieties of kava, you have two days of hangover so in fact, it is spelt "*t-u-d-e-i*" which is pigeon English, so there is solid evidence of recent introduction of the Vanuatu two-day variety, *palisi* in the Swiss kava product with 9 case reports of liver damage in 2000.

Evidence of the use of two-day kava stem peelings, the *civicivi* as we call it here in Fiji has cheap and non-traditional raw materials also contain toxins. Kava liver case reports in New Caledonia who are huge consumer of kava, possibly associated to the use of two-day kava varieties. So two-day kava is predominantly a traditional description based on experience with effects and side-effects, but this experience is being lost. The notion of two-day kava unknown in the kava producing countries; Fiji, Samoa and Tonga, but these countries have experienced with bad quality imports.

So in fact when Dr. Schmidt visited the Ministry of Agriculture last year, he spoke of a case for instance where he was taking samples from the Pacific and he was in Samoa and he found that he looked at a Samoan labelled kava product that he took back to Germany, he analysed and he found that the importer had brought in the kava from Fiji, but those varieties that were in the kava that he tested were not available in Fiji. So it was brought in from Vanuatu through Fiji, re-exported to Samoa and relabelled as a Samoan kava.

HON. J. DULAKIVERATA.- But Vanuatu kava?

MR. Z. YOSHIDA.- It was a Vanuatu kava, imported through Fiji, relabelled as Fiji kava, exported to Samoa and then relabelled as Samoan kava. That is no standards, no regulation.

BfarM in Germany requires a clear, quality definition as a pre-condition for the reintroduction of kava medications so the standard and the Kava Bill is a great pathway forward. In 2012, the decision at the high level kava conference in Vanuatu to establish a regional standard for noble kava as a beverage. Again, noble kava, which is what we have here in Fiji, 13 varieties of noble kava. Since then, steady work by Farmer, I think Lo Leweniqila, for those of you who do not know is actually looking after the regional submission with Farmer, so she is looking after Fiji's submission. She is also helping define the kava standard and quality standards as well. She is in fact in Vanuatu this week, I believe.

Since then, steady work by Farmer and the kava working groups, especially Dr. Lebot. Dr. Lebot is the expert in the kava industry. He is an academic from Vanuatu of French origin and he has published a number of books and international publications relevant to kava and kava testing and safety.

So Topic 5 is "Steps Towards Defining a Standard": the latest EU/ACP advance, the technical barriers to trade, commissioned the project to accelerate the process of kava standardisation. The EU Finance, an ACP programme for standard proposals, based on the examination of trade relevant kava varieties in Vanuatu, Fiji, Tonga, Samoa, Solomon Islands in fact also grow kava and Hawaii. The tender was won by Fatini Vagano, European lawyers in Brussels, with Matthias Schmidt as a scientific expert.

April-May 2015, the update when he presented to us in Hawaii was that he had collected samples of kava roots, chips and where possible, also peelings or the *civivi*, after identification of the relevant varieties in Vanuatu, Fiji, Tonga, Samoa, Solomon Islands and Hawaii. So I will not bore you with a lot of this but these are some of the varieties in Vanuatu. Half the samples are in fact

MR. CHAIRMAN.- These are the only countries that grow kava?

MR. Z. YOSHIDA.- I also know that Indonesia and Bali are also growing kava, so some surface that came to the Pacific probably took some *kasa* back with them to Indonesia and they are growing kava as well in Bali. This was confirmed by Dr. Lebot.

HON. MEMBER.- South America?

MR. Z. YOSHIDA.- I am not certain about South America.

MeloMelo is a famous one in Vanuatu. Palisi is a two-day kava variety, it is a false kava in Fiji – *Piper Atrium*, is the one in Fiji, we do not drink that.

In Fiji, we have the *damu*, *honolulu* as well. Farmer actually went out to different provinces in Fiji and collected samples and have had them analysed so all the 13 varieties are confirmed noble varieties. So when we talk about kava lactone concentration in the *yaqona* plant, all of these varieties have different kava lactone content, ranging from 7 per cent up to 16 per cent in some of the *yaqona* that we have also analysed.

HON. RATU K. KILIRAKI.- So when you say it is strong kava, it is those who are planted close to the sea, they are stronger than the ones coming from Naitasiri?

MR. Z. YOSHIDA.- There is so much hypothesis about growing *yaqona* close to the sea but some of the *yaqona* that we tested, even from Ovalau, that has disease in it called root nematodes. The root nematode *yaqona* that we

pulled side by side, same variety, had a higher kava lactone content than the one that was without disease so we believe that when the *yaqona* plant is under stress, it produces more kava lactones. These are some of the varieties – the *loa kasa leka*, *loa kasa balavu*, *matakaro leka* and *matakaro balavu*, *lila balavu*, *bula*, *yahu* and that is the false kava that we are talking about here.

In Samoa, it is *ava la au* and the *ava lea*, the two varieties, in Tonga, you have six and 13 in Fiji.

HON. J. DULAKIVERATA.- Can we go back to the ones that you said called the root nematode? That is the same thing that affects the banana, that is why they said not to plant next to the banana or *vudi*.

MR. Z. YOSHIDA.- Okay, because I know in a lot of the kava farmers, intercrop with dalo.

The two varieties in Samoa, the *fao* and *tahu*, these are the varieties in Hawaii, 12 varieties, so the *isa* variety is the two-day *yaqona*, that has been introduced.

MR. CHAIRMAN.- You were saying Zane, the quality of the kava, irrespective of the variety

MR. Z. YOSHIDA.- Correct.

MR. CHAIRMAN.- The people in Naitasiri have low quality variety?

MR. Z. YOSHIDA.- We think so, yes, it is definitely based on the variety. There are a number of factors, the soil PH, also between five and a half to six and a half for *yaqona*, it is ideal conditions for growing *yaqona*, so the parts that Dr. Schmidt is analysing at the moment to contribute towards his regional standard, the roots for all the variety, from all the different South Pacific countries, the chips peeled, the stems peeled and the peelings as well, *civicivi*, so as part of the analysis, he is looking at total kava lactones from all those varieties, the six major individual kava lactone concentration in each of those varieties, the total flavokavains, A to C and individual flavokavains. This is what I spoke about earlier being the precursors to the liver toxicity issues.

Some of the preliminary results when he presented to us in June last year, by definition, the *borogu*, a noble variety, so on so forth. So, he was saying that it is still too early to draw definitive conclusions but the nobler the kava, the more kavain and the *yaqona* in Fiji has a huge kavain spike.

So, when you look at the graph for total kava lactones, when you look at the kavain concentration, normally from our experience, it is between 30 to 40 per cent of the total kava lactones is one kava lactone called kavain and that particular variety is that, kavain is the kava lactone that the German pharmaceutical companies wanted to develop a synthetic version of. They failed

to do that and that is why we believe the ban was put in place in 2000, so kavain is highly desirable because when you take *yaqona*, the kavain passes through the blood brain barrier a lot quicker than the other five kava lactones, so you drink it, you feel it straight away. So it passes your liver and goes straight into your bloodstream.

MR. CHAIRMAN.- So it becomes numb.

MR. Z. YOSHIDA.- Yes. So the nobler the kava, the more kavain can be found and Dr. Lebot has also confirmed this in Vanuatu. In highly favoured kava types, kavain methysticin, flavokavain B is low. Two-day materials and skins contain higher amounts of flavo-kavain B. So Dr. Lebot confirmed a direct correlation between the kava nobility and the ratio of flavokavains to kava lactones by high performance thin layer chromatography. We have this apparatus at USP and I think Usaia and Dr. Albisburg are responsible for all of that.

Based on the concentration of flavokavains to total kava lactones, they have also broken it down to 10 medicinal cultivads as well and 47 two-day varieties or 9 *piper wichmannii* varieties as well, which is also a wild kava.

If you look at this, this is A HPLTC analysis. This is what you get when you analyse a different variety, and you can see here, noble variety of kava, so this variety would be a 2-3 variety based on the area of most concentration or total area under that graph, whereas with the two-day varieties, you can see that the kava lactones are very, very similar in concentration.

So in fact the FAO have been talking about since the WHO published the recommendations on a way forward for the kava industry in the Pacific, the FAO are considering including kava as a beverage into the codex elementarius.

The regional governments were supposed to present to the FAO in Vanuatu in March for them to decide on whether kava is included into codex or not. This has now been postponed to September, so I know for a fact that Fiji should be ready to present to the FAO come September. The hold-up at the moment from what I understand is Vanuatu has not finalised their submission. That is largely because they do not believe that there are any issues with two-day kava.

So what is being proposed is specification for noble kava, so it does not affect Fiji at all because we have all noble varieties but it does have an impact on Vanuatu, so clear identification of the variety, exclusive use of roots and peeled chips. Residual humidity is no more than 12 percent moisture content in the dried *yaqona*.

Aflaxotoxins, no more than 0.4 per gram for the sum of aflatoxins B1 B2, G1 and G2. An ash, no more than 8 percent. An ash is in here because some of the *yaqona* that has been tested at the University of Hawaii, at Manoa

Campus, have come back with *yaqona* as well as wood that has been mixed in with *yaqona*, that is originated from Fiji but not Fijian *yaqona*. The same case in Samoa that Dr. Schmidt spoke about. So total flavokavains limit is yet to be determined, the same with flavokavain B but all of this conforms to the findings of Dr. Lebot's, so what Dr. Lebot has done is, the difficulty in Vanuatu in preparing a standard is, because there are so many varieties, by the time the *yaqona* comes to the port for export, all of the *waka* and all of the *lewenas* all mixed together, so how do you differentiate between two-day and noble varieties?

So, Dr. Lebot has come up with a simple liquid test. If you take the piece of the dried *yaqona*, whether that be the *waka* or *lewena*, put it into the solution, you shake it, and if there is no colour change, you know it is a noble variety, if there is a colour change, it is a two-day variety. So it is the easier way rather than trying to analyse every shipment that is exported out of Vanuatu.

So in conclusion here, Dr. Schmidt spoke about the differentiation between noble and non-noble kava. It is possible through an analytical method which we can do here in Fiji. We can do it at USP. We also have the equipment to do this at Douglas Pharmaceuticals in Nadi. They also can do the analysis. By definition of a codex standard, the exclusive use of acceptable kava qualities can be ensured. Such aspect is an essential requirement for future exports of kava. Good agricultural and collection protocols must also must be adhered to.

So on behalf of Matthias Schmidt, that is the presentation but I would like to continue for another five minutes or so, just to talk about the Kava Bill and some of the items I have picked up on that I would like to seek clarification on. So by definition, at the moment, we have:

“FOR AN ACT TO ESTABLISH THE FIJI KAVA COUNCIL FOR THE PURPOSE OF THE REGULATION AND THE MANAGEMENT OF THE KAVA INDUSTRY AND FOR RELATED MATTERS.”

I feel that we are missing a key word here and that is the “development” also. I think that is for your consideration for inclusion into the definition for the Kava Bill.

Also when you look at the interpretations, at the moment by definition, kava means “the whole plants or parts, roots or stems of the *piper methysticum* species, whether in the dried or fresh form and includes imported kava”. So Dr. Schmidt actually suggested that we change the definition to also include roots, peeled rootstocks and the peeled stems as well. So we have missed out on the peeled stems or the *civicivi* in the definition of kava.

HON. J. DULAKIVERATA.- Your translation of *civicivi*; peeled stem, but not the skin of the stem?

MR. Z. YOSHIDA.- The skin of the stem.

HON. J. DULAKIVERATA.- You cut the *kasa*, but when you peel the skin, it is still weak?

MR. Y. YOSHIDA.- Correct.

All *yaqona* that is processed should have peeled stems because people are still trading dried stem here in Fiji and the Pacific, so that should be peeled if they do want to trade with the stem.

So in terms of kava lactone concentration, the kava lactone content is highest from the bottom of the root system and it starts to decrease as you go up towards the plant. So by the time you reach the base or the stump or the *lewena*, it is probably half the concentration of kava lactones than in the roots, then by the time you go up the stem, you are getting less and less, so by the time you hit the leaves, there is almost 0.02 per cent of kava lactone in the plant.

HON. A. NABULIVOU.- What can you say about the change of name from *kaae* to *yaqona*? What is your view?

MR. Z. YOSHIDA.- Yes, in Hawaii, it is also called *awa*.

HON. J. DULAKIVERATA.- Because we are looking at branding the Fiji product, in regards to *yaqona*, it specifically means it comes from Fiji.

MR. Z. YOSHIDA.- I think until we define the standard for kava, and how we also look at the regulation with imports, that is very important here because then what is stopping an importer bringing in a two-day variety and calling that *yaqona*.

HON. A. NABULIVOU.- The only thing here, it should change kava into *yaqona*.

MR. Z. YOSHIDA.- I am sure that everyone who knows anything about *yaqona* or kava will know that *yaqona* relates to kava because even in Hawaii, they call it *awa*. They do not call it kava. In Tonga as well, I think it is called *kava* in Tonga.

HON. A. NABULIVOU.- *Yaqona (kava)*.

MR. Z. YOSHIDA.- That is a possibility as well, because the international definition is kava.

HON. RATU K. KILIRAKI.- Worldwide, the kava should be from Fiji, the regulatory part especially the imports to be able to distinguish the kava that is not originally from Fiji and put that brand in, to try and safeguard the products here.

MR. Z. YOSHIDA.- I know for a fact, having looked at the statistics from the agricultural office, that we in fact at the moment import more kava than we do export from Vanuatu.

HON. A. NABULIVOU.- Its kava from Vanuatu then we change it to *yaqona* brand – kava, Fiji.

MR. Z. YOSHIDA.- But Fiji kava or *yaqona* should be specifically for our noble varieties here in Fiji.

HON. RATU K. KILIRAKI.- The noble too if we import it from Vanuatu, it should be the noble variety also.

MR. Z. YOSHIDA.- It is identified as noble kava from Vanuatu, so you have to differentiate between the Vanuatu kava and the Fiji kava. Something I picked up on was the inclusion of peeled stem as well.

The other thing was, kava grower means “any persons who cultivate kava for commercial purposes”. Why have we only covered commercial purposes? A kava grower is a kava grower, it does not matter whether you are growing for personal or traditional consumption or whether it be commercial purposes, everyone should be included in this Act.

MR. CHAIRMAN.- Your suggestion here is to identify.

MR. Z. YOSHIDA.- We encompass all kava growers.

MR. CHAIRMAN.- Who cultivates kava.

MR. Z. YOSHIDA.- Yes.

MR. CHAIRMAN.- That means any person who cultivates kava.

MR. Z. YOSHIDA. Yes. So there is a standard that is applicable for everyone, not just for the farmers that are only growing for commercial purposes, but then how do you police, it is going to complicate things as well, I think. Also looking at Part 2 with the Fiji Kava Council, we have 5.5 1(a), not consistent with 16 1.1 In that, 5(1):

“This section establishes the Fiji Kava Council as a body corporate with perpetual succession and a common seal, and may –
(a) sue and be sued.

No. 16(1) – “Indemnity: The Council or any public officer employed or engaged by the Council is not liable for any action, suit, proceeding, ...” et cetera, so it is conflicting, that needs to be noted as well.

HON. J. DULAKIVERATA.- That is the indemnity clause?

MR. Z. YOSHIDA.- Yes, correct, so it is conflicting and that needs to be noted as well.

With regards to the functions of the council, clause 8 talks about the functions of the Council which are to: (a) develop, promote and implement initiatives, guidelines and standards aimed at regulating the cultivation, processing, transportation, and marketing (domestic and export) of kava. There is nothing here about the regulation of imported kava so that is a huge part of this Bill, I believe is, how we address imported kava.

HON. RATU K. KILIRAKI.- Because there are more imported kava than we export.

MR. Z. YOSHIDA.- Correct.

HON. A. NABULIVOU.- So we regulate that.

MR. Z. YOSHIDA.- Yes. I think what is happening is, a lot of people are importing kava, rebranding it as Fiji kava and re-exporting it out of Fiji, largely because we do not have the volumes here in Fiji to support even our domestic consumption.

HON. J. DULAKIVERATA.- But we have the quality here?

MR. Z. YOSHIDA.- Yes.

HON. J. DULAKIVERATA.- We have to note it.

MR. Z. YOSHIDA.- So with regards to the import and export licence as well, the power to issue a licence, clause 23(1), the Council has the power to issue, refuse to issue or suspend an import or export licence whether with or without conditions.

Sub-clause 6, Where the Council rejects an application for a licence, the Council must inform the applicant such refusal with reasons therefore, so again it is contradicting again.

It is a small thing that I have just picked up on here. It has to be a reason, you cannot refuse an import or export licence without any reason.

Part 7, looking at Miscellaneous – the Prohibition on false representation of Fijian kava. Clause 30-1:

“A person must not export from Fiji any bag, container or other receptacle containing kava or kava products unless each of the following is clearly marked:

- (a) the scientific name or the variety of kava;”

So only one scientific name for all the varieties, regardless of whether it is noble or two-day, it is *piper methysticum*, so there is no scientific name for each of those varieties.

The island of origin of the kava, I think, this particular point is going to be very complicated because how does a person, who is doing buying and selling in Fiji, a trader for instance, buys *yaqona* from the middlemen who source *yaqona* from different locations, how do they know that the middleman is in fact only supplying Kadavu waka or Ovalau *yaqona*. They end up mixing it themselves so I think the island of origin is going to be a difficult one because the other complication here is, from province to province within Fiji, we have different names for the same cultivar, so as an example, in Ovalau, we call, a *yaqona vula kasaleka*, that variety, in Vanua Levu, it is called *bisinisi*, so there is no standard from province to province in Fiji of the varieties as well, so it is going to be quite difficult to police that again.

The distinct organs of the kava and any other word that the Minister may prescribe by notice into the gazette. Again, I have just highlighted there that it is going to be difficult to police, different provinces have different names for the same variety and again, one name for kava regardless of the variety, it is *piper methysticum*.

HON. MEMBER.- So what does that mean, the distinct organs?

MR. Z. YOSHIDA.- So they would be referring to the *waka*, *lewena*, et cetera, the parts of the plant. So in addition to this, I have also spoken about this recently at our Kava Committee meeting, that is chaired by Deputy Permanent Secretary for Agriculture, Uraia Waibuta as well.

How do we monitor the export of skin peelings or *civicivi* as that does not offend part of the definitions for kava which I highlighted earlier?

MR. CHAIRMAN.- We will need to put that in.

MR. Z. YOSHIDA.- Yes, but also I believe that we should also prohibit the export of *civicivi*. Poasa from SPC who has tested the *civicivi* has also come to a conclusion that there are toxins in the skin peelings which potentially can contribute to liver toxicity.

HON. J. DULAKIVERATA.- Is Poasa still there or gone?

MR. Z. YOSHIDA.- Poasa is still there because he was part of that discussion that we had at SPC in Nabua a few weeks ago.

Do we have controls on the form of kava being imported into Fiji, so can we import *civicivi* into Fiji for instance? So we need to also address the

importation as well as the export of kava with this Bill because, I think, that has not been touched on very much in the Bill.

Another thing is, with all our shipments because we produce our products to dietary supplements, standards or to food standards or medicinal standards, all our exports out of Fiji have to be accompanied by something called "a certificate of analysis" where you look at the kava lactone profile of the *yaqona* that is being exported but also, we also analyse for microbial content.

I can share this openly with you in that when we sun-dry *yaqona*, we also test our *yaqona* for moisture content being no less than 4 per cent. With 4 per cent moisture in the *yaqona*, we are still getting millions of bacteria in the dried *yaqona*, not necessarily harmful bacteria but still for us to be able to sell our products in the international market, it has to be less than 20,000 CFUG or that is the bacterial count, less than 20,000, so we have to put it in a drying oven at 80 degrees Celsius to kill or reduce the bacteria content.

At the moment, with sun-dried *yaqona*, it is about 1.6 million bacteria count sun day, but no salmonella, no E.coli (*Escherichia coli*).

For consideration: Regional submission in September for consideration by the FAO for inclusion into codex, I think this is an important part of the Kava Bill here as well and how we define the regional standard so what are we doing to liaise with our counterparts in Vanuatu, Samoa, Tonga, et cetera?

So if the FAO accepts kava as part of the *codex alimentarius*, I can tell you now it is going to open up international market in a very big way because at the moment, the FDA in the United States still classify kava as a poisonous plant. In Australia, it is still part of the Poisonous Act in Australia, kava. So if FAO accepts kava as codex, all of the negative stigma associated with kava is gone, they have to drop those trade barriers straight away.

HON. S. VUNIVALU.- That is why we are only allowed to take two kilos of *yaqona* to Australia now.

MR. Z. YOSHIDA.- It is only because of the abuse in the indigenous communities in the Northern territory. That is the issue, it is nothing to do with the safety of kava.

HON. S. VUNIVALU.- The wording says "poison"?

MR. Z. YOSHIDA.- Kava is part of the poison plants as classified by the therapeutic goods administration, the same thing with the Food and Drug Administration (FDA) in the United States, they classify kava as a poisonous plant. So as an example, the University of Minnesota did research in 2014 to show that the incidence rate of lung cancer in the South Pacific is much lower than our neighbours in Australia and New Zealand and yet in Fiji, I know for a

fact, a lot of people smoke cigarettes, so they found that kava reduces the incidence rate of lung cancer.

When we were at this international conference in Hawaii last year, the American Government's National Institute of Health were also present because they provided the preliminary funding to the University of Minnesota for this research. The issue though is because of the classification of kava as a poisonous plant, they could not use taxpayers' money to fund further research into the anti-cancer properties. So what I am saying is, if FAO do admit kava into the codex alimentarius all of that again is gone, so much more research can be supported

So in 1984, the Tongan missionaries, the Fijian missionaries took *yaqona* into those indigenous communities as a substitute for alcohol because the domestic violence, all the crime in those indigenous populations were out of control. The issue though is that a lot of the indigenous communities started abusing kava so the concern right now is into the abuse of kava and those communities only representing 200,000 people or so, out of the 23 million population in Australia.

So kava is banned in the Northern territory and banned in Western Australia, but it is not banned in other states, and that ban is in place because of the abuse by the indigenous population, nothing else. It has got nothing to do with Germany's ban in 2000, because in fact, up until 2006 when John Howard was still in Government, he was the one that banned kava during his last term as Prime Minister.

So there is no issue with regards to safety because in fact the country that spends the most money on research is aside from Germany is Australia, the University of Melbourne, all the human clinical trials for the last ten years or so is funded by Australia.

The last and I suppose also a very important point here is a huge problem that the kava industry is faced with, not just in Fiji but regionally as well. So based on international publications and on research that I can share with you, 40 to 60 per cent of our kava plants in Fiji suffer from a disease called Cucumber Mosaic Virus (CMV) also known as kava die-back disease.

I was on the ferry going back to Levuka on Wednesday last week, I was sitting with Pewitt Douglas who owns Waidau, as you come into Buresala, you will pass Waidau. Pewitt tried to plant *yaqona* about 200 acres worth of *yaqona* 10 years ago or so and he said, all his plants died from CMV. So this is something that we also need to address.

What we have done over the last couple of years is, with the Australian Centre for International Agricultural Research (ACIAR), through the party programme, we did research at USP with the Masters student, looking at the mass propagation of kava but also at disease control. So there are screening

kits that you can buy to test whether kava plant is infected by CMV or not. So we took plantings from Ovalau to USP that we screened for disease and then we grew those varieties at a nursery at USP which all of you are welcomed to have a look at as well.

We then took cuttings from the shoots where the leaves were starting to grow from and grew these varieties in a laboratory, no modification whatsoever, but guaranteed to be disease-free. So I have shared that research with the Ministry of Agriculture and I would also like to propose that this is considered a potential model and the pathway forward for Agriculture in Fiji for *yaqona* as well so that we can eradicate CMV because it is a huge problem that is not currently being addressed.

So the issue is, the plant will go to maturity but it will not give you the same yield, so the *yaqona* farmers are wasting their time, they look after this plant, they give it the same fertilizer, they do whatever they need to do but when they harvest the plant, it is only giving them 30 per cent or 40 per cent of the yield that it should be giving them.

HON. MEMBER.- Because of the

MR. Z. YOSHIDA.- ... disease, cucumber mosaic virus – kava die-back, and that is it, thank you very much for your time, *vinaka*.

MR. CHAIRMAN.- Thank you, Zane, for a very comprehensive presentation. Now, the Committee understands where the region is going and also for us here in Fiji, the industry and the Bill I think you will agree is long overdue. It is something that we really need in Fiji because of the potential that is in this industry, so I will invite members of the Committee, if there is any question to ask.

HON. S. VUNIVALU.- Thank you, Honourable Chair, as I have already mentioned that in the Northern part of Australia, they call this poisonous. I remember I was told in Australia that they mix it with some kind of

MR. Z. YOSHIDA.- ... methylated spirits.

HON. S. VUNIVALU.- But in Fiji just recently, I heard from one of the Members that we also mix it some kind of seeds, have you heard about that?

MR. Z. YOSHIDA.- I saw it in the *Fiji Times*. It causes you to hallucinate and all sorts of other things. I think it is a traditional Indian medicine, if I am not mistaken.

MR. CHAIRMAN.- It is an Indian plant, the seeds of that plant.

HON. RATU K. KILIRAKI.- What do you think of the way forward, I mean the Agriculture on one side and your research has somehow the way that we should go towards? How do you correlate the two?

MR. Y. YOSHIDA.- I think mass propagation of our noble cultivars in Fiji are critical part of our success as an industry because our industry at the moment, the kava industry is struggling. We were struggling pre-Cyclone Winston. The Cyclone has also devastated our region of Lomaiviti as well, so our *yaqona* supply has gone to almost zero so we are looking at sourcing outside of Ovalau at the moment because of *Cyclone Winston*.

The issues though are even pre-Winston, we were processing for a shipment to Australia around two tonnes of green kava a week and we noticed from when we started before Cyclone Winston, the kava lactone content had dropped off significantly. When we started, it was around 10.8 per cent. The kava lactone concentration from the last lot of samples that we produced are down to about 5.5 percent now, it is a huge drop. So we have a whole bunch of *yaqona* stuck at Douglas Pharmaceuticals that does our value adding into kava capsules or kava powder for us, and they cannot produce the kava capsules because we need a minimum of 8 per cent. So it is very hard for us to move into the nutraceutical market, the international marketplace with such low kava lactone content with the *yaqona* that we are sourcing.

So standardisation of the varieties, standardisation of the propagation of kava and also from province to province, the understanding of some of the issues, some of the challenges, I think are critical and how we plan for the international demand that is already in existence but also if we are included into codex, it is going to have a multiply effect, so what are we going to do about it?

Our *yaqona* is going to be a \$1000 a kilo very soon if that is the case and this is our traditional drink in Fiji, so the only way forward that I can see is mass propagation. So we have taken cuttings from a *yaqona* plant in a test-tube so we can take 10 cuttings from that baby kava within four weeks, that is 10 more plants and then four weeks later, those 10 more plants become 100 plants, four weeks later, those hundred plants become a thousand plants, so tissue culture is also disease-free, so we do not have any issues with cucumber mosaic virus.

HON. J. DULAKIVERATA.- What will be the cost to the farmers?

MR. Z. YOSHIDA.- I am not sure what the cost is to the farmers, whether the Government wants to consider the programme as a way forward but it is for Government to decide.

MR. CHAIRMAN.- Director, Extension was here yesterday and again this morning, the idea of increasing the production. The issue of tissue culturing has come up, I understand there is a guy in Nasinu somewhere.

MR. Z. YOSHIDA.- Biotech is owned by Jarome Kado, Eliko from SPC and a Dutch guy who has been in Fiji for 30 odd years, Roderick, and they are doing tissue culture for dalo. I know this because of the huge shortage of dalo cuttings, they are looking at doing tissue culture and Bens Trading, one of their customers, they they will get the tissue culture, dalo plants, and give it out to their farmers as a way of increasing the production, so that is another option for us because I have met with Biotech to discuss the opportunity of doing the same for kava as well, so that could be a consideration.

MR. CHAIRMAN.- This morning we were asking the PS iTaukei and PS Rural Development to form a Task Force, especially the growers, the Task Force on the Government to look at increasing the participation of our rural people. So with that tissue culture because the seedlings will be a problem at the moment.

MR. Z. YOSHIDA.- Correct, we cannot get any *kasa* on Ovalau at the moment.

MR. CHAIRMAN.- We were even in Tailevu North and in Naitasiri, the shortage of *kasa*, so I think the way forward is tissue culture.

HON. RO K. KILIRAKI.- For 8 per cent lactone, what is the age of the kava to grow?

MR. Z. YOSHIDA.- The farm publications that we have reviewed, the kava lactone picks at 24 months and progressively on an annual basis, the kava lactone content in a plant will increase by 2 to 3 per cent annually, so from a commercial perspective, two years to get your kava lactone.

MR. CHAIRMAN.- So by two years, the maximum lactone is in the plant?

MR. Z. YOSHIDA.- There is a book called *South Pacific Elixir* by Dr. Vincent Lebot who looks at all the chemistry and all the thorough detail with regards to the kava plant. I think it should also be reviewed by members of the Kava Council so they understand fully all of this.

MR. CHAIRMAN.- Any other questions, Members of the Committee?

HON. J. DULAKIVERATA.- Before, when the Asia-Pacific region was the biggest supplier of coconuts and they had the competition. I read an article, the two scientists were paid in the States to say from their analysis that coconut has the highest cholesterol that can kill people which killed the industry, so I am worried about the kava, because kava is grown in this region and because of the potential into making it big, you are saying 40 billion or something like that.

MR. Z. YOSHIDA.- 400 million daily doses, from 1990 to 2000.

HON. J. DULAKIVERATA.- Yes, before they ban the thing. You know, because the pharmaceutical companies they have the money. They probably can put up a false

MR. Z. YOSHIDA.- No. What we have done as an industry from an academic perspective through to private sector, et cetera, is, we have now been able to provide research to prove kava's safety and efficacy.

So the issue and challenge for us in the Pacific at the moment is to develop a regional standard. If we have a regional standard that we all adhere to, there cannot be any push-back from the pharmaceutical companies. There are no more excuses that they can make so the development of a standard and quality manual is critical to our success.

HON. S. VUNIVALU.- I have got an experience during some occasions in our villages, for example marriage in certain villages and people coming from Naitasiri, Ovalau, interior of Navosa and some from Vanua Levu but during the presentations, you have to present the *yaqona*. This *yaqona* comes from different kinds of places and what we do after that, we have to pound this *yaqona* and they are all mixed, the elders would give it to those who pound the *yaqona*, we do not know which kind of *yaqona*, just like today, you have mentioned that we have got 13 varieties of *yaqona* in Fiji but for us who do not plant *yaqona*, we just pound it and drink it.

That is one question that we should take into consideration, Honourable Chair, and today, I have seen people that can get drunk from consuming the mixture of this kind of *yaqona*. They cannot stand up, they cannot run, one step forward and two steps backward because of the mixture of this *yaqona* coming from all the places. I just want to share this.

MR. CHAIRMAN.- Maybe the effect of lactones?

MR. Z. YOSHIDA.- Well, it is definitely the lactones that are affecting your GABA rays attached in your brain, that is causing that drowsiness, that drunkenness, so to speak.

MR. CHAIRMAN.- The two-days is translated from the pigeon-English of Vanuatu?

MR. Z. YOSHIDA.- Yes, "*t-u-d-e-i*".

MR. CHAIRMAN.- So if they drink - two-days

MR. Z. YOSHIDA.- Two-days of hangover.

HON. A. NABULIVOU.- Mr. Yoshida, I just want to ask you something about this Taki Mai capsules. How many species of value adding?

MR. Z. YOSHIDA.- We use three varieties and those three varieties are supposed to be 8 percent kava lactone to 14 percent kava lactone. The three varieties we use are the *yalu*, as it is known in Ovalau, the *yaqona vula kasa leka* and we also use the *loa* as well.

So because those varieties have a certain range greater than eight to 14 percent, we are able to standardise it for our products, because kava lactone content is critical for us because we are suggesting that the consumer take two capsules a day or four capsules a day so if we have a huge variation in our kava lactone, and we get caught out by the TGA or the FDA, they can shut us down, because this is a listed medicine.

HON. MEMBER.- You have the liquid, powdered, capsules

MR. Z. YOSHIDA.- We have liquid, we have the powder instant kava which is just finely ground, so a lot of people also do not know that when you *lose* the *yaqona*, you are only getting out 20 or 30 per cent kava lactone, 70 per cent is still in the *kosa* that you throw away. We fine-grind our *yaqona*, we do not modify it in any way, all we do is put it through, the same process as Wakaya, fine-grind, so we make use of the kava lactones.

MR. CHAIRMAN.- You capture all the lactones.

MR. Z. YOSHIDA.- Yes.

HON. A. NABULIVOU.- So you just pour in water, all the things are there.

MR. Z. YOSHIDA.- That is right, yes, so you do not waste the kava lactone.

HON. A. NABULIVOU.- Do you have any category of approval for you to carry on with the raw kava

MR. Z. YOSHIDA.- Yes, we only process green *yaqona*, so we collect from the farmers, fresh green *yaqona*, and we take it back to the factory and we put it through a comprehensive cleaning process and then we mince it after we clean it. We put it through an industrial mincing process and then that *yaqona*, we put it into a machine called a centrifuge, it spins around at high speed like a washing machine, so it removes all the moisture from the green *yaqona* and then that material we take to our nursery and we sun-dry it and then we test it to less than 4 percent moisture, and we bring it back to the factory and we put it in a drying oven and we heat it to 80 degrees Celsius so the kava lactone is also a sensitive of heat.

If you increase the temperature to more than 80 degrees Celsius you start to degrade the kava lactone, so then we put it through a machine called "hammer-mill". An hammer-mill essentially is knives and hammers inside spinning at very high speed, two and half thousand apium and it is pushing the

material, the dried *yaqona* against the screen which then pulverises the material and micronizes it into that fine powder so there is no modification whatsoever.

HON. J. DULAKIVERATA.- No more *kosa*?

MR. Z. YOSHIDA.- No more *kosa*.

HON. S. VUNIVALU.- After all those processes, what percentage is your loss?

MR. Z. YOSHIDA.- No loss, we do not pound, we grind the material, so with micronisation process, we have up to 8 per cent loss of material.

HON. MEMBER.- You also use the leaves?

MR. Z. YOSHIDA.- No, no, we only use *waka* and *lewena*.

HON. MEMBER.- No *kasa*?

MR. Z. YOSHIDA.- No *kasa*. So when we buy the *yaqona* from the farmers, we ask the farmers to cut the *yaqona* two nodes high, so we can identify the cultivar because we only use certain cultivars and that is because of the kava lactone with the production of our products. It has to be a minimum 8 per cent. Traditionally, that is still considered *lewena* in Fiji. Some farmers even up to four nodes, it is still *lewena*, even though that is the *kasa*. They wash it through the traditional washing in the river.

HON. RATU K. KILIRAKI.- Where does the *kanikani* come in?

MR. Z. YOSHIDA.- I think *kanikani* is largely because you do not exercise afterwards. I have been drinking *yaqona* since I was a little kid in Levuka and I still do not have *kanikani*. I drink three or four times a week, I still do not have *kanikani*. It is because you have got to sweat it out.

HON. J. DULAKIVERATA.- Just one comment, when we received this Bill, we thought it was just a simple Bill. Now with all these presentations, we have gone into another dimension.

MR. CHAIRMAN.- We should thank their team for taking Fiji to that dimension.

HON. J. DULAKIVERATA.- Now, we have to incorporate all these things into a national thing.

MR. Z. YOSHIDA.- I think the potential for *yaqona* is huge for Fiji.

MR. CHAIRMAN.- It will be more than sugarcane?

MR. Z. YOSHIDA.- Yes, I believe so.

HON. J. DULAKIVERATA.- Just a side comment, people in Fiji, we are still looking at the negative side of marijuana. With all this research going into the *yaqona*, why do we not put the same effort on to finding the other values for marijuana.

MR. Z. YOSHIDA.- Marijuana plant has two active ingredients. One of them is called THC, the other one is CBD (Cannabidiol) so in Australia they have now legalised medicinal marijuana.

For growing in Tasmania, it is allowed as a prescription medicine. In New South Wales, in Queensland and another few states are also opening up to this idea, because the clinical trials are beyond reasonable doubt, it does work.

Marijuana was an over-the-counter medicine up until 1937 for pain relief, yes, and then the pharmaceutical companies brought in paracetamol and all of a sudden, it is out-lawed, but marijuana without the THC, marijuana with the CBD, that is the difference, not the marijuana that is growing wild for abuse, for medicinal purposes, it is the CBD component that helps with epilepsy, with pain relief, et cetera.

You can intercrop with sugarcane because I have also followed a project in Australia called Biofibre closely. Biofibre is about using the hemp plant for the production of rope and for use as a fibre because it is a very very strong fibre, the hemp plant, clothing as well. The intercropping of hemp in Townsville, in North Queensland, we know that North Queensland is a huge sugarcane growing area, so they have successfully done trials with intercropping of hemp and sugarcane. I can also share a paper with this Committee in regards to that, because there is a company in Australia called Biofibre who was funded by the Australian Government CSIRO, up to AU\$2 million for the development and commercialisation of a biodegradable hemp pellet, wooden pellet.

I actually come from the pellet industry prior to this business, working in Asia, so I know a lot of to do with logistics and stuff. So biodegradable hemp pellet is biofibre and it can be intercropped with sugarcane, so there definitely is an opportunity there for further investigation, particularly with the hugely growing medicinal marijuana market, absolutely.

HON. J. DULAKIVERATA.- You have to find the right variety.

MR. CHAIRMAN.- Vinaka, Zane, on that note, we thank you for availing yourself to the Committee today, we have learnt a lot and what you have told us today will be part of our report to Parliament on this Bill.

HON. RATU K. KILIRAKI.- Mr. Chair, just one more comment, please. We had been to Delasui in Tailevu, they can only plant kava in one place and when

they plant again, the yaqona does not grow there, it is probably the PH, you mentioned about 5.5 PH to 6.5.

MR. Z. YOSHIDA.- Very important.

HON. RATU K. KILIRAKI.- You can do the soil analysis in Koronivia. They do free analysis at Koronivia.

HON. J. DULAKIVERATA.- You have to apply the right fertilizer?

MR. Z. YOSHIDA.- Yes, but you can also bring the PH back, by Ag Lime.

HON. J. DULAKIVERATA.- That is in Wainibuka – Ag Lime, in Wailotua.

MR. Z. YOSHIDA.- Yes.

MR. CHAIRMAN.- On that note, Zane, thank you very much for availing yourself today.

MR. Z. YOSHIDA.- Hon. Chair, *vinaka*, nice to meet you all.

MR. CHAIRMAN.- Members of the Committee, we have the last presenter for today, he is outside awaiting us so we will just go through with the last presenter and then we adjourn.