



iTaukei Land, Our Heritage, Our Future



TLTB RENT RECOVERY IN THE LAST 10 YEARS TO 31ST DECEMBER 2017

WRITTEN QUESTION 87/2018



EXECUTIVE SUMMARY

1. ARREARS AT 31ST DECEMBER 2017.

- 1.1. Rent arrears of **\$9,982,024.14** as reduced from **\$17,377,867.52** as at 1st January 2017, hence a reduction of **42.54%**.
- 1.2. A total of **19,177** tenants were in arrears at 1st January 2017 and reduced to **8889** tenants, hence reduction of **53.64%**.
- 1.3. The average reduction per annum of **\$8,568,568.26** for the last 10 years.

2. ACCUMULATED RENT ARREARS IN THE LAST 10 YEARS

- 2.1. Was **\$22,008,345.83** in **2008** and increased to **\$27,193,409.02** in **2012** and gradually reduced to **\$9,982,024.14** at 31st December 2017.
- 2.2. Refer to **Annexure A** - Rent arrears status from 2008 to 2017 for details

3. LEASE TYPES WITH HIGH RENT ARREARS

- 3.1. A total of **7,020 Agricultural leases** owed **\$8,295,187.11** in accumulated rent arrears at 1st January 2017 and reduced to **3,379** with arrears to **\$5,194,112.95** at 31st December 2017.
- 3.2. A total of **10,266 Residential leases** owed **\$5,381,533.15** in accumulated rent arrears at 1st January 2017 to **4,773** with arrears of **\$3,169, 1969** at 31st December 2017.
- 3.3. Refer to **Annexure B** for Rent arrears per lease types.

4. MAIN CAUSES OF RENT ARREARS

- 4.1. Cane leases with low production and Agriculture Leases which consist of an average of 49.30% of total arrears every year for the past 10 years.
- 4.2. Absentee tenants living abroad.
- 4.3. Absentee Farmers on Agriculture leases: Most farmers (2nd generation farmers) are moving to the city for weekly wages employment.
- 4.4. Leases under the Estates where beneficiaries are to be determined by Public Trustees.
- 4.5. Bad tenants who are not complying to pay rent on time under the lease terms and conditions.
- 4.6. Unreliable tenants contacts/ addresses.
- 4.7. Frequent natural disaster in the last 10 years having its toll on agricultural leaseholds productivity.
- 4.8. The recovery system is a cumbersome process and Court Action can take months and years to a year or even 2 years.
- 4.9. Such factors are causing accumulation of rent arrears right up to 20 years

5. INCENTIVES PROVIDED TO TENANTS

- 5.1. Waiver of interest subject to full payment of rent in arrears and fees.
- 5.2. Agreed payments by installments.
- 5.3. Payments can be made in any TLTB office, Banks, Post office, MH outlets and M-paisa.
- 5.4. Amnesty Period given to those tenants affected by natural disasters.
- 5.5. Assist Old Aged Tenants with Arrears by clearing arrears through Government Rent Assistance Initiatives in 2016 and TLTB.

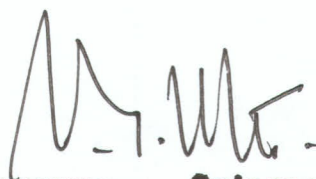
6. MEASURES AND ACTION TAKEN BY TLTB

- 6.1. TLTB is incurring costs around \$200,000 per year in rent recovery.

- 6.2. Create more awareness with tenants to pay rent on time in January or July each year or by monthly payments and treat rent payments as important monthly budget commitments like FEA or water bills.
- 6.3. A total of **2,326** tenants owing accumulated rent arrears of **\$5,706,505** have been taken to court for order of payments and vacant possessions.
- 6.4. To continue filing writ of summons in court to recover rent in court. Also to engage Bailiffs to assist enforcement of court orders.
- 6.5. Visitation of each tenant in arrears to find out the difficulties faced and update their personal details
- 6.6. TLTB to screen and vet new lease applications diligently on ability to pay basis.

7. TLTB ADVICE TO BAD TENANTS

- 7.1. To be honest and truthful and adhere to lease condition to payment half year rent on in January of June or monthly payments.
- 7.2. To treat land rent payments as family monthly budget priority.
- 7.3. Tenants can lose their properties including homes as result of not paying rent as TLTB will go to court to get orders for payment and evictions.
- 7.4. Tenant must realize that rent is the landowner's entitlement to receive for leasing their land.



.....**Solomon V. Nata**
Deputy General Manager
TLTB MANAGEMENT
(Operations, Research & Development)

April 5, 2018

ANNEXURE A - Rent arrears status from 2008 to 2017

Year	January	December	Total Reduction Value	Percentage in Reduction
2008	\$ 22,008,345.83	\$ 15,417,634.97	\$ 6,590,710.86	29.95%
2009	\$ 23,260,015.22	\$ 15,962,865.16	\$ 7,297,150.06	31.37%
2010	\$ 25,324,787.58	\$ 15,962,865.16	\$ 9,361,922.42	36.97%
2011	\$ 26,766,636.54	\$ 17,337,688.53	\$ 9,361,922.42	34.98%
2012	\$ 27,193,409.02	\$ 17,267,287.99	\$ 9,926,121.03	36.50%
2013	\$ 25,315,908.65	\$ 15,178,073.30	\$ 10,137,835.35	40.05%
2014	\$ 22,163,004.91	\$ 14,327,168.09	\$ 7,835,836.82	35.36%
2015	\$ 20,770,860.60	\$ 12,528,466.93	\$ 8,242,393.67	39.68%
2016	\$ 19,359,164.33	\$ 9,818,217.78	\$ 9,540,946.55	49.28%
2017	\$ 17,372,867.52	\$ 9,982,024.14	\$ 7,390,843.38	42.54%

ANNEXURE B

Year	2011		2012		2013		2014		2015		2016		2017	
Lease Type	1st January	31st December	1st January	31st December	1st January	31st December	1st January	31st December	1st January	31st December	1st January	31st December	1st January	31st December
Agricultural	\$ 13,724,214.82	\$ 9,131,683.61	\$ 13,008,761.29	\$ 9,396,200.24	\$ 12,335,072.06	\$ 8,519,786.09	\$ 11,136,997.34	\$ 8,025,627.41	\$ 10,490,598.00	\$ 7,056,121.16	\$ 9,833,119.92	\$ 5,423,774.92	\$ 8,286,483.77	\$ 5,194,112.95
Commercial	\$ 1,657,581.58	\$ 910,709.81	\$ 1,641,673.18	\$ 959,041.53	\$ 1,648,620.56	\$ 667,807.40	\$ 1,262,304.82	\$ 663,826.63	\$ 1,204,938.07	\$ 581,948.03	\$ 1,191,971.22	\$ 516,770.58	\$ 1,122,389.45	\$ 573,798.37
Educational	\$ 180,486.09	\$ 103,081.38	\$ 278,658.67	\$ 110,256.91	\$ 239,751.46	\$ 71,463.91	\$ 224,595.54	\$ 56,399.62	\$ 215,442.44	\$ 46,076.09	\$ 133,997.11	\$ 66,543.16	\$ 207,057.08	\$ 66,066.51
Forestry	\$ 189,489.24	\$ 65,257.01	\$ 164,302.33	\$ 77,253.48	\$ 246,765.08	\$ 100,694.51	\$ 230,357.59	\$ 64,597.58	\$ 269,663.18	\$ 49,020.82	\$ 178,328.47	\$ 67,525.20	\$ 360,918.73	\$ 119,677.01
Government	\$ 336,196.88	\$ 179,374.33	\$ 486,115.51	\$ 280,744.77	\$ 500,967.57	\$ 240,273.27	\$ 641,152.87	\$ 209,131.51	\$ 340,035.66	\$ 21,368.29	\$ 73,181.91	\$ 53,637.73	\$ 142,967.17	\$ 93,892.40
Industrial	\$ 454,958.40	\$ 279,967.95	\$ 688,895.04	\$ 257,456.72	\$ 533,012.45	\$ 221,581.10	\$ 462,201.15	\$ 162,051.84	\$ 349,367.60	\$ 135,957.06	\$ 379,315.35	\$ 116,892.86	\$ 374,600.25	\$ 137,543.06
Other	\$ 683,970.88	\$ 449,354.61	\$ 765,041.73	\$ 498,468.69	\$ 868,216.68	\$ 521,453.25	\$ 826,928.16	\$ 288,207.85	\$ 504,649.02	\$ 346,200.08	\$ 679,206.04	\$ 443,669.09	\$ 860,437.80	\$ 304,401.77
Residential	\$ 7,396,329.91	\$ 4,852,612.98	\$ 7,356,034.32	\$ 4,870,121.66	\$ 7,259,339.19	\$ 4,352,712.70	\$ 6,537,641.70	\$ 4,181,280.40	\$ 6,259,446.23	\$ 3,622,110.17	\$ 5,872,464.08	\$ 2,945,006.03	\$ 5,381,182.79	\$ 3,168,169.95
Tourism	\$ 2,221,295.18	\$ 1,363,942.00	\$ 2,799,727.87	\$ 815,416.30	\$ 1,675,664.80	\$ 479,941.22	\$ 827,663.21	\$ 674,455.38	\$ 1,132,226.91	\$ 668,588.83	\$ 1,008,998.97	\$ 184,398.21	\$ 617,778.93	\$ 321,824.62
Water/Mine	\$ 5,044.81	\$ 1,704.85	\$ 4,199.08	\$ 2,327.69	\$ 8,498.80	\$ 2,359.85	\$ 13,162.53	\$ 1,589.87	\$ 4,493.49	\$ 1,076.40	\$ 8,581.26		\$ 19,051.55	\$ 2,537.50
Total	\$ 26,849,567.79	\$ 17,337,688.53	\$ 27,193,409.02	\$ 17,267,287.99	\$ 25,315,908.65	\$ 15,178,073.30	\$ 22,163,004.91	\$ 14,327,168.09	\$ 20,770,860.60	\$ 12,528,466.93	\$ 19,359,164.33	\$ 9,818,217.78	\$ 17,372,867.52	\$ 9,982,024.14
Net Reductio	35.43%		36.50%		40.05%		35.36%		39.68%		49.28%		42.54%	

99 YEARS COMMERCIAL AGRICULTURAL LEASES

1. Terms and Conditions of Lease – Commercial Agriculture

The issuing of 99 year term for Commercial Agricultural leases does not contravene TLTA or ALTA. While this provides an opportunity to make itaukei land more attractive and enhance confidence and security with longer term it is necessary to ensure that the terms and conditions of the lease correspond to equitable benefits to the landowners as well as the tenants.

Provided below are three (3) lease options for consideration.

Option A – Hybrid

- (a) Land Use: Special – Commercial Agriculture
- (b) Term: 99 years
- (c) Rental & Premium Values: Based on Unimproved Capital Value.
Premium is to be reviewed and paid on the 51st, 65th 75th and 85th year.
- (d) Permitted Improvements: as permitted under the Town and Country Planning
- (e) This option is so called a hybrid option as it offers a combination of ALTA and TLTA provisions.

Option B - Lease Offered at Market Rate

This option fully incorporates the provisions of TLTA regulations in the terms of lease as such:

- (a) Land Use: Special – Commercial Agriculture
- (b) Term: 99 years
- (c) Rent: Market rate,
- (d) Premium: Based on market rates and paid once before the commencement of lease.
- (e) Reassessment: Five (5) yearly reassessments.

- (f) Improvements: in compliance with the purpose of the lease and will be reverted to landowners at the expiry of the lease.

Option C – ALTA lease

This option proposes the most equitable benefits to the tenants and landowners. It is similar to Option B in that the market rates are used; however, the premium is staggered over 15 year periods for the duration of the lease.

- (a) A term of 99 years
- (b) Rent review every 5 years
- (c) New lease consideration based on TLTB schedules every 15th year.

2. Other lease conditions

(a) Improvements

Given the nature of such leases, improvements that can be constructed on the lease shall be in accordance with Provision 9 of the Town Planning Act Cap 139 General Provisions Schedule A. However, improvements for dwelling shall be limited to one per farm.

(b) Transferring of lease to landowners

The landowning unit to be given first preference to buy the lease should the tenant wish to sell the lease.

(c) Landowner share on sale of the lease

Should the lease be sold in the first 10 years of the lease term, a levy of 20% is levied on the sale price as landowner's considerations from the sale. This is to deter speculation or leasing to sell without development. Any sale after the 10th year, a levy of 10% is levied as landowner's consideration.

a) Sub lease

Any sublease on the lease shall attract a 20% of the sub lease consideration.

3. Other Benefits & Special Conditions

In light of the Fiji's global and national commitments in terms of the Sustainable Development Goal (Goals 2, 13 and 15) and Fiji's Green Growth

Framework (Thematic Areas 1 & 5) the following additional conditions are proposed:

a) **Global Good Agricultural Practices (Global GAP)**

Tenant must uphold Good Agricultural Practices (GAP) on his/her farm at all times and pursue to attain the Global GAP Standards.

b) **Conversion Period – Natural Rehabilitation**

The international conversion period to transform a piece of land to its natural organic state is three years. For Commercial Agricultural leases it herewith proposed to incorporate the same period of (3) consecutive years following the 30th, 60th and 96th year to be set aside as conversion period for the subject land. This will allow the land to naturally rehabilitate itself and will also ensure that the soil is well nourished for another term of extensive cultivation, tilling and production.

c) **Carbon rights**

The prospect for carbon financing and trading is also being pursued in the agriculture sector specifically in organic farming communities. The provision for carbon rights, carbon trading and finance are included in the lease conditions to ensure that should lessee consider declaring his/her lease for such project that landowners also benefit whether financially or through capacity building, community development or a collection of all and more.

4. Legal compliance

Mandatory Requirements for Processing a Lease:

- a. Consultation of Landowners - As required by law, consultation of landowners is very much an essential part of any leasing process. Consultations are an opportunity for landowners to raise their concerns and future plans and need for land use, development and reservation.
- b. De reservation of land in reserve – Due diligence process must be followed with majority consent obtained.

- c. Reassessment of lease – every lease has a minimum reassessment period of 5 years. For such leases, the reassessment period will be on a 5 yearly basis to monitor the progress of cultivation, harvest and even research on the leased land.

5. Important Considerations

- a. The lease term for agricultural has been considered and reconsidered since the early colonial times having considered the interest of the landowners, the economy and the demand for more security from the descendants of the Indian indentured labourers in Fiji. The 99 years lease was initially issued in the very early late 1880s - 1990s, reviewed to 21 years in the mid-1900s, again reviewed to 10 years in 1966 and then again to 30 years in 1977.
- b. The lease terms initially started with 99 years, it was reconsidered for a lesser term in later years for the primary reason that the land needs for the use, support and maintenance of the itaukei landowners are to be considered at the lease expiry. **The essence of 21 years, 10 plus 20 years and 30 years equates to life span of a generation where reconsideration on the land needs of that generations for a further new lease or not.** This is our statutory role under section 9 of TLTA Cap 134 where it says:

*"No itaukei land shall be dealt with by way of lease or licence under the provisions of this Act unless the Board is satisfied that the land proposed to be made the subject of the lease or licence is not beneficially occupied by the itaukei owners, and **is not likely during the currency of such lease or licence to be required by the itaukei owners for their use, maintenance and support**". (bold is emphasized)*

Under Section 4, it provides the key statutory role for TLTB to administer itaukei land and ensuring the best interest of the landowners are safeguarded.

*"The control of itaukei land shall be vested in the Board and all shall be administered by the Board **for the benefit of the itaukei owners**".
(bold is emphasized)*

- c. Whilst our statutory roles are stated, our mandate as trustees for the itaukei landowners warrants more due care as our fiduciary duties to our trustees – beneficiaries relationship.
- d. The 99 years will indeed provide the much needed long term land tenure security to invest on itaukei land in facilitating agricultural investments on itaukei land. It is designed to boost investment confidence in making long term commitments, large scale development and attractiveness of itaukei land.
- e. However, it must be stated that long term lease is not synonymous to productivity of leaseholds.
- f. Whilst security and confidence in long term security have been fully considered, of equal significance is the equitable return to the landowners to receive from the use of their land as expressed under TLTA Sect 4 and 9 and guaranteed in the 2013 Constitution.
- g. Vacant agricultural sales in the market are around \$8,000 per acre to \$10,000 per hectare for 30 years lease term and around \$14,000 per acre for 50 years lease terms rural areas. In essence a 10 acres or 4.047 hectares of land is estimated to fetch \$80,000 premium and for 30 years term, and \$140,000 for 50 years term. To extrapolate the values to 99 years would have a factor of 3 to 4, hence a 10 acres of 99 years should fetch a premium of around \$240,000 to \$320,000.
- h. The three leasing options are to provide option to lease agricultural land for 99 years whilst ensuring the landowner long term interest are protected.

6. LIST OF 99 YEARS COMMERCIAL AGRICULTURAL LEASES ISSUED IN 2017.

No.	NAME	Land Area	Land Name	Location	Lease Offer
CENTRAL EASTERN					Total Amount
1	Joji Rinakama	10.16 acres	Waisaya (Pt Of)	Lutu, Naitasiri	\$31,078.90
2	Navitalai Bulisea	13.66 acres	Naitalasese (Pt Of)	Nakelo, Tailevu	\$33,601.40
3	Mohammed Rasheed Iqbal	15 acres	Delaiwaitui (Part Of)	Vugalei, Tailevu	\$27,547.40
4	Litea Varo	10.3 acres	Nubuwaqa (Part Of)	Naitasiri	\$31,078.90
SOUTH WEST					
5	Moses Sandeep Reuben	7.5 acres	Olo Part Of	Momi, Nadroga	\$24,015.90
6	Kumar Navneet	13 acres	Olo Part Of	Momi, Nadroga	\$30,574.40
7	James Cyril Smith Johansen	16 acres	Olo Part Of	Momi, Nadroga	\$33,601.40
8	Mesake Cataki Tamanikairukuruku	8 acres	Olo Part Of	Momi, Nadroga	\$25,327.60
9	Rosivela Dresu	8.5 acres	Olo Part Of	Momi, Nadroga	\$26,538.40
NORTH WEST					
10	Simione Degei	10 acres	Duaniwai (Pt Of)	Naloto, Ba	\$30,574.40
NORTH					
11	Waisea Buludrau	26.94 acres	Qeledamu	Vaturova, Cakaudrove	\$29,767.20
TOTAL LEASE OFFER AMOUNT					\$323,705.90
12	GREEN AGRICULTURE COMPANY PTE LIMITED	4.8222ha	NASEI ISLAND	Nausori	\$60,540.00

a. Conditions of the leases

1. Premium Values: Based on Unimproved Capital Value. Premium is to be reviewed and paid on the 51st, 65th 75th and 85th year.

2. Improvements

Given the nature of such leases, improvements that can be constructed on the lease shall be in accordance with Provision 9 of the Town Planning Act Cap 139 General Provisions Schedule A. However, improvements for dwelling shall be limited to one per farm.

3. Transferring of lease to landowners

The landowning unit to be given first preference to buy the lease should the tenant wish to sell the lease.

4. Landowner share on sale of the lease

Should the lease be sold in the first 10 years of the lease term, a levy of 20% is levied on the sale price as landowner's considerations from the sale. This is to deter speculation or leasing to sell without development. Any sale after the 10th year, a levy of 10% is levied as landowner's consideration.

5. Sub lease

Any sublease on the lease shall attract a 20% of the sub lease consideration.

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TLTB Management

April 16, 2018