Mineral resource policy in Solomon Islands: the ‘six feet’ problem

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The Solomon Islands has, over the last 19 months, been the scene of a conflict—referred to as ‘ethnic conflict’—on the island of Guadalcanal. Resource use and benefit distribution have become motivating factors in this conflict. The Guadalcanal people, whose islands have hosted the commercial and administrative capital of the contemporary nation of Solomon Islands since the 1950s, feel that the benefits of modernisation have not been evenly distributed. This raises issues of resource policy, especially where development involves natural resources development involving customary land.

Resources policy in Solomon Islands has neglected to take into account key tribal interests and goals, including collective landownership, kinship systems and cultural rights. This neglect means that existing mineral resource policy is encouraging conditions for conflict rather than being conducive to long-term stability for social and economic development.

Background

Following political independence in 1978, the policy of centralisation of development has persisted for 20 years. Large-scale investment projects were commenced in the 1960s and 1970s in the area of forestry, fishery, rice cultivation and oil palm plantations (Naitoro 1993).

- Fisheries was one of the largest investment sectors at the time of political independence, with the setting up of Solomon Taiyo Limited, a joint-venture company between the Solomon Islands government and Taiyo of Japan (Hughes 1987, Meltzoff 1983). The joint venture was intended to secure the Solomon Islands government rights of ownership.

- While large-scale commercial projects have contributed to the national purse they have contributed little to improvements in standards of living for the communities directly affected by the development. Limited opportunities existed for skills development, with unskilled workers dominating Solomon Islanders’ contribution to the project. Such large-scale projects are no guarantee for rural development. The Solomon Taiyo project has reported financial losses for over 20 years.

- The establishment of Solomon Islands Plantation Limited by the Commonwealth Development Corporation (CDC) in the 1970s is another substantial project involving a kinship-based community (BSIP 1971). From 1977 to 1992, five estates were established, starting with a labour force of 400 in 1973 (Naitoro
Estate development and labour force expansion has increased over the years. While the state receives dividends from such projects, a kinship-based community lifestyle remains and 80 per cent of the local population support themselves by subsistence practices. Natural resources development projects need not take complete responsibility for social development in the project area, but the idea that project development leads to improvement of the people directly affected or the country as a whole is questionable.

- Forestry development in Solomon Islands started in the 1960s when forestry was confined to state land resources. However, this changed as forestry activities increased in the late 1980s and early 1990s. The 1994 Budget reported log exports amounting to S$267 million (Abe 1995). This financial windfall was indicative of the period 1985–96, when logging expanded to areas of tribal society. According to Dauvergne (1998), 80 per cent of logging occurred on customary land. Despite indications of widespread logging activities among kinship-based communities, there have been no instances of successful logging activities translating into improvement in village life.

If there is any lesson to be learned from development experience in Solomon Islands over the last 20 years, it is that harvesting natural resources does not necessarily lead to development, let alone improvement of living standards in the villages. But the Solomon Islands government has nevertheless embarked on further mineral resources development.

Over the period 1995–98, the Solomon Islands government implemented the first hard rock gold mining project in the country. The Gold Ridge mining project confirmed the long-term expectation of mineral resources potential. But only one year after commencement of operations of the Gold Ridge project, the country descended into a wave of violent conflict. A self-styled militia group from the island of Guadalcanal took up arms and campaigned for the expulsion of a largely Malaitan immigrant population. The issues that motivated this campaign involved demands for equity in economic rents from natural resources development, relative political autonomy and cultural identity.

In the context of experience and the current ethnic tensions in Solomon Islands, there is need to understand resource policy in relation to kinship-based communities. This paper argues that tribal societies’ collective rights, such as collectivity of landownership, kinship and cultural rights are central issues for securing stability and natural resources development. The experience of the Gold Ridge project is described to illustrate how attempts were made to articulate kinship-based community demands of existing mineral policies, to show practical limits, and to direct attention towards possible policy change.

Collectivity in resource ownership

Resource policy in Solomon Islands has paid limited attention to the nature of collective ownership of natural resources. Part of the reason for this is the historical context of resource policy. Resource policy in Solomon Islands is inherited from its colonial legacy and is an outcome of the institution of the state. Pre-colonial Solomon Islands consisted of independent social communities which had social structures rather than political structures to perform production and reproduction of change in society (Hintze 1968) This has changed with the introduction of the institution of a nation-state. Since the introduction of centralised authority in 1893 (Allan 1957:36), opinions on resource use have often diverged between centralised authority and social communities. One clear example lies in mineral resources policy. Solomon Islands’ mineral resources policy operates on the principle that all minerals
belong to the state, including minerals found on customary land, but in practice this policy cannot work in the context of Solomon Islands society. This dilemma has given rise to the ‘six feet problem’ of mineral resources policy in Solomon Islands, that is, on customary land the state owns the rights of mineral resources beyond a depth of six feet. As the experience of the first gold mining project in the Solomon Islands demonstrated, collectivity of land ownership and mineral policy operates in an environment of distrust even before the project starts, because the policy of state ownership contradicts the essence of the land ownership system. Collectivity in customary land ownership has become a generally accepted notion in the Pacific island nations (Allan 1957, Burt and Museum of Mankind 1981, Hviding 1996, Keesing 1982, Larmour et al. 1979). But such a notion of collectivity of ownership presumes that over time, collectivity in land ownership will change to individual land ownership, or private ownership. Hviding’s work among the Marovo people of western province of Solomon Islands, identified that ‘estate area’ or puava (landholding area) are specific land territories. Such territory is associated with a specific social group known as butubutu with rights under the kinship system of descent to a common ancestor (Hviding 1996). The important element of butubutu is that for specific territory, rights through kinship and uses are defined and regulated. While members of a particular butubutu may have other land rights over other land territory, each territory is autonomous in its own right. This form of territoriality is associated with specific social groups also found elsewhere in the Solomon Islands. For example, moieties (manukiki or manugaravau) on Guadalcanal (Allan 1957, Davenport and Çoker 1967) or Arata among the ’Are’Are of Malaita (de Coppet 1982).

Customary landowners belong to a social group that defines not only rights of use but identity in relation to specific land. It can be argued that these territories are already ‘private’ in the sense that others, who are not in direct descent from the common ancestor that legitimates the social group, are excluded. The important point is that resources policy in Solomon Islands tends to be more interested in the land and resources rather than what happens to those social groups whose identity and access rights are implicated when project development is proposed. The objectives of these social groups, especially in regard to consequences of project development, tend to be downplayed in favour of economic development. Potential benefits may not correspond to mitigating effects on identity and access.

An example of the conflict between the government’s ‘development’ opportunities and identity issues and land access occurred with the development of the Gold Ridge Mining project. The policy of state ownership of mineral rights is justified on the basis of national interests. But this policy does not sit comfortably with customary land tenure consensus that landowners, according to custom, own everything without exception. The government was therefore forced to modify the principal Act in the 1990s amendment. This amendment provided an enabling clause which stated that mineral rights should be shared with the people of Solomon Islands. This ambiguous clause leaves the way open to customary landowners to demand a larger share of revenues from mineral resources. In 1997 the government made the further amendment that provisions be made to establish a Trust Account for the payment of royalties to customary landowners. These policy changes gave the impression that the kinship-based community had become a legitimate partner in project development. Policy adjustments also helped the process of land adjudication, survey and registration. The mining company was also involved in logistical support, especially in transporting the local population to meetings about customary land.
At the same time, the policy created false impressions of project development, where goals are driven by government notions of development, and gave little consideration to the costs to social groups in terms of territorial displacement, cultural genocide, environmental change, and changes in definitions of identity.

Resource policy requires clear definitions of ‘development’—not only of opportunities, but also about issues of identity for the social groups which are displaced by the development.

**Kinship system**

Kinship systems, like collectivity in land ownership, are rarely part of resource policy in Solomon Islands. The kinship system is simply associated with custom or land tenure, but the kinship system is not only an ideology but a practice in the context of Solomon Islands. It is an ideology in that individual members may decide not to be a part of it, especially when obligatory relationships in social relationships are involved. At the same time, the kinship system is not just an ideology since it defines group membership and rights to land. In this sense, the kinship system is a ‘code’ for inclusion or exclusion, especially when natural resources are involved. The underlying principle of kinship is that it is a binary ‘customary law’. Either you are a member of a group by descent, or you are not. Underlying this binary notion is the assumption that, if you are a human being, you cannot be ‘landless’ or resource-less. Obviously this is not true for everybody, even in Solomon Islands. Essentially, the objective is not to allow the ‘landless’ to assume land from kinship-landowners, but rather to negotiate inclusion for those have little or no land.

In the case of the Gold Ridge project, customary landowners were ‘forced’ to form an ad hoc organisation aimed at providing political representation in negotiations over the terms of mining project—particularly the displacement of tribes from the mining lease area. The formation of a landowners’ association was considered sufficient to represent landowners. Two major issues arise out of this situation. The first is the ‘reduction’ of multiplicities of kinship groups into an almost dictatorial landowners association. The second is the ad hoc nature of customary land representation or authority.

**Multiplicities of kinship groups**

During 1995, the Gold Ridge kinship-based community was told that their dependency on alluvial panning was to end. Ross Mining N.L. reported that they were satisfied and confident that the deposit was economically viable. There were, however, two problems at the start of the project. Unlike Papua New Guinea, there was no active mining project in the country from which government officials and customary landowners could learn. The government asked the Commonwealth Secretariat to provide mining experts and also contracted RTZ Consultants to carry out an environmental appraisal. The second problem was that landowners were limited by technical and financial constraints, and had very limited information about the scale and scope of the mining project.

The landowners were not a homogeneous group, which led to problems in terms of collective representation. The extended family units who seemingly exert an equal traditional leadership role cannot be equally represented unless all are involved.

In June 1995, about 17 family units of landowners were identified at Gold Ridge. Not all the area’s inhabitants belonged to the 17 family units, some were non-landowners who had settled in the area over the years. Thus the Gold Ridge people were a mixture of landowners and migrants who had lived in the area for decades and made a living panning for gold.

As a group the Gold Ridge people have wider relationships. They are a part of a wider social network amongst the
The indigenous population of Guadalcanal. The Statistics Office census reported an indigenous population of 31,677 in 1976. By 1986, the population had grown to 49,831—an annual growth rate of 4.3 per cent (Solomon Islands Statistics Office 1988:2). There are now almost 63,000 people representing seven major linguistic divisions, which can be further categorised into a number of sub-dialects.

The seven major linguistic divisions include Marau and Longgu in the south of the island, Lengo and the Western Guadalcanal division in the west, Talise in the east and Mbirao and Malango in the island’s interior. Customary landowners are part of a wider social network of people which is more interrelated than the government and the private sector are willing to acknowledge.

The Gold Ridge landowners are a part of the Malango linguistic division. They live in the highlands and are a mountain people. The Malango population in the 1986 Census was about 6,094, with the male population slightly outnumbering the female population (Solomon Islands Statistics Office 1988). Within the Malango linguistic division there are a number of dialects, of which one is the Bahomea dialect. The Gold Ridge area is known by the indigenous community as the Matoba land.

The Matoba society supported the project on the condition that there would be proper and appropriate compensation. About 1,200 landowners are directly affected by the project. This population is further divided into the 17 extended family units (Table 1).

Each of the 17 extended family units has a traditional leader, but because official language definitions of business are in English, participation by older people was limited. Therefore, the younger generation was forced to take the leadership role—an unusual situation. The critical nature of representation and the problem of benefit sharing have been recognised and acknowledged by the government.

These problems led to the formulation of the Gold Ridge Landowners’ Association Council to represent landowners’ interests. The Landowners Association Council was intended to administer and distribute benefits proportionately to the 17 extended family units.

The problem here is that landowners were assumed to be a homogenous group. Diversity of kinship groups was ignored for the sake of simplicity, expediting the process at the cost of oversimplification. This reduction of the kinship-system has meant that commercial projects, financial interests and other interests have not been considered in relation to the distinctive goals of kinship groups. Thus the question of how to ensure that the benefits from mineral resources are distributed equally, and are expended in the interests of sustainable development has not been resolved.

The authority of the association

The reduction of multiple kinship groups under the authority of Gold Ridge Landowners’ Association (GRLA) has caused a number of problems. Because most of the members of the association were chosen on the basis of educational level, cultural importance has been undermined. Elders have lost their leadership role, because they are unable to deal with external government and foreign company officials. The association has not been a self-functioning organisation and lacks the human and financial resources necessary to represent the people adequately. Another issue is accountability. The organisation does not have the appropriate mechanisms to ensure that association officials adequately represent their people, and that the interests of the social group as a whole are satisfied. Social groups had little time to consider what properly constitutes their group and decide their particular individual goals in the development project.
Policy dialogue

Policy on resources development in the context of kinship system, collective landownershipship and representation needs to be improved to recognise social groups in Solomon Islands.

Cultural rights

Resources policy in Solomon Islands in general also downplays cultural rights. One reason has been the framework used by consultants when social and environmental impact studies are carried out. Cultural rights are rarely defined in the context of resource policy. This is not surprising given that the notion of human rights remains contested ground even at the global level (Bodley 1990; Donigi 1994; Messer 1993). According to Messer’s assessment of the role of anthropologists in the human rights debate, it is clear that universalisation of human rights may undermine specific rights (Messer 1993). If universalisation of human rights is based on individuality alone, then the primacy of kinship rights in the tribal society is undermined.

Kinship systems justify obligations and mutuality of relationships based on perpetual rights of common heritage. In this sense the ideal of kinship obligations is to maintain reciprocity as a means to redistribute social and economic benefits in society. In this sense, common heritage articulates the relationship between individuals and social groups within a particular cultural environment. The butubutu situation (Hviding 1996), shows that specific territory associated with a specific social group defines the unit. Changes to the existing status of a social unit cannot be defined by some external universal value system that shows no regard for definitions of social and environmental ecology. The rights of such a cultural ecology are not accommodated in the existing resource policy. This situation raises the question—how does a nation state evaluate the cost of cultural rights in the context of mineral resources development, when such social groups ‘must’ be displaced?

The experience of the Gold Ridge project

The project aroused high expectations, mostly in terms of financial gains, among the Gold Ridge kinship-based community. For the government the project was considered a success story in facilitating foreign capital investment.

The Mamaloni Government established a task force which pooled resources from appropriate ministries to process customary land acquisitions—a project which took almost two years to complete. The government

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<th>Table 1 Extended family units identified as landowners of Matoba land</th>
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spent at least SI$500,000 in the facilitation process, which involved local and foreign experts. This included
- a feasibility study
- negotiating benefit distribution and approval
- government monitoring to ensure good mining practice.

Feasibility study

In 1995, Ross Mining NL. Limited, commissioned a revised baseline social and environmental impact study of the people and the physical environment of the proposed mine. The revision was simply an expanded version of a previous study by Arimco who had abandoned the prospect two years earlier. Under the Mines and Mineral Act 1990 (NPSI 1990) it was a requirement that the applicant for the mining lease produce a feasibility study.

A mining lease application requires submission of a financing plan, specifics of any major ancillary authorisations needed for project development, and a feasibility study, which should show the physical aspects of the mining lease area, the nature of mineral deposits, including grade and quantity, a technological report of ore treatment, a mining plan, an environmental impact statement, and a decommissioning program for when mining ceases.

During the period July 1995–September 1996, a feasibility study was conducted and completed for submission. The study showed that the Gold Ridge mining prospect was distributed over three main shallow pits, namely: Valehaichichi, Kupers and Dawsons.

The study also revealed that the three deposit areas hold at least one million ounces of gold. The average grade was 1.65g/t gold, with a waste to ore ratio of 0.8 on average over the life of the project. It was reported that the plant will process two million tons of ore, at the rate of 100,000 ounces of gold per year. The project life was to be about ten years. The method of mining would be open cut while the extraction technology was to be the standard carbon leaching process. This involves crushing, grinding and leaching with the use of cyanide. The use of this extraction technology is believed to have an extraction recovery rate of 87.5 per cent.

The operational cost of producing an ounce of gold was estimated at A$295 per ounce (US$215). The total capital construction cost of the project was estimated at about A$64.5 million (Ross Mining N.L 1996).

The study proposed that the company would adopt a high standard of environmental protection for construction and operation of the mine. This was referred to as ‘Australian Best Practice’. The government brought in the Commonwealth Secretariat and RTZ Consultancy Company to verify environmental standards. After seven months of government and mining company revisions, the feasibility study was finally approved in early 1997. Technical and financial reporting took priority over the social and cultural dimensions of the feasibility study.

Negotiation of benefits

The Mines and Minerals Act 1990 (NPSI 1990) ambiguously provided for partial ‘ownership’ of mineral rights by the landowners. The government considered the landowners as having independent status and as an important stakeholder in the project planning and decision-making. The provision that the government and the people of Solomon Islands own the mineral rights was the basis for a series of negotiations between the government, landowners and Ross Mining Limited (RML). The government saw mining as a new source of income replacing the declining income from forestry exports. Development of the mineral resources was considered a top priority and the project was considered a breakthrough in development of the country’s mineral resources. While the government had to deal
with the demands of the indigenous people, international factors surrounding capital inflows were a significant factor influencing its position in the project. The landowners had high hopes for royalties, and therefore issues of environment, cultural rights, kinship systems and other forms of collectivity rights were subsumed under expectations of financial gains. The company’s concern for lower costs meant that it concentrated only on its obligations under the mining lease.

Two agreements were reached after negotiation between the state, the mining company and customary landowners. The first was between the government and the mining company. This agreement is based upon the kind of fiscal policy that the government had adopted. The second set of agreements was the Memorandum of Agreement. The Memorandum of Agreement between landowners and the mining company and between the landowners and the government dealt mainly with relocation of people from mine deposit areas and compensation payments.

Under the Mining Agreement, the government adopted a fiscal policy geared towards attracting foreign capital. This took into account international competition for investor capital and the importance of investors’ perceptions of Solomon Islands as an investment destination. It also considered the nature of the project itself, especially its economic feasibility and the fact that it has taken so long to develop. In the context of mineral wealth speculations, the government had to dispel uncertainties about Solomon Islands’ mineral wealth to avoid unfounded speculations. In its enthusiasm for supporting foreign investment, however, it appears that local context had been sacrificed for the ‘good’ of all.

It was in this context that between mid 1995 and October 1996, the government decided to award 500 hectares of freehold land to the landowners. A portion of the land—about 10 hectares—was to be used for relocation, the rest would be for future investment since the land is very close to Honiara. The landowners were happy with the offer, but pointed out that the land was theirs anyway until the colonial government had assumed it.

Thus, the landowners demanded mineral rights from the government, arguing that this would confirm government intentions to share mineral rights with the people, as stipulated in the 1990 Mines and Mineral Act (NPSI 1990) and in line with the provisions of the Mine and Mineral Acts amendment in 1996 (NPSI 1996), which allow the government to be able to relinquish 100 per cent of royalties from mineral resources development to landowners. The government and the mining company agreed on a royalty payment of 1.5 per cent of the gross value of gold sold. This was to go to the landowners, while the government would also impose an export duty of 1.5 per cent of the gross value of minerals sold. Local political leaders suggested that 0.3 per cent of this royalty to landowners should go to their local provincial government. Such royalties, however do not seem to have any relation to the social, cultural and environmental loss to tribal communities.

In any case, the company had also demanded duty exemptions with regard to capital equipment and fuel, and 100 per cent income tax credit allowances for exploration and development costs. These were seen as competitive incentives to the company. Thus, seven months of negotiations between the government, the landowners and the mining company, led to the approval of the feasibility study, and fiscal terms with the government, which involved.

- a royalty rate of 1.5 per cent and export duty—both calculated on gross revenue
- a fixed income tax of 35 per cent
- an additional profits tax of 30 per cent
- a 25 per cent real threshold rate of return
- withholding taxes of 5 per cent on interest payments
• custom and goods tax exemptions for the company.

The fiscal terms seemed to be in line with what the government considered conducive to promotion of investment and capital flows into the economy. Along with these terms, the company was to relocate customary landowners. This was contained in the Memorandum of Understanding between the company and the landowners.

Memorandum of Understanding

The landowners’ major concern was the relocation from their existing homes and the nature of compensation payments. The compensation package drafted by the mining company and accepted by the landowners included
• SI$6 million to relocate villages. Four main villages, built in a 10 hectare portion of the 500 hectares of freehold land to be transferred by the government to the landowners
• payment of SI$3 million for disturbance and damages which include a loss of income, Tambu sites, access and disturbances
• funds to provide ten high school scholarships and five college scholarships per academic year
• provision of 20 per cent free carried equity, in a cleaning, catering and security sub-contract which will be payable from the profits
• the issue of 270,000 fully-paid shares in the parent company, Ross Mining N.L. Limited
• the payment of a SI$0.5 million premium for the tailings dam.

Relocation villages

The Gold Ridge landowners were relocated to a valley near Honiara. The government decided to offer 500 hectares of state land to the landowners. This was seen as compensation for the 500 hectares of land they had lost. The attraction of this offer to the state was the proximity of the land to the city and the potential for added market value.

A supposed benefit was that the landowners could return to the mine site, while at the same time gain 500 hectares of extra land. However, not all landowners decided to be relocated to this area in Lungga. They instead retreated further inland from the mine site and still have the problem of gaining access to the coast through the mine. The families that relocated to the government-designated land were provided with two-bedroom tropical bungalows in four spacious villages. The villages had a water supply and a dirt road which provided access to Honiara. The village relocation development cost about A$2.2 million.

The project was planned to commence operation by September 1998. Production was estimated at 200,000 ounces of mineral ore each year, although initially it was expected that production would be 100,000 ounces of gold per year. The reserve resources identified were much higher and therefore the life of the mine was expected to be around 10-15 years. The capital investment required for the project was around A$66 million.

Agreement between the government and the landowners

The landowners believed that the government should also pay for its part in the project, since it would benefit from the revenue generated. The government, however, lacked the finance and resources to compensate customary landowners for the project. Instead it promised.
• that landowners would receive equitable benefits from the project
• to provide 500 hectares of freehold land for resettlement
• to recognise the landowners as an important party to the project
• to relinquish 100 per cent of mineral royalty rights to the landowners
• to transfer the 500 hectares of land free of government survey fees
• to allow the government to lease the land and pay rental rates to landowners annually
• to provide teachers for the new primary school to be built by the project
• to provide a five-year tax holiday to business ventures
• to provide a piece of urban land for landowners to use for business development.

The government commitment under the Memorandum of Agreement was a kind gesture, but government must improve its track record in fulfilling its obligations—this time to landowners who were prepared to vacate their land for a project considered by the government to be of national importance. These mining projects have always been ‘of national importance’, but how important are they to the landowners, considering the costs they must bear?

The Gold Ridge experience reflects a number of issues in relation to the existing policy on mineral resources development. The first is the apparent lack of policy framework to deal with issues of customary landowners—in particular, reconciling the existing centralised mineral policy inherited from the colonial period with the present kinship-based community understanding of land ownership and mineral ownership rights. This mineral rights issue remains contested in Melanesia (Connell and Howitt 1991, Donigi 1994). The second lesson to be learned is the vulnerability of kinship-based communities in relation to representation of their rights. Since the notion of cultural rights specific to kinship-based communities has had limited support worldwide, universalisation of human rights on the basis of individuals tends to undermine kinship-group rights (Messer 1993). Thus kinship-group rights have no place in the existing mineral resources policy in the context of mineral resources development. The third issue is lack of accountability at the level of landowners associations. While these associations are used to legitimise the ‘voice’ of customary landowners, they do not have the experience and human or financial resources to identify their interests and negotiate for their rights adequately. In the case of the Gold Ridge project, the government organised an expert mining adviser to help landowners, and the mining company provided loans to the landowners to pay for their adviser. This could easily have undermined the independence of the landowners.

Conclusion

Mineral resources in Solomon Islands continue to be owned by the central government. Despite some amendments in 1990 which define mineral rights ownership to include Solomon Islanders, this remains ambiguous. Customary landowners cannot and have never accepted the policy of state ownership of minerals and this in itself is an obstacle to future mineral resources development. Minerals policy must accommodate tribal ownership rights to the extent that the state and tribal community starts from an equal position in negotiating resource use. Natural resources in Solomon Islands are not individually owned, the idea of kinship ideology and its practice are resilient and cultural rights of social groups are equally relevant to those of state rights. Future policy must consider tribal communities as legitimate social groups and policy development must be done with clear understanding of the implications for those tribal communities affected directly by development projects.

References


