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Prime Minister and Minister for Finance, Strategic Planning, National Development and Statistics, Public Service, Peoples Charter for Change and Progress, Information, i-Taukei Affairs, Sugar Industry, Lands and Mineral Resources

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**SPEECH AT THE AWARDING OF 3-5 GRADES FIJIAN MAHOGANY LICENCES**

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­­­­­­­­­­­­­­­­Holiday Inn Fri. 5th April, 2013

SUVA 1000 Hours

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The Minister for Public Enterprises;

Permanent Secretaries;

Distinguished Guests;

Ladies and Gentlemen.

Bula vinaka and a very good morning to you all.

I’m very pleased to be here to present the first licenses for Grades 3 to 5 Fijian Mahogany.

Today, we are celebrating both an ending and a beginning. The granting of these licenses marks one of the final steps of the first phase of my Government’s reform of the Mahogany industry.

It also represents the beginning of a new era, marked not by corruption and mismanagement, but by integrity, sustainability and profitability.

We all know that the Mahogany Industry desperately needed reform.

In my address at the inaugural meeting of the Mahogany Industry Council in November, I said that what existed could barely be described as an industry at all. There was much talk of reform, but little action to implement it.

The so-called industry was broken. Yes, corruption was rife – in the forest, in the sawmill and in the office.

But it was more than that.

There was mismanagement, inefficiency, lack of knowledge and accountability, and antiquated and outmoded systems.

There was no long term vision – no organised programme for reforestation.

There was no real objective to add value to the resource or to adopt modern practices and management.

There was no attempt to develop a Fijian brand, even though we are blessed with the largest mahogany plantation in the world.

Put another way, there was an overall lack of willingness to make a paradigm shift.

The result? Mahogany did not come close to reaching its potential to provide long-term, sustained benefits for our people.

As many of you are aware, the majority of our mahogany – including sawn timber – was exported in a very rudimentary form. In the international market, we weren’t known for the quality of our product and so we weren’t achieving premium prices.

Every aspect of the business was conducted through Fiji Hardwood Corporation Limited (FHCL). And FHCL was haemorrhaging financially.

Over the years, FHCL accumulated more than **20 million dollars** of Government-guaranteed debt, and made little serious effort to service this debt. FHCL has also received Government grants of more than **25 million dollars** since 1998.

So again, I say reform was necessary. My Government had to do everything in its power to help this Industry prosper, for the benefit of economy and all the Fijian people.

My Government introduced two Decrees to bring about this reform. They introduced international best practices in management and operations, a rational licensing scheme, and a vision for the Fiji brand.

As I have said before, the Mahogany Development Decree instills transparency and efficiency in FHCL’s management of this resource. It formed the Mahogany Industry Council, and redefined the roles of FHCL and the Fiji Mahogany Trust.

It looks after the interests of all stakeholders, not just a privileged few.

Thanks to these reforms, we are now able to look toward the next phase of development. To the new era I mentioned earlier.

It can be easy to forget that this Industry is about more than the end product. There’s a lot that goes into that product. Carting, replanting and harvesting all play crucial roles. Each of these facets mean opportunities for new jobs and new businesses.

And we are committed to ensuring that the landowners benefit from these new opportunities – that they are given the opportunity to participate in a more meaningful and tangible way.

As the Chair highlighted in her presentation, the Forestland Group has also been brought on board to carry out a thorough analysis of the current management system at FHCL.

With the assistance of this international renowned forestry management and development consultant, we hope, in the very near future, to install a new management system that is more efficient, transparent, modern and founded on internationally acknowledged best practices.

Once this system is in place and allowed to take root, landowners will see more and more of the benefits of the reform process.

The second Decree – the Mahogany Industry (Licensing and Branding) Decree – establishes a comprehensive regime for the licensing and branding of Fijian mahogany.

This is what we are here to celebrate today. The granting of licenses to buyers of Grades 3 to 5 mahogany.

We wanted to make sure the companies that are licensed to sell our mahogany are committed to helping us develop a quality Fijian brand that will fetch a higher price on the international market.

To date, the Council has lodged registration of the Fiji Pure Mahogany Brand in more than 19 countries.

No longer can unscrupulous buyers sell Fijian mahogany mixed with illegally harvested mahogany from other parts of the world.

We also wanted to make sure the companies that are licensed to sell our mahogany are committed to adding value to the product. And that these value-adding activities take place in Fiji.

This will create more jobs – especially for our rural populations and our women. It will introduce new skills and technologies and will open new factories.

I congratulate our new partners who have received licenses to sell Grades 3 to 5 mahogany. You have all stated a commitment to Fijian mahogany and a commitment to Fiji. With this commitment of yours, I am confident you will have a productive and profitable future.

I would like to point out that SMI – the company granted a license to purchase Grades 1 and 2 mahogany – has a substantial number of women working in its sawmill, is operating state-of-the-art machines, and is making world-class guitar components out of Fijian mahogany.

This is the standard that we expect and is the standard our mahogany deserves.

We look forward to working with you to make sure that this standard is upheld.

Vinaka vakalevu and thank you.

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