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**MANAGEMENT OF THE COOK ISLANDS BLACK PEARL INDUSTRY:
THE STRUCTURE AND SOME ISSUES**

by

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MANAGEMENT OF THE COOK ISLANDS BLACK PEARL

INDUSTRY: The Structure and Some Issues

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Introduction

The current management structure of the Cook Islands Black Pearl Industry reflects a blending of traditional attitudes towards utilising the natural resource with modern views on developing the pearl industry. Prior to discussing the current management regime I will look briefly at the lagoon tenure systems that have set the framework for present day measures. Only two lagoons are involved in pearl production: Manihiki and Tongareva.

Historical Background

Prior to the arrival of the missionaries, Manihiki and Tongareva Islanders lived in various spots around the lagoon. Each family's land claim that bordered the lagoon automatically extended into the lagoon. As well, access to different sectors of the lagoon was controlled by larger clan groupings. If an individual from outside the resident family or clan wished to fish, dive for wild pearl-shell (*P. margaritifera*), or collect clams (*Tridacna maxima*) in another area, they had to obtain the permission of the particular owner's of that area.

The arrival of the Missionaries in the 1860s led to the agglomeration of the islanders into two villages. This was followed by annexation by New Zealand in 1901, which, through Acts of Parliament claimed all areas below the high tide mark (including lagoon waters), as Crown Land. Further regulations in 1902 led to the formation of Island Councils. These consisted of locally elected politicians who would work with a resident Government Agent. As the local representatives, the Councils became seen as the vehicle for expressions of traditional views of lagoon ownership.

The claiming of control of access to the lagoon by New Zealand took some time to filter through to the Northern Group. In Manihiki, it was not until the early 1920's that a Resident Agent attempted to enforce the legislation and break up the traditional pattern of lagoon ownership. This was strongly resisted by the people of Manihiki and early Colonial administrators faced difficulties enforcing this declaration. (Sims. 1988, p7)

New Zealand's main interest in the lagoon at this time and for the next 40 years was as a source for the wild pearl-shell fishery. The Resident Agent on each island controlled access in consultation with the Island Council. They set close/open seasons every few years for the harvesting of the shell for sale to traders. This was to remain the norm until 1965 and the advent of self-government for the Cook Islands. The Cook Islands then

became a self-governing country in free association with New Zealand. Island Council responsibilities increased as all government positions became localised and Rarotonga became the administrative centre.

The early 1970's saw the beginning of cultured-pearl farming in the Cook Islands when an Australian, Peter Cummings, was granted an exclusive 20 year licence by Central Government to farm in the Manihiki lagoon. Troubles with the Council however led to his withdrawal in 1982 but Cummings' venture had illustrated the revenue potential of the lagoon. His demise was the pre-cursor for development of the locally owned and operated pearl industry. Emphasis now shifted to encouraging Manihikians to begin farming for themselves.

This aim was eventually realised five years later in 1987, when eight farms had a total of 10,000 shell seeded in a programme organised by the Ministry of Marine Resources (MMR). By 1994, with production beginning in Tongareva, this had grown to 150 farms seeding approximately 155,000 shell. Black pearls are now the Cook Islands leading export and in terms of dollars earned for the country, ranks second only to Tourism. The total value of pearls produced in 1994 is estimated at NZ\$5,000,000.

Current Management System

The Management structure of the pearl industry is currently undergoing some major changes. The two main agencies: MMR and the Island Councils, are having to adapt to the arrival of a new player in the scene; the Cook Islands Pearl Authority (CIPA).

Island Councils

In terms of day-to-day management, MMR has little input in the functioning of the Pearl industry. It is the Island Council on both islands that are the real managers of the industry. As residents, they are on the spot and can sort out many of the minor disputes before they develop into larger problems. They are also responsible for issuing of farm licenses, allocation of license areas and certification of technicians. Their duties are inscribed in legislation and the Councils have the right to make by-laws concerning the lagoon.

The structure has evolved in this manner for several reasons. The affinity that the Manihiki and Tongareva people have for their lagoon has meant that they have been unwilling to relinquish control to some other group outside of their own people. The Island Council embodies this wish and in effect, acts as a de-facto Farmers Association. Distance and isolation from the administrative centre in Rarotonga have re-inforced this feeling resulting in Central Government often being unable to carry out their policies without Island Council approval.

As in any management system, there are advantages and disadvantages to this structure. In this case, the farmers feel

that, via the Island Council, they have control over the resource that they are utilising. They have a personal interest in the lagoon and in its continued well being. As well, having a local body that acts as an intermediary prevents MMR from being swamped with petty disputes that they have no desire to be involved in.

The disadvantage from MMR's view is that we cannot implement policies that we think will be beneficial for the industry, without the blessing of the particular Island Council concerned. Whether or not this is detrimental for the industry as a whole depends on your perspective. However, in the past this has led to situations where MMR and an Island Council have been unable to resolve issues that they did not agree on. An example of this is access to technicians.

In 1988 a group of farmers wished to bring in a technician to carry out a seeding with the approval of MMR. They were refused a permit by the Island Council and instead had to seed through a Council sponsored programme.

Ministry of Marine Resources (MMR)

Over the last eight years the role of MMR has varied greatly. MMR has been a regulating body, a supplier of technicians and materials, a pearl farmer and a marketing agency for pearls. There is now a growing awareness that Government should no longer be actively involved in farming. In the earlier years of the industry it was a case of MMR having to carry out these jobs and by extension becoming a pearl farmer, because there was nobody else. This is no longer the situation.

Retailers on Rarotonga can now supply most farm material requirements and farmers have established their own links for other items. All the technicians operating in Manihiki at present deal directly with farmers. There is no longer the need for intermediaries such as MMR. Several wholesale pearl purchasers have also begun operating and a strong domestic market has developed.

Marine Resources' role is now moving towards specialising in the provision of technical advice. Government ownership of farms will be slowly phased out as this occurs. With the establishment of the CIPA much of MMR's administrative functions will pass on to the Authority. In the past these functions have mainly been to assist the Island Council in licencing, verifying credentials of technicians and liaising with other government departments.

As stated above the two bodies involved in regulating the industry have been the Island Councils and MMR. There has been criticism leveled at MMR's performance in the past however, by the farmers. It was considered that they lacked expertise, there was too much political interference and that the Ministry had no practical experience in pearl farming. Consequently, there was a call for greater private sector involvement. This eventually led to the creation of the Cook Islands Pearl Authority in August 1994.

Cook Islands Pearl Authority

The Cook Islands Pearl Authority Act was passed in November 1993. The Authority itself however, was not formed until August 1994. It's functions, as set out in the Act, are wide-ranging. The CIPA has the capability to act as both an administrative body and as a service body assisting farmers in satisfying the various demands of their farms e.g. material supplies, marketing.

What was most encouraging about the establishment of the Authority was the structuring of it so that it is private sector oriented. CIPA is governed by a board of five people: three from the private sector, the General Manager of the Cook Islands Development Bank, and the General Manager of the Authority. The last two are ex-officio members.

The establishment of the CIPA has generally been received with optimism. The industry now waits to see what role it plays and which areas of the industry it will concentrate on.

While not directly concerned with managing the Fishery, another significant recent development has been the formation of the Pearl Guild.

The Pearl Guild of the Cook Islands

The Guild was formed in February 1994 by a group of wholesalers and retailers on Rarotonga. Their aim was to improve the marketing of the Cook Islands Black Pearl by establishing uniform grading, valuation and authentication procedures. It was also felt that the wholesalers and retailers needed a vehicle to act as a pressure group on Government.

Initially, the Guild has been successful in achieving some of it's aims. Two of the three private sector members of the Pearl Authority Board are from the Guild and some industry standards have been set for buying and selling of black pearls.

Management Issues

Having looked at the particular management structure that exists in the Cook Islands Pearl Industry, lets now move on to focus on some management issues that have been faced recently.

Restricted Access

Only people of Manihiki or Tongarevan descent are granted licenses to farm in the respective lagoons. The one exception to this is the Cook Islands Pearls Ltd. farm which is owned by a Chinese-Tahitian. He was granted a license by the Manihiki Island Council in 1987 because it was felt by the Council of the time that the people needed the example of a successful commercial operator. It was a hotly disputed decision however, and this has been the only exception. This restricted access reflected the

desire to build a strong locally owned and operated industry in which those who are actually resident on the island benefitted as much as possible.

Restricted access has also meant that the majority of licenses have been issued to small holders. (table on shell numbers) This table shows that in 1991, 69% of the farms on Manihiki held less than 3,000 shell. Although no more recent data is available, I believe that the situation is still pretty much the same. Consequently, farming on both islands is often combined as a revenue source with other occupations e.g. government service, fishing, shell diving. This aspect has been taken a step further by the Tongareva Island Council which has stipulated a maximum seeded shell number of 3,000 per license. The Council wishes to control the pace of pearl development in the early years and to discourage large ventures.

In a social sense, this restricted access which has lead to the development of numerous small holdings, has been beneficial. The social change caused by the development of pearl farming has been tempered, profits are retained within the country, and the perception of pearl farming as a local industry has re-inforced the feeling that everybody is benefitting from the utilisation of a communal resource.

Organisationally, however, development in this manner has caused problems. Small holdings present many logistical problems that larger holdings do not. Small farms do not have the shell numbers to justify obtaining supplies, attracting technicians or bringing in buyers. They must be grouped together by a Growers Organisation or, as has happened in the Cook Islands, by MMR or the Island Council. Both of the last two are reluctant to do so after losing money on past occasions and the first option has not developed as yet.

Farm Layout

The isolation, lack of planning and unstructured early years of the pearl industry led to little control on where farmers established their areas. Lines were set in any direction and in any area that wasn't already claimed. Now, when the administration of the industry is attempting to rationalise farm layouts into easily regulated grids, they are finding it a tough task. This would be a pre-requisite if an Individual Transferrable Quota system is to be used, which has been proposed. The lack of expertise, awareness and initiative of the respective Island Councils, who are primarily responsible for such matters, compounds the problem and makes any resolution unlikely.

Management Plans

As the administrative structure continues to develop, there is a growing awareness of the need to formulate some developmental guidelines in the form of Management Plans. All of the regulative bodies involved: the Council, MMR and CIPA recognise the need,

but again the implementation has been delayed. A draft plan is now being circulated for comments. It sets out amongst other things, some basic farm management practices, establishes a maximum farmed shell number for each lagoon, and lists the reporting procedure to be followed at harvest and seeding times. These are all required if some forms of quality control and limits on production are ever to be put in place.

Research and Development

The initial uncertainty that characterised the early years of the pearl industry also meant that no research and development programme was ever put into place. This is now changing. MMR has a lagoon ecological monitoring programme for Manihiki currently being implemented through a two year technical assistance grant from the ADB. The USAID sponsored Tongareva Marine Research Station (TMRS), is now complete and the first spawning in the hatchery is underway. The staff at the TMRS have also put a lagoon monitoring programme into place. In the future, the TMRS will become the centre for research into improving farm management techniques and pearl quality.

While I have outlined the present issues, there are always new management questions being raised. Our industry is still growing and our management structure is still adapting to meet industry needs. How we cope with this challenge, will play a large part in determining the eventual sustainability of the Cook Islands Black Pearl Industry.

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MANIHIKI 1991 FARMED SHELL SURVEY

| NUMBER OF SHELL ON FARM | NUMBER OF FARMS | PERCENTAGE OF TOTAL NUMBER OF FARMS |
|----------------------------|------------------|-------------------------------------------|
| 1 - 1000 | 39 | 40.63 % |
| 1001 - 3000 | 27 | 28.13 % |
| 3001 - 5000 | 15 | 15.63 % |
| 5001 - 10000 | 8 | 8.32 % |
| 10001 - 20000 | 3 | 3.13 % |
| 20001 - 30000 | 2 | 2.08 % |
| 30001 - 40000 | 1 | 1.04 % |
| 40001 - 50000 | 1 | 1.04 % |
| TOTAL | <u>96</u> | <u>100.00 %</u> |

SOURCE : Tuara, P.N. Pearl Shell Population Count
Unpublished Manuscript
Ministry of Marine Resources
Rarotonga, Cook Islands

