

**THE VANUATU MINERAL SECTOR PROMOTIONAL
PAMPHLET- DATA COLLECTION TRIP TO PORT VILA
(4th-11th March 2000)**

SOPAC Trip Report 268



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Background:

The Department of Mineral Resources, Geology and Water Resources had requested SOPAC to provide assistance in promoting the mineral wealth of the Republic of Vanuatu. Since mineral resource development requires high level of investment and technology, it is beyond the means of Small Island Developing States like Vanuatu to develop it independently. It is therefore imperative to promote the sector to foreign investors. To facilitate this SOPAC identified the need to publish a promotional pamphlet that would provide all the relevant information on the country and the mineral resources for circulation among potential investors. Fiji has used such promotional pamphlets, brought out in attractive layout with considerable success. It is the intention of SOPAC to advertise the mineral wealth of Vanuatu effectively to the mining industry through the dissemination of geological information.

Purpose of the mission:

The purpose of the mission to Vanuatu was to collect information, data and photographs that would be necessary for a brochure with the envisaged scope. The Mineral Sector Brochure for Fiji and the Investment Promotion Brochure for New Zealand provided the guidelines on the nature of the data to be collected. The visit also provided an opportunity to visit several quarries on Efate and the old Manganese Mine at Forari Bay.

Field visits to Quarries and the Old Manganese Mine at Forari Bay

Efate has several limestone and gravel quarries. Most of these quarries are going through an interesting transition in the nature of ownership. A couple of years ago, there were only 6 quarry sites on Efate and they were mostly foreign controlled. Today there are 22 quarries and most of them are locally owned. This shows the remarkable success in promoting indigenous business ventures in the quarrying sector. The gravel quarries at Erakor and Eruelep provided an insight into the development that has taken place over the past few years.



Figure 1: Gravel Quarry, Eruelep, Efate.

At Pango village, the gravel quarry with close proximity to the sea presented a classic



study of the externalities to the environment and the community.

Environment rehabilitation is currently difficult to enforce as the quarry developer is only required to pay compensation to the landowner. There are no laws that make it mandatory for the landowner to use the sum for environment rehabilitation. At Pango the benefits to the local community are limited, as it does not provide much employment to the villagers.

Figure 2: Top Soil runoff into the sea at Gravel quarry site at Pango, Efate.

The costs are high as the quarry development has led to substantial topsoil run offs into the ocean. The proposed plan of the developer to extend the quarrying right up to the edge of the ocean could lead to salt water intrusion and consequently render much of the area as salt pans. While the villagers are opposed to the project, they lack the awareness and the resources to counter it. Provisions for compensating the community for any negative externalities are ill defined. Hence the village could end up bearing all the costs while the landowner who does not live in the village corners all the compensation. Since the landowners are not legally bound to use the compensation for environmental rehabilitation; the money is often used to funnel conspicuous consumption.

SOPAC had recommended the institution of environmental bonds to overcome such problems. However, a reluctance to accept this recommendation was displayed; citing difficulty in implementation. An informal request was made to help the Vanuatu government modify the quarrying laws mining legislation further.

Teouma Bay (en route Forari Bay) is one among the several new sites identified for sand mining. Sand mining could also pose several of the environmental concerns that have risen with the proliferation of gravel quarries. Mining at the mouth of the Male River proved to be one such example. The mouth of the river is menacingly close to a primary



school and is a hazard during the rainy season. Given the high replenishment rate of sand on the beach, sand mining is perceived essential to keep the mouth of the river open.

Figure 3: Mouth of River Male, Efate.

Closure of sand mining leads to the diversion of the river towards the school and the sedimentation in the reefs of the Hideaway Island, which lies about 500 metres off the coast.

It was recommended that sand mining be continued to keep the mouth of the river open till the Coastal Unit of SOPAC can do a detailed sand budgeting and analysis of nearshore oceanic processes.



Figures 4 & 5: The Old Manganese Mine, Forari Bay, Efate.

The mine site at Forari Bay was visited with the aim of taking photographs of Vanuatu's only operational mine ever. The mine that was closed down in 1979 is

today dilapidated and covered with overgrowth.

The site however offered a few good shots , especially of the old wharf.



Official visits

Organization : AussAid

Contact Person: Victoria Hillman

Designation: Officer in charge.

Proceedings/ Recommendations

- Displayed keen interest in the project.
- SOPAC should follow up on the work that Aussaid did in publishing the airborne geophysical data of Vanuatu in 1995.
- SOPAC should study the legislative framework of the mining sector keenly and recommend amendments wherever necessary.
- Promotion of the brochure could be done by organizing a seminar or conference.

Organisation: New Zealand High Commission

Contact Person: Jacqui Caine

Designation: Deputy High Commissioner

Proceedings/Recommendations:

- Good project; but felt that landowner issues and infrastructural constraints could undermine the effectiveness of the promotional activity.
- SOPAC should suggest or assist in the creation of a Land Dispute Settlement Tribunal as Landowner issues were the biggest deterrent to foreign investment in Vanuatu.

Other issues raised:

- Inquired about the status of the SOPAC country profiles and expressed interest in having a copy of the profiles.

Organization: British High Commission

Contact Person: Malcolm Hilson.

Designation: High Commissioner

Proceedings/ Recommendations:

- Extremely enthusiastic about SOPAC's role in general.
- This employee presented an overview of SOPAC's role in the region. He was satisfied with SOPAC's perception of how its activities in the region contribute to poverty alleviation and capacity building. Spoke about the need to have greater coordination among the donor agencies and Non Governmental Organizations like SOPAC.
- Water and sanitation are the crucial issues of concern for Small Island Nations like Vanuatu. Felt that the giant floating plastic water bags dragged by boats; used for supplying water to the small islands in Greece could find application in the Pacific.
- Recommended that the British Geological Survey (BGS) be tapped for any geophysical data that SOPAC does not already have.

- Tie in the mineral sector promotion with the overall investment promotion of Vanuatu. Liase with the Vanuatu Foreign Investment Board to attract foreign companies.
- SOPAC should assist the Department of Mineral Resources, Geology and Water Resources to maintain a geological database that is readily accessible to mining companies interested in exploration.

Organisation: Ministry of Lands, Geology, Mines, Energy, Environment and Water Supplies.

Contact Person: Stanley Temakon (Country Representative)

Designation: Director General

Proceedings:

- This project was included on the work program at Temakon's behest as he believes that the project can play a crucial role in developing the sector further.
- Ensured that all the relevant government departments provided the necessary support.
- Put the geological report prepared by Etheridge Henley Williams at SOPAC's disposal to enable us to portray an accurate picture of the mineral prospect of Vanuatu.
- Recommended that the amended Mines and Minerals Bill proposed by AusAid be treated as the Mines and Minerals Act; as the Bill is to be tabled in the parliament this year. The new bill is more comprehensive and better equipped to administer foreign investment.
- Promised to arrange photographs from renowned photographers like Phillippe Mettois to improve the appeal of the brochure.

Organization : Foreign Investment Board, Vanuatu (2 meetings)

Contact Person : Roy Mickey Joy

Designation: Chairman and Director.

Proceedings:

- Promised full support to the project as he believes it ties in with the investment promotion being done by the FIB.
- Provided a copy of the 'Investor's Guide to Vanuatu' and gave consent to SOPAC to use information and photographs from the brochure. Also provided copies of application forms that investors routinely have to fill out while establishing a business venture in the country.

Other issues raised:

- Sought opinion on the proposed South Pacific Free Trade Area and likely benefits to Vanuatu. Inquired about the likely fallout if developed countries are allowed to become full-fledged members of a Free Trade Area that largely comprises of Small Developing Countries.

Organization: The Reserve Bank of Vanuatu

Contact Person: Albert.

Designation: Senior Research Officer, Research Department.

Proceedings:

- Provided the latest Quarterly Economic Review released by the Reserve Bank.
- Also briefed this employee on the foreign exchange regulations, monetary operation and interest rate management in Vanuatu.

Organization: Department of Economic and Social Development.

Contact Person: Odo Tevi.

Designation: Economist.

Proceedings:

- Gave a copy of the 2000 budget and the Economic Outlook for Vanuatu.
- Promised further updates as and when they are released.

Organization: Ministry of Internal Affairs.

Contact Person: Ephraim Mathais.

Designation: Commissioner of Labour and Director of Employment Services.

Proceedings:

- Gave a brief of on the prevalent industrial relations in Vanuatu.
- Explained the different laws pertaining to terms of employment, minimum wages, expatriate employees, work permits, Occupational, Health and Safety Regulations.

Organization: Land Use Planning Office

Contact Person: Alicita Vuti

Designation: -

Proceedings:

- Provided electronic copies of detailed maps of the Santo, Malakula and Efate .

Contact Person: Douglas Hutchinson (2 meetings)

Designation: Private Consultant

Proceedings:

- Gave thumbnail sketch of the mineral development issues in Vanuatu.
- Provided background information on the mine at Forari Bay.
- A copy of the Guidelines to Investment in the Mineral Sector that Hutchinson had prepared was also given. Promised to act as resource person and draft reviewer.

Other contact persons:**1. Chris Ioan**

Designation: Director of Department of Mineral Resources, Geology and Water Resources

Coordinated the visit and ensured that data collection and appointments went ahead as scheduled. Provided necessary information on mineral legislation and policies in Vanuatu.

2. Toni Tevi

Designation: Mines and Quarries Coordinator.

Perfect Man Friday during the visit and made all the necessary arrangements for appointments and data collection. Arranged the visit to the quarries and the Old Mine at Forari Bay.

General Feedback:

1. The library Department of Mineral Resources, Geology and Water Resources needs complete rehabilitation to say the least. While the Department could begin with clearing the many layers of dust that obscure the collection of books, assistance from PLU might be handy in organizing and cataloguing the resources.
2. The Department has been unable to access the geophysical database developed in conjunction with SOPAC as the officer who was trained to manage the database has left with the password locked safely in his mind. ITU assistance might be necessary to give the department access to the database.
3. Assistance was sought to resolve the sand mining issue at the Male Beach.

Other Project Work:

The visit to Vanuatu also offered an opportunity to visit the showroom and factory of the Francois Hainut, a leading jeweller in the region. Francois Hainut is the leading designer and manufacturer of gold and silver jewellery inspired by Polynesian and Melanesian art. Discussions with him and the visit to his factory gave several insights into the gold fabrication industry that are germane to the needs of Fiji. The Government of Fiji is currently trying to establish a gold jewellery fabrication industry in Fiji based on native designs in an effort to have higher value addition on locally produced gold. The success of Hainut's Vanuatu Bijouterie Jewellery can be attributed to his willingness to innovate, impart skills to the local people as well as the favourable fiscal regime in Vanuatu. The Director of Mineral Resources Department and the consultant in charge of the Gold Fabrication Project at the Ministry of National Planning were appraised of the approach in Vanuatu. Francois Hainut's offer to act as a resource person for Fiji was also conveyed to them.