Building better pearl aquaculture businesses in Fiji

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Two workshops were conducted in Fiji recently to improve the business planning skills of local pearl farmers. The workshops, which took place in November, are built around a whole farm economic model, which creates industry-wide information aimed at the future development and viability of the pearl industry in Fiji.

The first workshop was held at Rakiraki and targeted the small-scale pearl farmers in Fiji who are looking to expand beyond a predominantly Fiji market driven business model to accessing more lucrative international markets. The second workshop was undertaken in Savusavu and was focused on a group of more established farms loosely known as the Northern Alliance. The second workshop aimed to take a broader view of industry issues and opportunities and develop strategies to address them. The workshop presenters were part of a joint venture of the University of Queensland and the Queensland Department of Agriculture, Fisheries and Forestry, with the project funded cooperatively by SPC’s EU-funded Increasing Agricultural Commodity Trade (IACT) project and the Australian Centre for International Agricultural Research (ACIAR) and James Cook University (JCU).

The overall goal of the project is to utilise the whole farm economic models of Fijian pearl farms as a basis for sustainable growth of the industry through a range of instruments including:

- an improved decision-making framework;
- price and production risk analysis including risk mitigation strategies;
- establishing a minimum “viable” pearl farm size;
- improving access to capital and financial support;
- collection of benchmark data for ongoing reviews of industry health;
- revealing industry impediments and opportunities; and
- improving local extension and support services through “train the trainer” events.

The project will help local pearl farmers understand their businesses better, make more informed decisions and be equipped to develop their farms in a more sustainable fashion with greater awareness of actual production and financial positions. The whole farm modelling process lends credibility to the industry in their dealing with financial institutions as it gives farmers the ability to forecast and predict future profits and potential risks. The information generated by the pearl farm economic model can be presented to local banks as part of a broader business plan, developed with the skills learnt in the workshops, to secure much needed access to finance. Indeed, the issue of access to finance is one of the key problems stifling the development of the Fijian pearl industry today. This discussion was enhanced by having a WestPac Pacific Bank representative present at the Rakiraki workshop.
The workshops revealed other key impediments facing the industry in the current environment. These include:

- lack of industry standards in assessment of quality and associated pricing;
- high input costs;
- property rights — licensing and security of tenure; and
- lack of shell availability.

The lack of industry standards in grading of pearls and pricing was identified as a particular problem when trying to develop an export industry. To strengthen the Fijian pearl industry in the international arena there needs to be an agreed industry standard around grading backed up by the training of local farmers and jewellers.

As for the issue of tenure and licensing, the Fijian Government is on the cusp of introducing an Aquaculture Decree, which will provide powers to create a licensing system and a framework providing a mechanism for creating value in oceanic sites. The workshop participants did stress the need for greater participation by industry in the process and the need to participate in the dialogue between the government and aquaculture industry stakeholders in order to better protect pearl farmer interests and welfare.

Another problem facing the industry is the high input costs — particularly the cost of hiring international seeding technicians — which impede further development and greater output and profit. As a result of the lack of skilled technicians locally, farmers have to acquire the services of technicians predominantly from Japan. In addition, the quality of the nuclei used to seed the oysters is determined by the technicians and is beyond the control of the small-scale farmers.

In the process of delivering the workshops an industry survey was undertaken to ascertain the key issues of the industry. One recurring theme in responses was that the continued expansion of the industry was significantly restricted by the availability of spat. There is capacity to seed many more juvenile shells than are actually available. One positive from this is that Fijian communities have a great opportunity, with the support of the project partners and the Ministry of Fisheries and Forestry, to develop village-based spat collection entities and diversify local livelihoods. The establishment of a community-based spat collection industry would not only support the existing pearl industry to further develop, but could provide a pathway for new entrants.

Many of the issues discussed at the workshops are a function of scale. There is a wide range of significant costs for Fijian pearl farmers that can be better absorbed as farms increase in scale and industry power.

One of the other pillars of the project is the collection of benchmark data. As the project continues, the project partners believe the story revealed by the data will provide greater insights to the farmers and lead to a greater understanding of the industry by those with an interest in seeing a successful, growing industry. From this new platform, everyone involved in the industry, and the researchers who presented the workshop, will be better equipped to undertake further industry development work towards addressing the issues and capturing the opportunities of the Fijian pearl farming industry.