

APPENDIX A

AN OUTLINE OF PRE-WAR BANABAN FUNDS (Slightly modified from notes by official sources)

(A) Three Funds:

- (1) The Banaban Royalties Trust Fund (or Banaban Fund);
- (2) The Banaban Provident Funds; and
- (3) The Banaban Landowners (or Landholders) Fund.

(B) History of Phosphate Licences

1. Shortly before annexation in 1900, the Pacific Islands Company applied for guano licence for Ocean Island. It was suggested that the company should make own arrangements with natives re: their guano deposit rights (if any).
2. By Agreement dated 3 May 1900 with "the King and people of Ocean Island," the company obtained sole right to work phosphate deposits for 999 years, for £50 per annum.
3. By Crown Licence dated 2 October 1900, Pacific Islands Company granted official sanction for Ocean Island activities for 21 years from 1 Jan. 1901, for annual rent of £50 to Government.
4. By Licence dated 13 Aug. 1901 superseding (3), period extended to 99 years and royalty of 6d. per ton made payable to revenue from 1 Jan. 1906, in place of annual rental.
5. In 1902 the Pacific Phosphate Co., Ltd., was formed as a subsidiary of the Pacific Islands Company, and further Licence (otherwise identical) transferred Ocean Island working rights to this company.
6. In 1920, the interests of the Pacific Phosphate Co. were acquired by the British Phosphate Commissioners (partner governments: Australia, New Zealand, United Kingdom).

(C) History of Land Agreements

1. 1900-13. Mining land acquired by direct negotiation and agreement with individual owner for a fixed sum, apparently averaging about £20 per acre which, with £50 per acre under (2) above, was natives' sole consideration.

2. In 1913 negotiation between Government, company and landowners resulted in further 145 acres being acquired by Agreement at £40-£60 per acre (according to position and quality) which went direct to the landowner, compensation for food-producing trees destroyed, plus 6d. per ton royalty on all phosphate shipped from 17 December which became the old Banaban Fund.

3. In 1931, a further 150 acres was resumed under Mining Ordinance No. 4 of 1928. Terms of settlement: (a) Rental of 2/6 per acre, paid to Colony revenue; (b) payment for landowners' surface rights of £150 per acre (Banaban Landowners Fund), with interest paid annually to landowners or descendants; (c) 2d. per ton royalty to Banaban Provident Fund until it reaches £175,000; (d) 8 1/2d. per ton royalty to be held in trust for Banaban community (new Banaban Royalty Trust Fund); (e) £20,000 transferred from old Banaban Fund to Banaban Provident Fund; (f) annual lease payments to owners (up to £8 per acre) and compensation for coconut trees cut down (up to £2 for fully grown tree) in an additional 27 3/4 acre area of non-mining land.

(D) Banaban Annuities

First suggested by Grimble in 1931. After long discussions and negotiations with parties involved, agreed to in final form by 1937. Agreement provides for payment from Royalties Trust Fund of: (a) Annuities to all Banabans of £8 for adults and £9 for children, and (b) additional annuities to landowners of lands in 1913 or 1931 areas of £2 for less than one acre, £4 for 1-2 acres, £6 for 2-5 acres, £8 for 5-10 acres, £10 for 10 acres and over.

(E) The Banaban Funds

1. The old Banaban Royalties Trust Fund: (a) Built up between 1913 and 1931 by 6d. royalty at (C)(2). Terms of agreement provided for royalty being devoted to "the general benefit of the natives." After 1941 only interest on capital sum was to be paid to landowners. (b) In actual practice money has been deducted from this fund for annually recurrent Bahaban services. (c) Interest was payable yearly to landowners under 1913 Agreement (up to time of payment of 1937 annuities). (d) £20,000 was taken in 1931 from nucleus of Banaban Provident Fund.

2. The New Banaban Royalties Trust Fund: Built up by money ~~from money~~ from 8 1/2 d. royalties at (C)(3)(d) from 1931.

Since payment of annuities in 1937 the above funds have been amalgamated under the name of the Banaban Royalties Trust Fund (or Banaban or Common Fund).

3. The Banaban Provident Fund: (a) Created in 1931 by transfer of £20,000 from the old Banaban Royalties Trust Fund--see (E)(1)(d); (b) Built up by 2d. royalty at (C)(3)(c).

4. The Banaban Landowners Fund. Built up in 1931 as at (C)(3)(b). Consists of £22,5000, i.e., £150 x 150. Capital remains invested while interest is paid annually to landowners concerned.

(F) Financial Considerations

British Phosphate Commissioners pay 1/4 1/2 per ton of phosphate exported.

Distribution:	General Revenue (VII-1)	6d.
	Banaban Provident Fund	
	Banaban Provident Fund	2d.
	Banaban Royalties Trust Fund	= <u>8 1/2d.</u>
	<u>Total</u>	1/4 1/2

(F) (continued)

During 1937-38 payments from Banaban Royalties Trust Fund were:

Annuities to Banabans	=	£4,340
Annuities to Landowners	=	902
Banaban Services	=	<u>3,557</u>
<u>Total</u>		£8,799

