

**Summary of Address to
Growers Association Annual Meeting
– Kokopo - 29th May 2007**

- Introduction and thanks – President, Councillors and members of the Growers Association, et al.
- past two to three years have seen relatively good economic growth for PNG
- exceeding population growth rate (of 2.7%)
- result of -
 - some structural reforms, largely by the last govt
 - sound economic management by this govt and BPNG and
 - (especially) good commodity prices (notably oil, copper & gold, but also some agric crops – e.g coffee and oil palm)
- but, many other developing countries have done much better from the (China/India-led) commodity boom
- PNG needs to do much better to ensure benefits sustainable and spread wider though community (e.g. 6-7% growth)
- Currently benefits remain unsustainable and poorly disbursed -affecting enclaves (mines/urban centres – pushing up real estate prices etc)
- Agriculture remains largely disappointing sector, though some products more successful
 - Coffee - good price but little output effect (2006 very poor production year - K337 mil exports, using interim BPNG figures)
 - oil palm continues to expand production (with 362,300 tonnes exported in 2006) and with prices remaining strong, exports reached K429 mil
 - cocoa recovering former production levels – at 44,000 tonnes exported, slightly down in 2006 on 2005, whilst the price was slightly up (2006 exports - K204 mil). As stated, this is the major widespread lowland cash crop, providing over K100 million income in ENBP alone;
 - copra had a disappointing year in 2006 with a 24% decline in coconut oil exported and 43% decline recorded for copra exports, combined with a marked decline in price (owing largely to increased world market supply – notably Philippines), this led to a fall of 38% of export value for copra and coconut oil combined, from K110 mil to K69 mil. This is a level at which farmers are clearly not making much and the mills are operating at well below capacity. The advantage for farmers of coconuts, of course, is that they can provide many products – and if the copra price falls below a certain level these alternative food and local processing alternatives become potentially more attractive. As heard, towards the end of 2006, following typhoons in the Philippines, prices were recovering.
- Considering the importance of agric to the country and in providing livelihoods PNG has been served very poorly by successive Ministers and governments...
- Lip-service given to the importance of the sector, but little constructive action
- The Morauta Govt pushed through many outstanding reforms needed to revive the economy, significantly improved governance in natural resource management, and started to free up constraints on private sector by Govt –needed also by farmers– but little specifically achieved for agriculture (although the long-awaited

ADB co-funded agro-nucleus enterprise project was developed, but subsequently under the current government through mis-governance).

- The Somare Govt's greatest achievement was the provision of fiscal restraint and economic stability, and finally starting to shift funding towards MTDS priorities – including infrastructure needed by agriculture. Other priorities needed by agriculture, including law and order and improved governance made little headway.
- The current (or should I say recent) govt made great show of support for agriculture, with the Green Revolution and, at the final hour, the NADP, (plus reforms for IS, development of micro-finance and planned reforms for land) but during this five year term far too little was achieved for agric and major opportunities wasted.
- Agric is part of private sector and many of needs the same, but, by its rural and dispersed nature and dependence upon uncertain weather and volatile markets, it has various special needs.
- Agric requires a concerted effort in response to its needs. It is clear that govt has not been serious about agric, as for years its just been treated as a football.
 - the commodity boards and organisations are a case in point.
 - These boards etc, set up to serve the farmers interests
 - Rules were established since the 80s and before on appointments to boards and management, recently tightened by this government to stop abuse, yet successive Ministers can't resist treating appointments as personal largesse!
 - Research institutes and extensions agencies established in 1980s (and since) to give industry greater control and supplement inadequate govt funding with growers' contribution, as it was recognised that effective research and info dissemination was critical to ensuring a competitive future and viability of agric production in PNG. In other words, it was realised that the DPI research stations were under-funded and unless research was given a real shot in the arm the long term prospects for PNG's agriculture sector, and particularly the commodities which had been at the core of the county's economy, were in jeopardy from pests, diseases, senility and lack of a competitive new generation of planting material. The new drive, and minimum recommended funding levels were based upon reviews undertaken by DPI, the commodity boards with ISNAR
 - For a short while there was a boost to funding, comprising government, donor-funded projects, supplemented by grower contributions. BUT after a while, Govt increasingly withdrew its funding from these activities (save some donor funding, notably from EU Stabex over the past 15 years and AusAID largely for NARI), leaving the industries to increasingly fund themselves, and latterly charging GST on the levies! To add insult to injury successive Agric Ministers have proceeded to manipulate these bodies with appointments of cronies, or stopping the industries cleaning up the mess created by previous appointments, or changing the legislation

(notably in coffee) to weaken the industries control over their own activities!

- Basically agric requires all players with some authority over the industry and its bodies to take a step back. Ministers and others should stop treating these organisations as their private playthings, for making appointments, controlling industry players, giving or taking away export licenses or whatever!
- Agriculture requires highly qualified trained professionals, for research, training and extension, managers, accountants, economists etc., to service the needs of the farmers. This requirement and the need for improved coordination, increases massively, when facing crises, like the current CPB outbreak, with its urgent need for action – whether eradication, containment or improved management – and the need for diversification.
- The sector cannot attract and retain these people unless suitable conditions are offered with good career opportunities. Draining the institutions of needed long term funding (as required for research) and manipulating appointments is one sure way of losing the very staff needed. You might as well forget research if you fail to retain the calibre of staff needed. As with education, if you fail to appoint a genuine professional, you can't expect the required quality output!
- At the start of the last Govt, PM Morauta said if we can't resist tampering with SOE's we should get out of them and leave their activities to the private sector. Evidence has demonstrated that it has remained too hard to resist tampering with both commercial SOEs and the Stat bodies, despite the new laws and institutions, such as IPBC, etc.
- ENBP has the maturity to outsource tasks which the bureaucracy runs poorly to NGOs, churches and the private sector. We need to take a hard look at what agriculture-related functions Govt should run, directly or through Stat bodies, and what should be outsourced (or even cease). The primary objective must be, what will be of greatest benefit to our farmers and what can be provided most cost effectively?
- PNG's farmers are as dynamic as anywhere, though to-date less inclined to the intensive year-round labour or other inputs needed in some circumstances, as now for farmers committed to continued cocoa production with the presence of CPB. The oil palm industry, where NBPOL's parent company sees PNG as its preferred investment destination; the recent recovery of cocoa and the success of alternative crops, supported as agro-nucleus enterprises (like Pacific Spice); and fresh produce production, notably from the Highlands, but also now in urban and peri-urban areas, all demonstrate how people respond to opportunities. But the State and its institutions have let the sector down. – for example, how can we expect effective research outcomes for the country's major industry from the paltry investment the State has provided over the past 20 years or so? Agricultural training also requires markedly more support – as demonstrated by the substandard facilities at the prime Vudal uni campus in Popondetta, through to training at the inadequate vocational and other life skills institutions around the country.
- With population growth particularly it is inevitable that greater production intensification will be required. This should also provide greater opportunities for

- entry by young people, but this requires adequate sector support and encouragement to enter the sector and see sound opportunities;
- Sharing of resources/equipment between agencies is critical – especially at prov and district levels, and much greater accountability of funds provided to institutions, but especially to the provs/districts and particularly under the DSIP and District Support Programmes managed through ORD, MPs and JDP & BPC. These have substantial funding for local infrastructure and agriculture, but little is known (in most districts) how these funds are allocated and used.
 - The long awaited NADP can provide a valuable contribution. It's certainly not a magnificent nor really even a domestic document – the limited real consultation and its predominant preparation by an overseas team, substantially outside the country, saw to that. It's also a bit of a shopping list, with some arguable priorities. But it is a mechanism for channelling overdue resources into the sector, and its priorities and content can be refined over time. The Govt and donors can use it but make their own decisions, in consultation, where to actually allocate their own funds in any case.
 - The NADP would certainly be counter-productive if it was seen by authorities as the last word on agriculture, or seen as the solution to the sector's needs, as opposed to a tool in addressing those needs.
 - What's often overlooked in agric is that the sector's priorities are neither research, extension, agricultural credit, commodity programmes, nor other specific interventions. The sector requires a wide range of coordinated measures to ensure it's worth the farmers' while to produce and market a particular crop or range of products for the domestic or export market. Just pumping funds into one or two activities, like research or credit, would be pointless if the roads are impassable, shipping non-existent or unaffordable, extensive robbery of produce or the exchange rate, tax and production levies excessive and undermining any real producer incentive. In other words macro and micro economic and other policies and practice and specific programmes need to be effectively coordinated, or a lot of money can be wasted to no good effect.
 - Coming back to our cocoa and copra farmers.....these are major crops with large international demand, which grow well in PNG and farmers have well established knowledge.
 - They face various threats – from competition, pests and diseases, particularly pod-borer (and more established ones – black pod, scapanes, etc) but with effective research, management etc should still have sound future....for the country and those farmers prepared to make the necessary commitment to stick with the industry.
 - But the world over, agric is an increasingly sophisticated activity...Farmers retain a local semi-captive market (notably for fresh produce etc), but with increasing globalisation, improved product standards required etc, farmers, processors and marketers must invest in quality and meeting standards, and increasingly explore new niches, and spread the risks- both ecologically and economically (including responding to warmer and more extreme climatic conditions).
 - Establishing good communications and information infrastructure and services, as well as investing in literacy and skills development, and encouraging private and

public investment in research and development (including under the agro-nucleus model) pay off.....not just for a single crop but for a diversity of crops and agric products. The well informed farmer can readily adapt to market needs and opportunities, address problems and diversify his or her range of crops. The ill-informed or disadvantaged farmer cannot adapt readily.

- Government's role is to facilitate this process of making our farmers better advantaged, and not to undermine them by manipulating institutions and imposing impediments to farmers' activities. Government's role is to encourage farmers' own entrepreneurial spirit, enabling them to have greater opportunities to make choices. It is not for govt to second guess the market and invest itself or pre-select a few crops which farmers should invest in. It's critical to work with the private sector, not just in crop production, but ensuring the market is identified and developed simultaneously. Many farmers, in PNG and overseas, have had the bitter disappointment of committing major resources to some new activity, following encouragement from authorities, only to find the market evaporates or just wasn't there in the first place, or that marketing arrangements are not in place!
- So new Govt after July needs to be reformist by inclination, ready to make firm moves in cutting waste and duplication, but it also needs to follow the laws and be arms length from bodies like commodity corporations and institutes, contributing and ensuring some governance oversight but not controlling. As Tore Ovasure said to me yesterday they need to give some of the organisations a chance to function properly.
- An inordinate amount of time and effort has been spent with coffee, cocoa and copra and latterly oil palm organisations fighting over appointments etc, leaving no time for the real work to get done! Some appointees see these organisations as their own, with some chairmen and board members having as many meetings and allowances as possible, and even demanding cars and offices. These organisations should be as lean and mean as possible and there is no place for farmers carrying the heavy costs of full-time chairmen or constant sitting fees. It should be remembered at all times that it's the farmers' interests who should be served, and all actions beg the question – is this in their interest?
- The PNG Grower's Association and the umbrella body, the RIC, play a critical role in combining generations of agricultural knowledge and experience, and bringing the farmers' interests to the fore with government and other parties (including donors). It's disgraceful that the GS has been ignored for years on appointments. The increased membership of the Association is welcome, and critical not only for it to become a more effective and representative lobby group, but also an effective instrument in disseminating information to farmers. It's clear that farmers will need all the support possible from government (at all levels), donors and other interested parties over the next months and years when facing CPB and other future challenges (including pests, diseases and climate change). To meet these challenges, I'll repeat, a healthy and constructive public and private partnership will be essential.
- Thanks

Paul Barker