

PLANNING FOR NATIONAL ECONOMIC GROWTH THROUGH AGRICULTURE

Honourable Moi Avei^{1,2}, MP.

Welcoming comments: My Prime Minister, the Hon. Sir Mekere Morauta, MP; fellow Ministers; the Governor for Morobe Province, the Hon. Songang Luther Wenge, MP; Chairman, Mr Miri Setae; and distinguished guests.

Mr Chairman,

Over the next 2 days, and on this most important topic, a range of speakers will provide detailed comment on what they believe to be the most effective direct policy measures for assisting Papua New Guinea's agricultural sector. On behalf of the Minister for National Planning and Implementation, the Hon. Moi Avei, I will restrict my comments to the wider policy environment and explain how the Government's approach to planning at the national level will impact on agricultural activity throughout the country.

Agriculture in Papua New Guinea is of such fundamental importance that it is unquestionably our most important industry. As we all know, agriculture supports 85 percent of the population, or around 4 million Papua New Guineans, and in 1999 it generated over K1 billion in export income. More importantly, it is the sector with vast potential for development; potential that has been largely neglected by successive governments.

For many decades to come, agriculture will continue to be the economic mainstay for the vast majority of Papua New Guineans. In relation to national planning, we should never lose sight of this fundamental fact. Policy and planning which encourages robust growth in the agricul-

tural sector will be far more meaningful to the welfare of the majority of Papua New Guineans than, say, the commissioning of new mining or petroleum projects. It is also a fact that even if wage employment in PNG's formal sector were to double over the next 5 years, such growth would nonetheless still be inadequate to absorb the projected increase in PNG's economically active population. Even under such a scenario, around 100,000 Papua New Guineans would still need to secure their livelihood in the agricultural sector.

So when we talk about National Economic Growth through Agriculture, we must recognise at the outset that for the vast majority of Papua New Guineans - past, present and future - agricultural growth is economic growth, and the bridge to improved living standards.

Papua New Guinea has a rich and proud heritage as an agricultural society. We are a nation of farmers. For thousands and thousands of years our ancestors developed sustainable and productive systems of agriculture that comfortably met subsistence requirements. With subsistence requirements for food and shelter readily achieved, ample time was available to develop the rich culture that we, the current generation, are rightly proud of. Indeed, the first visiting social scientists to Papua New Guinea coined the phrase 'subsistence affluence' to describe our traditional systems of economic and cultural activity.

In reflecting on our past, we should nonetheless guard against being too romantic. As we enter the new millennium we must also acknowledge that, taken in isolation, our traditional agricultural systems do not deliver the living standards that Papua New Guineans legitimately aspire to in

¹ The Minister for National Planning and Implementation, Papua New Guinea.

² Presented by Honourable Bart Philimon, Minister for Transport and Civil Aviation, Papua New Guinea.

today's modern world. By today's international standards, measured by indicators of calorie intake, literacy levels, infant mortality and so forth, we must acknowledge that there is a growing level of poverty within our 'subsistence affluence' society.

As well, in certain parts of the country, population pressures are placing considerable strain on our traditional subsistence safety net. Moreover, and as was shockingly demonstrated during the 1997 drought, our traditional subsistence agricultural systems leave many Papua New Guineans vulnerable to the worst form of poverty, that is the absolute poverty associated with severe and life threatening hunger.

In planning for agricultural growth, it is important to define the role of government in the development process. In this regard, we need to learn from our past mistakes and build on our past successes. One of the most important lessons of the previous 25 years is that government should not attempt to address the problems of poverty or stagnation simply by embarking on an expensive program of "hand-outs". Handouts are neither affordable nor appropriate. They are also an insult to our rich history of self-reliance.

Rather, the Government's principal role in economic development is to create the environment that will enable Papua New Guineans to mobilise their own resources and energies in order to achieve increasing living standards. The Government's role is to 'help-out' rather than 'hand-out'.

As was emphasised at the recent conference on food security, what we want to achieve is a stronger and more diversified food crop and livestock sector. The traditional garden should continue to protect rural Papua New Guineans from absolute poverty. Importantly, however, we need to build on the traditional garden and provide all rural Papua New Guineans with the opportunity to use their agricultural skills as the means of entry into the cash economy. Trading agricultural surpluses in the market economy will allow families to satisfy more than their basic

needs, and permit them to move to a higher standard of living. Cash incomes from agricultural surpluses will enable families to purchase clothing, shelter, medicines, educational supplies, household items, garden tools, and the foodstuffs required to achieve a more balanced diet.

Moreover, as was clearly demonstrated during the 1997 drought, the saved income from cash crops is also one of the best forms of food security. Cash savings were used by affected communities to purchase food staples when their own gardens failed.

The Government's key planning document, the Medium Term Development Strategy (MTDS), is our road map for creating the very environment which will enable rural Papua New Guineans to achieve rising standards of living through a more productive agricultural sector. In order to create this environment, the MTDS emphasises the need for the government to focus on basic education, primary health care, infrastructure maintenance, law and order and on increasing the opportunities for the private sector. These priority activities - the pillars of development - are also reflected in the National Charter on Reconstruction and Development, which was signed by the Prime Minister and Provincial Governors in November last year.

Government programs in these priority sectors are mutually supporting:

- **Basic education and primary health care** are not only fundamental for human development they are absolutely necessary to allow Papua New Guineans to generate agricultural surpluses and to participate effectively in the cash economy.
- **Infrastructure** such as roads and wharves is essential to allow those in the rural sector to market their agricultural produce. As was noted in the MTDS, given good roads, agriculture could link 570,000 rural households in Papua New Guinea with the rest of the world, providing markets for the entire surplus they

produce. Adequate infrastructure is also necessary for the flow of health and education services, and to allow access to material goods and services. Good roads are roads that are readily passable in all weather conditions. As has been recognised in the many conferences and seminars of recent times, good roads in Papua New Guinea are the exception rather than the norm. I will, of course, discuss this issue in more detail, when I address you as Minister for Transport and Civil Aviation. However, I should just say that from a national planning perspective, the maintenance of the existing road network will be the priority of the Morauta government. The rehabilitation of our road network will provide enormous benefits to our agriculture sector.

- **Law and order** is fundamental to private sector activity. Personal and property safety are essential to enable Papua New Guineans to safely go about their business in the rural economy, both as producers and consumers.
- In relation to policies aimed at directly **increasing opportunities in the private sector**, there is a clear need to revitalise agricultural research and extension and to strengthen farmer-training programs. Research and extension, and improved training, will provide the foundation for increased yields and the adoption of higher valued crops.

Reflecting the poor state of the PNG economy that the Morauta government inherited, the 2000 national budget was, by necessity, very constrained. Nonetheless, the budget managed to allocate around 65 percent of total expenditure to the priority areas. As well, under the government's guidelines for the administration of the K89 million District Development Program, the expenditure of monies will be in-line with the key priorities, including aid posts, teacher housing and rural feeder roads.

As has been emphasised by the Prime Minister, the 2001 budget will continue the responsible

approach to economic management. First, it will consolidate the hard-won macroeconomic gains by ensuring the continued stability of the kina and by paving the way for further falls in interest rates and inflation. Second, it will seek to continue the shift of resources to the priority areas and activities.

While primary health and education, infrastructure maintenance and law and order will continue to be the priorities of the government, we are also committed to examining all policies and options that directly target an increase in agricultural activity. In this context, I look forward to the ideas and views that will be put forward at this seminar. The Minister for Planning has assured me that all these options will be carefully examined and appraised, along with the recommendations put forward at the conference on food security.

The recommendations arising from this and other conferences will play a very important role in defining the focus and shape of future development budgets and public investment programs. Aside from the priority activities identified in the MTDS, the Government is committed to implementing specific programs and policies where it can be demonstrated that they will deliver a significant and ongoing improvement in the welfare of Papua New Guineans as a whole.

As we enter the new millennium, the agricultural sector will remain a principal focus of our planning policies. This is where the vast majority of Papua New Guineans live their day-to-day lives. We must strengthen the policies and programs that benefit our rural majority. We must create the environment that will allow them to achieve the living standards they so richly deserve.