

# PROSPECTS FOR A PAPUA NEW GUINEA LIVESTOCK INDUSTRY (CATTLE)

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The Cattlemen's Association represents the interests of small producers and large ranches. Due to lack of time, we will present here a few figures and examples only.

## SOME FIGURES

Current commercial meat production is approximately 2800 tonnes beef, sheep nil, poultry 17,500 tonnes and pigs 1000 tonnes.

Total red meat imports are 42,000 tonnes of which 9,000 is beef and 33,000 tonnes is mainly lamb flap and forequarter chops. 90-95% of the beef imported is trimming and thin flank brisket. This is mainly used for processing at canneries and small goods factories. Approximately 500 tonnes of fresh market beef is imported.

Processing beef is imported tariff free. Imported fresh market beef has a 30% tariff. Imported sheep meat is tariff free. Imported poultry has a K3.15 per kg (approx 70%) tariff. Imported pork has a 30% tariff. While there is scope for production expansion, competition with cheap quality imports is difficult.

## WHY CATTLE?

We are continually reminded of the high cost of importing grain to feed poultry and pigs but we should remember that cattle eat grass. There are large areas of under utilised grassland which is suitable for cattle but unsuitable for cropping.

Many of our small farmers are second genera-

tion cattle farmers. We have learned from our fathers. PNG is free of major cattle diseases.

## SOME HISTORY

The number of cattle in PNG increased to 150,000 head in the 1970s but this gradually reduced to 70,000 head due to poor market economics and the difficulty of farmers to sell their cattle in the face of cheap imports. An improvement in the market position in the late 1990s restored farmer confidence and as a result herd numbers have increased to approximately 85,000 head.

Fencing is the major infrastructure cost in cattle production and has faced import tariffs of 55% for star pickets and 40% on barb wire. While the picket tariff has since been removed a tariff is still in place on barb wire.

## PRODUCTION EFFICIENCY

Production efficiency is measured by the turnoff number and weight of animals on sale. This has shown improvement over the past decade as farmers identify production problems. As an example, the extent of calf losses due to dog attack was little appreciated in the past and where control measures have been used, we see major improvements.

Over the past 5 years the industry has developed the supplementary paddock feeding system with PNG produced by-products: copra meal, oil palm PKE and molasses to supplement pasture and improve quality and profitability. This is a major quality step through improved growth rates and animal handling.

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While smaller farmers can benefit from the technologies developed and introduced by the ranches, they mostly lack the knowledge and facilities to improve their stock in this way.

## SOME ISSUES

Beef faces a marketing problem which needs to be addressed by the industry itself. Overall, beef is cheaper than chicken but this not reflected in sales. Possibly more aggressive advertising and product merchandising is needed to improve sales.

The recent tick introduction to the Markham and Ramu valleys required a costly eradication exercise in excess of one million Kina. This cost was faced by the larger ranches. While the Papuan region has learned to live with the added costs of tick, the costs would have been an unnecessary burden particularly on our smaller farmers. This may also explain to some extent the low number of smaller cattle producers in the Papuan region. This exercise proved the need for strong quarantine restrictions. We should note that to protect their industry, our Australian neighbours do not allow the direct import of live cattle under any conditions. With the devastating Foot and Mouth disease now spreading in Asia, we need to be particularly careful with our neighbours who may not practice the same level of quarantine.

## INDUSTRY EXPANSION

The aim of the industry is to increase production volume and reduce consumer prices. To do this, the industry seeks a facilitating and support role by government agencies. The available suitable land is on customary land and the focus for expansion needs to be directed to small farmers and landowner companies.

Support for small farmers through extension contracting to privatised agencies and larger ranches will be the most cost effective method. In the longer term, the industry should become self supporting, possibly on a nucleus estate

model. This is currently loosely practised with small surrounding farms receiving assistance from larger ranches. As an extension provider, SRPM with its support from both Morobe Provincial Government and RDB was building confidence in farmers until its funding collapsed. While the new ADB pilot program may pick up where the SRPM program faltered, this start - stop - start by government does not give confidence to new small farmers.

The move away from government funded abattoirs with the establishment of the modern Ramu abattoir with full boning facilities serving the wider industry is another example of the industry self sufficiency.

Market stability and protection from import dumping are important. While a protective tariff is unnecessary to compete with the current real Australian prices, it is necessary as meat is being sourced by importers below cost - how? We have such a small market here that small increases in imports brought on by dumping or fluctuating overseas prices greatly affects our market situation and farmer confidence. To stabilise these fluctuations, we need a tariff at this point. It should be noted that the tariff currently affects less than 10% of imports or 15% of fresh market consumption.

Ensure the industry develops on a level playing field. Remove excessive input tariffs and give the same concessional advantages to all sectors. Develop appropriate technologies in pasture improvement, stock management and supplementary feeding for small farmers and provide skills and business training. Research input into production efficiency and cost reduction.

Security / law and order issues - brand register needs to be reviewed and enforced and increased penalties are required for cattle theft and unauthorised movements of live cattle and carcasses. We suggest confiscation of vehicles, business licence etc.

Need access to Rural Credit with extended repayment periods. Need improved road access.

**Commercial Production**

Beef	2800 tonnes
Chicken	17500 tonnes
Pork	1000 tonnes
Sheep/Goats	< 59 tonnes

**Red Meat Imports**

Processing Beef	8500 tonnes
Fresh market Beef	500 tonnes
Lamb Flap / Shoulder	33000 tonnes
Poultry / Pork	Nil