

SECOND DAY

Wednesday 7 November 2018

DRAFT HANSARD

Subject:

Page No:

DEATH OF FORMER MEMBER (Mr Kala Swokim) – STATEMENT BY THE ACTING SPEAKER	1
ACKNOWLEDGEMENT OF STUDENTS (Waigani Primary School) – STATEMENT BY THE ACTING SPEAKER	2
QUESTIONS.....	3
Export of Cash Crops.....	3
Manus Detention Centre	5
Forestry – Stumpage Payments.....	9
Appoint Spice Board Members.....	13
Regulate and Control Vanilla Price	13
Use of APEC Buses	15
Establish Tourism and Hospitality Institute	15
Agriculture Industrial Parks	16
STATUS REPORT AND FUTURE PLANS FOR THE PAPUA NEW GUINEA AGRICULTURE SECTOR – MINISTERIAL STATEMENT – MOTION TO TAKE NOTE OF PAPER	19
ADJOURNMENT	47

SECOND DAY

Wednesday 7 November 2018

The Acting Speaker (**Mr Jeffery Komal**) took the Chair at 10 a.m.

There being no quorum present, Mr Acting Speaker stated that he would resume the Chair after the ringing of the Bells.

Sitting suspended.

The Acting Speaker again took the Chair at 10.20 a.m., and invited the Member for Menyamya, **Honourable Thomas Pelika**, to say Prayers:

‘God of Abraham, God of Isaac, God of Jacob, mipela come long King sia bilong yu long neim bilong Jisas. Mipela tok tenkyu long yu bin lukautim mipela taim mipela silip nau tulait na mipela kam bung long dispela haus. Mipela tok sori long ol pasin nogut mipela wokim long tingting na long pasin, mipela tok sori long yu long neim bilong Jisas Krai. Mipela sanap antap long tok bilong yu long buk bilong Jeremiah Chapter 29, Verse 11, i tok yu gat plen long mipela. Tenkyu long yu bin makim mipela long kamap lida bilong dispel kantri. Mipela tok tenkyu long ol World Leaders bai kam long Papua New Guinea long bung long APEC. Mipela askim yu long was long ol taim ol i stap long hia na ol i ken igo bek. Mipela tok tenkyu long olgeta gutpela samting, Yu strong sindaun blo mipela wantaim ol narapela kantri na strongim laikim bilong mipela long dispela kantri Papua New Guinea. Na helpim mipela ol lida bilon Palamen long soim laikim bilong mipela long wanpela arapela na tu long respectim mipela yet. Dispela beten mipela wokim long neim bilong Jisas husait istap long Heven wantaim ol angel na i liftimapim Papa blong yu God na askim long helpim blong em long mipela. Amen.’

DEATH OF FORMER MEMBER (Mr Kala Swokim) – STATEMENT BY THE ACTING SPEAKER

Mr ACTING SPEAKER – Honourable members, I have to inform the Parliament of the death on 5 October 2018, of Mr Kala Swokin. He was a former Member for Western

Provincial in the Second National Parliament from 1977 to 1982, Third National Parliament from 1982 to 1987 and Fourth National Parliament from 1987 to 1992.

He served as Parliamentary Secretary to the Minister for Primary Industry from 1977 to 1979, member of Plans and Estimates Committee and Chairman of the Privileges Committee from 1979 to 1982, Minister for Housing from 1982 to 1985, Minister for Lands from 1987 to 1988, Minister for Justice in 1988 and Minister for Lands and Physical Planning from 1988 to 1991. He was not returned in the 1992 General Elections.

He was re-elected again to the Sixth National Parliament from 1997 to 2002 as Member for North Fly Open Electorate and served as Minister for Fisheries from 1997 to 1998, Minister for Civil Aviation and Tourism from 1998 to 1999, member of the Constitutional Laws and Acts and Subordinate Legislation Committee, Deputy Chairman of Pensions and Retirement Benefits Committee, Deputy Chairman of Provincial Governments Suspensions Committee, Deputy Chairman of Public Service and Public Sector Reform Committee, member of the Standing Orders Committee, Assistant Speaker and member of Gas and Energy Development Committee between 1999 and 2000.

As a mark of respect to the memory of the late Honourable gentleman, I invite all honourable members to rise in their places.

All honourable members stood in their places as a mark of respect to the late former Member.

02/02

**ACKNOWLEDGEMENT OF STUDENTS (Waigani Primary School) –
STATEMENT BY THE ACTING SPEAKER**

Mr ACTING SPEAKER – Honourable members, I have to inform the Parliament that Grade Seven (7) students from Waigani Primary School are present in the Public Gallery this morning.

On behalf of the Parliament, I extend to them a very warm welcome to the National Parliament.

QUESTIONS

Export of Cash Crops

Mr KENNEDY WENGE – My questions are directed to the Minister for Agriculture. Before I raise my questions, I wish to thank the Minister for Civil Aviation and the Minister for Commerce for visiting my electorate. I would say my electorate of Nawae is difficult to access but they made it and, therefore, I appreciate their visit. They were there to launch a cooperative society and an airstrip.

My question is in relation to agricultural extension work, especially in the areas of research and identifying of new commercial and subsistence crops. Now we have the establishment of NARI (National Agricultural Research Institute) based in Lae and I have noticed they have done a lot and are continuing to do a lot of research.

03/02

Their research is based mainly on home grown vegetables such as taro, banana and greens (aibika) and, et cetera.

My questions are:

- (1) Is the institute prepared to build factories for the processing of these vegetables?
- (2) If yes, will these produce be packed as tinned food or in packages to be exported to other countries?

In my electorate of Nawae taro is the main crop that is grown. The people are specialised at growing one particular taro called Longko. Most of our farmers have asked whether a vegetable processing factory can be built to cater for such vegetables as taro.

If we build our own vegetable factory and export tinned or packaged vegetables packages it will boost the economy of our country and alleviate our peoples' financial burdens.

Mr BENNY ALLAN – Mr Acting Speaker, I thank the Member for Nawae for his questions.

These questions concerns all the electorates, and in fact every farmer in the country wants their home grown garden produce to go into downstream processing. They also want investors who want to come and invest especially in agriculture sector to set up factories to cater for downstream processing because it will add value to all these commodities before they are exported to other countries.

In fact, the Member has raised very genuine questions.

In relation to a handful of research done by NARI, it is not only on agriculture but also covers other sectors as well. They have carried out research on commodities such as rice, taro, banana and other home grown crops.

In relation to taro grown in Morobe, I quite agree because they grow the best variety of taro in Morobe and sell them at local markets. It's a good idea for us to export our locally grown taro. For instance, Fiji exports their home grown pawpaw and taro to Australia and New Zealand markets and I don't see any reason why we cannot do the same. But I want to assure the Member that interested investors can invest by building factories to go into downstream processing so that our home grown food such as taro can be exported. Some of our commodities such as coffee and cocoa are sold overseas. Our cocoa is used to make the Queen Emma brand of chocolate which is processed in Bougainville, and it is sold in major shops in Port Moresby, Lae and other main centres. These chocolates are also sold in shops in Australia as well.

Our coffee is hitting the world market now, especially the rare species of coffee from Goilala, Kainantu and other parts of the country as well. It won't be long till we secure a good price for coffee at the world markets. Right now our coffee is hitting the world markets simply because of the downstream processing and exported overseas.

I want to assure the Member that in the near future if any investor wants to come and invest in taro, we can go into downstream processing.

04/02

It is good for our country that there are many potential investors coming and investing in our country. For instance, the Central Dairy is manufacturing milk in the country and is selling them in the shelves of shops in the country and they will be extending to the Morobe Province to Yalu soon.

The direction and the policies of this Government is to grow the economy and let me assure the Member that if there is a potential investor that is willing to downstream and process taro for exporting, as a Government we will welcome that with open arms.

Manus Detention Centre

Mr CHARLIE BENJAMIN – Thank you, Mr Acting Speaker. My series of questions are directed to the Right Honourable Prime Minister Mr Peter O’Neill and I would like the Minister for Foreign Affairs and Immigration and Minister for Defence to take note.

Let me place on record my appreciation for many countries and their governments who have contributed to taking Papua New Guinea to where it is today, especially the Government and people of Australia. They have always been there for us and are readily there to help us, yet also created a sense of carelessness bordering on irresponsibility on our part. You find it in the public service as well as amongst us the public servants.

On behalf of the people and the Government of Manus, we thank the people and Government of Australia as well as many other countries and non-governmental organisations for their contributions.

My series of questions relate to my province;

(1) Has the Government and people of Australia learnt anything without the involvement of the people and Government of Manus to use Manus as the regional detention center and the facility for people who decided to travel by boat to illegally live in Australia. If they were to make such a decision again, what would they do differently?

The Australian Regional Processing Center in Manus has made the people and the government of Manus well known in the world for the wrong reasons. Even the Australian people are freely rubbishing my province and my people for their own decision to send their problem to us.

(2) Can the Government of Papua New Guinea who partnered the government of Australia immediately embark on the measure to clear Manus and compensate Manus for the damage they have caused to us internationally as we have done our part very well?

The Australian people and others all over the world including the organisations of the United Nations are very concerned about the human rights of the few people who came to live in Manus without our invitation.

Mr Prime Minister, how about the human rights of the entire 70 000 indigenous people of Manus province, whose lives, seas, land, and their young girls being abused on a daily basis, and their name and reputation have been damaged not only the by the decision of the Government of Australia and Papua New Guinea but also by the self-righteous attitude of some people and organizations of the world who themselves violate human rights of their own people and others who live among them.

(3) Are there any plans to make peace with my province and my people?

05/02

Recently I read that Prime Minister Scott Morris of Australia and Prime Minister Peter O'Neill have agreed to allow the Australian Navy to return to Manus after about 45 years.

(4) Honourable Prime Minister, can you confirm that you have entered into an agreement with your Australian counterpart to use Manus and its people once more?

(5) If so, have you learnt anything from the asylum seeker experience?

(6) Did you know, Mr Prime Minister, that Manus has a provincial government of its own like Southern Highlands and other provinces of Papua New Guinea?

(7) Do you recognise that Manus has a governor and I, Charlie Benjamin, am the current governor of Manus Province placed there by the constitutional laws of Papua New Guinea?

(8) Does Australia recognise that as well?

(9) Who is the enemy that the Australian Navy is worried about and that PNG is seeking Australian help to help us guard against?

(10) If the report is true, can you immediately put a halt to any move by Australia to use Manus again for its own end?

(11) Can the Government of Papua New Guinea engage with the Government of Manus to reach an understanding and agreement before it proceeds to engage with any foreign government including the Australian Government.

Our experience with asylum seekers tells us not to completely rely on the Government of Papua New Guinea to protect and pursue our interest.

(12) Since the Government, under your leadership, has decided to give autonomy to the provinces, can you allow the people and the Government of Manus to play a greater role in such decisions that would greatly impact the lives of our 70 000 indigenous people?

Thank you, Mr Acting Speaker.

Mr PETER O'NEILL – Thank you, Mr Acting Speaker. I thank the Governor of Manus for his very important questions.

Mr Acting Speaker, the detention centre for the asylum seekers on Manus is a well-established story that every Papua New Guinean and the people of Manus are aware of. This

programme was started by the Somare Government and when we came into government we continued it.

This means that the loss of lives of over 2000 women and children who were trying to seek refugee status in Australia while attempting to cross the rough seas between Indonesia and Australia was causing a huge concern for many citizens in our region and around the world. And Papua New Guinea, having an arrangement already established with Australia, had no choice but to re-enter that programme.

It is not something that we pursued, Mr Acting Speaker. It is something that as a country we had already established. And as a Government, when we took office, we continued the programme.

It has always been our intention that our arrangement with the Australian Government is that they will re-settle all these asylum seekers in a third country. That process has begun.

Mr Acting Speaker, all the refuge seekers on Manus have been processed, whether they a genuine or not, most of them will now be re-settled in a third country. In fact, some have already been re-settled in the United States and other parts of the world where the Australian Government has got arrangements for their re-settlement.

I want to assure the Governor and people of Manus that the detention centre will be closed.

Further to that, Mr Acting Speaker, I understand the issues that the Governor is concerned about, particularly some of the engagements by the refugee seekers with the community. That is a concern and if there are instances where some of our citizens have been abused or been mistreated we would like to know that. We have got a strong police and security presence on the island and they are to take those matters into consideration and arrest every person who is abusing the rights of our citizens on the island.

06/02

It has never been our intention to allow our citizens to suffer but as a citizen within the region it is our obligation to also give a helping hand to others when they need it.

Mr Acting Speaker, Australian presence on the island has also brought about some benefits to the islanders. Some of the local business have participated in the programme and some of the public programmes and investments for Manus have been constructed where our people are enjoying those projects and infrastructure that have been built.

I know it may not fulfil the expectations of our people of Manus but it can be acknowledged that the Australian Government has also contributed to the developments of some of the projects because of the arrangements that we have in place.

But, Mr Acting Speaker, moving forward there was a recent announcement from the Australian Prime Minister, Honourable Scott Morrison, about the future use of the naval base in Manus. Papua New Guinea has got an ongoing Defence corporation agreement with Australian since 1975. It is not a new Defence corporation but a corporation that has been reviewed from time to time and Papua New Guinea is in the process of doing that review as we speak.

The naval base in Manus is the property of the Independent State of Papua New Guinea but we respect the rights of the traditional landowners and the provincial government and the people of Manus. Ongoing consultations will be made about the use of that naval base, but this is where I want to emphasise that the Australian Government has donated some new boats to Pacific island nations and Papua New Guinea will be receiving four of them. Those four boats are going to be stationed in Lombrum, Manus and Lancron, Port Moresby, where the boats will patrol up north where there is huge illegal fishing going on.

Mr Acting Speaker, PNG is missing out on millions and millions of kina because of illegal fishing particularly in the tuna industry and these boats will be used to monitor that. With improved satellites and telecommunication infrastructure I think we can be able to better manage our resources in Manus.

I know that Manus and the northern part of the country has greater opportunities for the fishing industry and this is what we are trying to protect for our people. It is not a naval base that is designed to have huge military presence but a naval base that is going to protect our borders and seas. That is the initial understanding but the detailed negotiations are going to take place and officials from Papua New Guinea and Australia will discuss that and of course I will extend the invitation to the Manus Provincial Government and their officials to participate in this.

Again it is an opportunity for us to make sure that the local economy for Manus must continue to prosper. Without the presence of the additional activity on the island I can assure you that the Manus economy will suffer as a result. So in order for us to build a very vibrant tourism industry on Manus Island it is important that some of these infrastructures be in place particularly the naval base and Momote Airstrip has to be reconstructed to enable planes to land safely, which is something that is needed for industries like fishing and tourism.

Mr Acting Speaker, this is why continued dialogue between Manus Provincial Government and the other Stake-holders is necessary. I will make sure that the invitation will be extended to the Manus Provincial Government to participate and finalise the arrangements that we are now discussing.

Thank you, Mr Acting Speaker.

Mr NAKIKUS KONGA – Thank you, Mr Acting Speaker. I direct my questions to the Minister for Forestry and I ask the Minister for Finance to take note.

Mr ACTING SPEAKER – Honourable Governor, the Minister is not in the Chamber, therefore, you may reserve you right.

07/02

Forestry – Stumpage Payments

Mr NAKIKUS KONGA - Mr Acting Speaker, if the Minister is not available then I will re-direct by questions to the Minister for Finance.

Before I ask my questions, Mr Acting Speaker, I thank you for giving me this opportunity. On behalf of the 430 000 people of East New Britain, I would like to say thank you to the Prime Minister, the Cabinet and the Government and those people who have supported in one way or another to have witnessed the signing of the Autonomous Government of East New Britain, which took place last month on the 01 October, 2018.

Indeed, Mr Acting Speaker, it has created a new landscape.

Mr Acting Speaker, my series of questions refer to my ministerial brief to the Honourable Minister for Forests in July this year on the matter of my constituency in East New Britain Province and in particular in the matter of outstanding stumpage fee payments for landowners of the Trans Kerevat Area for trees planted by the State on customary land.

Mr Acting Speaker, this plantation was established some eighty years ago. The stumpage payments to affected landowners have been outstanding since 1992, almost 30 years ago.

My concerns to raise the matter in this Honourable House as expressed in my briefs are:

1. Respective beneficiary clans are rapidly losing and or having lost clan leaders, who fought for recognition as customary landowners of the Trans Kerevat Area, through natural cause of old age or from diseases. This is culturally not accepted

2. Many attempts have been made to the National Forest Authority in the past to have stumpage payment paid in order that the respective clan leaders would at least have some benefits of their hard fought efforts but today this has not been given due consideration.

3. The matter for customary landownership at its completion under the various provisions of *Customary Land Regulations Act* has been exhausted culminating in the historic March 1992 Decision of the Papua New Guinea Land Title Commission.

4. There has been no contest to the LPC decision by any other interested parties.

Mr Acting Speaker, the Governor of Gulf also raised the same issue yesterday in relation to outstanding moneys owed to the people of this country.

My province produces about 20,000cm³ to 30,000cm³ of logs every month. I've got four electorates and the two electorates which produce timber is Pomio and Gazelle. And for this reason alone these people have been visiting the Forestry Office. Thirty years is the long time to wait, and there has been no response.

Mr Acting Speaker, it appears that there are two political entities in any one government agency; the Minister and the Board.

In the case of the National Forest Authority, it appears that the National Forest Authority Board has vested interest and often times creates conflict between the respective Minister and the Administration.

08/02

There is need now to streamline all government statutory agencies under one line of what they call direction and action. That is from Minister to administration without any so-called agency board's interferences.

There was such a plan approved by the last Parliament to bring all agriculture commodity boards under only one central board and administration. I understand it was because of the politics played and caused overexposure by the respective board of the staff sectors in the agriculture industry. I am not sure if this centralisation of boards and administration into the agriculture sector has actually commenced. This also applies to Forestry and I was glad that this Government took it on board.

As the Governor of Gulf said yesterday, they have now swept the floor so all those moneys with those authorities like mining, fisheries and forest are now with Finance Department. Those are my series of questions.

Thank you, Mr Acting Speaker.

Mr JAMES MARAPE – Thank you, Mr Acting Speaker. I thank the Governor of East New Britain for asking questions pertaining to issues affecting his people. I'll start by answering his last question and making some clarity to what my response was yesterday. The essence of *Public Money Management Regulation Act* was really to create a dividend policy scheme to ensure that those agents of state and statutory bodies don't keep funds and run parallel programs or separate programs. The excess funds are to be filtered back into Waigani public accounts so that it is in support of national budget.

The 90-10 per cent split doesn't encompass the operational fund or what is approved for by the respective boards. As far as the governing acts which give mandate to the organisation are concerned they keep everything they have budgeted for to run the organisation including funds that are legitimately meant for beneficiary groups like landowners or provincial governments. But in our exercise that was conducted early this year, because there was a mismatch and there many accounts being run by all those agents of state including National Forestry Authority we had to put one line of stoppage to everything and had the CPI officers clean them all.

Over the course of this year, we had series of engagements with all these agents of state to establish exactly what these monies are for, what programs are being implemented and if they are deemed in excess then the 90-10 principle applies and the balance of the 10 per cent remitted back to them for their sustenance and their continual operation. The operational funds are not to be touched and in fact all agencies affected have had their operational funds remitted back including entitlement for beneficiary groups in those sectors like royalties, development levies, et cetera.

Mr Acting Speaker, that is the over-arching intention of the *PMMR Act*, it intends well. The health of the country is dependent on the health of Waigani Public Accounts and in the past legacy issues and historical issues, we have created so many empires and little empires in all these agents of state. We are now saying, you run it neatly and clearly. You run what you need and not concurrent programs that PIP Budget can address. For instance, one agent of state, they are running rural jetty programmes, while the National Fisheries are

running jetty programmes and coastal agencies are running similar programmes and then at the PIP we are trying to run jetty programs.

09/02

So we said, let's tie all these loose ends and run just one program so we all know what program is being run so those are the legacy issues and loose ends that we are trying to tidy.

That process has given us some sort of sense of purpose and direction in that regard and hopefully by 2019 we should have a cleaner system of Government in the way we run our statutory board organisations as well as National Budget and the budgeting program.

Going back to the issue on stumpage fee and thick logs in East New Britain Province, I ask the Governor to submit his issues in writing to me or pass on a copy of what he submitted to National Forestry. I give you my assurance, I will direct Finance to go across to Forestry to do those reconciliations and establish – as he clearly indicated since 1992 it goes into deep reservoir of ascertaining as to exactly what has happened. So, please forward those queries you have and we will do an investigation to really establish what has happened and those funding if it's new and if it's parked in Forestry or Finance and is meant for landowners we will get them out as soon as possible. We don't intend to keep landowner funds.

Certainly, it is their entitlements and they need to be paid and it saddens me to know that some of those who have been raising those issues have passed on or moving on in life and as a responsible Government we will attend to them in the earliest.

I will talk to my colleague, the Minister for Forests, and we will try to be urgent to see that this matter is being attended to at the very earliest.

On the issue of log levy and other entitlements in as far as benefits in the logging industry is concerned, let me place on record that it is not national government benefit. None of those funds will be touched and hasn't been touched. These are entitlements for the districts and the provincial governments concern as well as the peoples concern for the infrastructure in those logging affected areas and if it has not been moved back to forestry with a financial instruction that is fair and friendly for everyone and we ensure that those funds are remitted to those provinces and districts concerned and we try to get some work happening. With that, let me also take this opportunity to announce that we will do a stock-take into previous remittance of funds into all log levy areas to ascertain exactly what has happened in the past

As these funds are remitted out, we expect and it is incumbent upon beneficiary districts and provinces to ensure that the classrooms, aid posts, and what needs to be built with those funds are taking place and new disbursements will be disbursed with the financial guidelines that assist you in getting those work done.

Times are challenging, we need to optimise use of resources within our embrace and log levy is one of that which is clearly seen there. It is not part of our annual allocations so when it comes to you, get the work done. I hope the forestry Minister will announce some disbursement in December.

Thank you, Mr Acting Speaker.

Appoint Spice Board Members

Mr JOSEPH YOPYYOPY – Thank you, Mr Acting Speaker. My question is directed to the Minister for Agriculture.

I am certain the Minister is aware that the main growers of vanilla beans are those from the East and West Sepik provinces. Due to lack of proper control and monitoring of this spice, I have found out that there are many unlicensed buyers who have cheated my people in my electorate by purchasing these green beans at their own prices. There is no price control, there is no market control and there are a lot of illegal sales taking place right now. A few months ago, the Minister for Agriculture stated that he would be appointing members of the commodity board.

(1) Has the Minister made appoints for members of the commodity board for the spice industry?

(2) If he has not, when will he do so?

Regulate and Control Vanilla Price

(3) When will the Minister start looking into these issues of control and price regulation of these spices, particularly the vanilla beans so that people can be paid fairly for the commodities they sell?

Some villagers hardly come to town so such commodities that bring cash income to their village will help boost their lifestyle.

(4) Can the Minister for Agriculture intervene quickly to sort out this issue?

10/02

Mr BENNY ALLAN – I thank the Member for his questions in relation to the Spice Board and price of vanilla in his electorate in East Sepik and West Sepik.

My department has completed all the processes of appointments in all commodity boards. This week the Cabinet endorsed the OPIC and we are waiting for the gazettal for the full OPIC Board.

In relation to Cocoa, coconuts and spice, the boards have been appointed. These appointments are with DPM and they are looking at finalising it before presenting it to the Cabinet. Once we have the full Spice Board in place then we are going to look into putting policies to regulate vanilla.

With vanilla there is no control and so people are harvesting it before it is fully matured or doing something else with it. There is a risk of facing the same problems that we had so many years back. For example, people were cheating buyers by including nails inside vanilla bags to increase their weight. We do not like to repeat these similar problems so once we have the full board in place then we will come up with policies to control such things.

With Coffee, we have the full board but we will replace the export representative of the board where the current Member for Goroka has vacated. With NAQIA, the processes have been completed and we have put forward the names to the Cabinet through the Public Service Minister. In relation to the Livestock Development Cooperation, we have started to put names together therefore all names under the DAL are being looked at and we are finishing up everything so hopefully it will be done before the end of the year.

I want to assure the Member and the Parliament that the Spice Board is ready to go before the Cabinet and once we put that board in place then we can be able to control what happens to that spice product. I thank all for the support especially the Minister for Public Service in pushing for all those appointments.

We have done away with the interim boards and soon we will have full boards. Once we have the full boards, they will also be responsible to review the Acts for its governance. The first one that we will look at is the *OPIC Act*. It is an Act dating back to 1953 and only addressed the interest of the industry and does not cover all the oil palm farmers in the country. It will be made a priority on the list to review the Acts. I thank the Member for his concerns concerning the Spice Board and I assure you that we will take into consideration to address it.

11/02

Use of APEC Buses

Mr ROBERT AGAROBÉ – Mr Acting Speaker, I direct my questions to the Minister for Culture and Tourism.

Before I ask my questions, I wish to thank the Member for Rigo for hosting the Rigo Cultural Show after a long time. And I also want to thank the Minister assisting the Prime Minister, Member for Goilala, and also the Minister for Culture and Tourism, Minister for Public Service and the Minister for Religion, Youth and Community Development for turning up and bracing us with your presences.

Mr Acting Speaker, I thank the O'Neill-Abel government because we are now seeing a lot of good sealed roads around the country and with this improved road system a lot of the provinces want to develop their tourism industry.

My questions are:

(1) After the completion of APEC Meeting, Mr Minister, do you have any plans to secure some of these buses to provide reliable and comfortable transport for our tourists who will be visiting our provinces?

Central Province is targeting tourism as one of our major sectors and we will definitely be interested as we have the land to support and maintain these buses and also have the technical know-how and we see the need for it in our province.

Establish Tourism and Hospitality Institute

(2) Do you have any plans to further develop the tourism industry by establishing a training institute for tourism and hospitality in the Southern Region?

And if so, my province has identified land and will be happy to partner with the Tourism Promotion Authority to build and run this institution as I see the need to train and prepare our rural people to participate in this growing industry that's yet to see its true potential.

Mr EMIL TAMMUR – Mr Acting Speaker, I thank the Governor of Central for his questions in regards to buses that will be used for APEC Meeting. We are in the process of liaising with the Minister responsible for APEC and in consultation with the respective governors, and if you are interested in acquiring some of the buses then we can have a dialogue and put forward our request to the Minister responsible and upon consultation with the Prime Minister.

In regards to training institutions, most of our major institutions like UPNG, Divine Word and other technical and vocational schools that will be running tourism training in their various institutions.

But if the Governor is interested my officers and the CEO of TPA are available and we can always discuss. Upon what you said, you do have land available in Central Province. And when I went there upon the invitation by the Member for Rigo to attend the cultural show, I have seen that there is a big potential of attracting tourists and our city residence as well in Central Province.

And it's not only in Central but all around the country as well. Our Government has allocated more funds into the Budget to host the APEC meet. One advantage of hosting APEC is boosting the tourism industry in the country because it will attract a lot of tourists to come to our country and that will also boost our economy in a big way.

With that I invite the Governor to come and we all can find a way to set up something for our people.

12/02

Agriculture Industrial Parks

Mr PETER NUMU – Mr Acting Speaker, I direct my questions to the Minister for Agriculture and Livestock and I ask the ministers for National Planning and Implementation, Commerce and Lands to take note.

On behalf of the eight members of my province, I take this opportunity to thank the Prime Minister and the National Planning Minister for launching the Five Year Integrated Development Pan.

Early this year the Eastern Highlands and the Western Highlands Provincial Government signed a Memorandum of Understanding with a Chinese Government owned company which the Prime Minister was a witness. That arrangement was to build agriculture industrial parks in these two provinces worth above K1 billion.

The Government of Eastern Highlands sees this as a great importance where it will generate a massive economy revenue and enable our people to have money in their own pockets. The land is owned by the Agriculture Department somewhere in Korosegi in the Ministers district in Eastern Highlands, as stated in the MoU

(1) Can the Department transfer the land to the Eastern Highlands Provincial Government so that we will own equity shares on that proposed agriculture industrial park?

The Chinese population is huge and the market is of high demand. And the market is the only problem we have encountered here locally. This factory is to get all the agriculture produce value adding and packaging from that factory and export to the international markets including China as the largest market.

This billion-kina investment is deemed to benefit part of Morobe, Madang and Chimbu Provinces.

(2) Can the Minister clarify whether it is a loan or not because it will affect the economic developments in the long run?

It is almost a year now after the signing of the MoU. I understand the processes of these type of arrangements. The farmers of Eastern Highlands are excited to work their land for income generation right at their door steps.

The Provincial Government is also excited to have shares by way of dividends from this investment to increase our internal revenue. This will promote the National Government Medium Term Development Three in terms of agriculture and to increase internal revenue for the province. This project alone will impact the lives of our ordinary citizens of Eastern Highlands.

(1) Can the Minister assure the people that there will be no delays to this project as the Eastern Highlands Province, including the Western Highlands Government and its people are all dying to see this project come alive soon?

13/02

Mr BENNY ALLAN – Thank you, Mr Acting Speaker, for the questions raised by my Honourable Governor

In regards to the China-PNG Agriculture Park which is to be established at Hati in Western Highlands Province and Korofeigu in Eastern Highland Province is that the process started when an MOU was signed between the Western Highland Province, Eastern Highlands Province, Department of Agriculture and Livestock and the China Railway Engineering Construction on 17 November 2017. Our honourable Prime Minister witnessed the signing.

Mr Acting Speaker, project submission feasibility studies have been carried out on both Hati and Korofegu and a Cabinet submission has been completed as well as consultations have been held with other organisations which may be affected and it was dealt with by the CAC yesterday. So, it is coming through the process.

Mr Acting Speaker, I would like to inform the Honourable Governor that it is coming through the process and should come to Cabinet any time this week or next week when the Prime Minister calls an NEC Meeting.

But, this particular project is unlike any other agriculture projects. For instance, we have the Baiyer Rice coming up. We have the Sepik Plain Project and Central Dairy, these are direct investment within those provinces with the State being a shareholder with the provincial governments and the DDAs.

The Agriculture Park is different in the sense that it will provide markets for our small farmers. The first phase of the project is about K600 million although the Governor mentioned K1 billion. That is incorrect, it is K600 million which includes Southern Highlands, Enga, Morobe, Central Milne Bay and East and West New Britain provinces.

What is going to happen is that these projects will put up processing factories for all commodities from livestock, cocoa, copra, coffee, mushroom, rice and the vegetables that we produce. Finding markets have been a big challenge for us but I think this project will address that.

Going back to the question that the Member for Nawae raised, these projects will add value to our commodities and exports. So, our small farmers will really benefit in a big way from these projects. The issue that we have now which we are working on is the financing agreement which our Treasurer and Deputy Prime Minister has studied and provided advice on how we should draw up the financing agreement as well as the project agreement. The project itself will cost K600 million but US\$60 million of that will come from the PNG Government. That is the issue that we are looking at and trying to address and the DPM has studied it and given his okay.

14/02

China Railway International will receive K540 million in loan to put up the park in Western and Eastern Highland Provinces. Now, once we have it up and running we will have farmers from Momase and all of the Highlands provinces will be come to sell their produce and also the Southern and Islands region will come up.

So, it is a good project and I want to assure our good Governor that we are working on it and it is going through the process so it should be in Cabinet this week or next week but we will update you on the outcome of the Cabinet's decision.

Thank you, Mr Acting Speaker.

**STATUS REPORT AND FUTURE PLANS FOR THE PAPUA NEW GUINEA
AGRICULTURE SECTOR – MINISTERIAL STATEMENT –
MOTION TO TAKE NOTE OF PAPER**

Mr BENNY ALLAN (Unggai-Bena – Minister for Agriculture and Livestock) – Thank you, Mr Acting Speaker.

Firstly, let me thank the honourable Prime Minister and this Government for making the economic sector its priority under the *Alotau Accord II* and a lot is happening in the economic sector as we speak. I think it is the right timing for us to look at investing in the economic sector where we can grow our economy.

Mr Acting Speaker, I rise today both humbled and greatly honoured to table in this Honourable House and to every citizen of our beautiful country the "Status Report and Future Plans for the Papua New Guinea Agriculture Sector.

Mr Acting Speaker, in the 1960's and the 1970's, the agriculture sector was contributing between 70 to 80 per cent of our country's gross domestic product or GDP. It was the agriculture sector that was the solid backbone of the economy of our country. And it was on the back of the agriculture sector that Papua New Guinea gained political Independence in 1975.

However, over the last few decades, the contribution of the agriculture sector to the economy has decreased steadily and is now at around 30 per cent of the GDP. At the same time, investments and support for the mining, oil and gas sectors has increased with these extractive sectors now contributing about 70 per cent of the GDP.

Up until 2009, coffee was the highest cash crop income earner. Since 2010, oil palm has become the highest income earning commodity crop in the agriculture sector followed by coffee, cocoa, coconut, rubber and tea. The contributions to the national economy and development from the agriculture sector now are under serious threat from a high population growth and increasing competition for land by other interests. Village agriculture, which supports over 80 per cent of the population, remains dominated by subsistence food production. In coffee, cocoa, coconut and rubber, over 80 per cent of the production that is exported overseas is produced by the village farmers.

As a Nation with over 85 per cent of our 8 million people dependent on agriculture daily for food and income, the agriculture sector is very well placed to support the Government's desire to grow the economy, share the wealth equally and to empower our

people so that they participate meaningfully in the development of our Nation. By 2050, the population of PNG is projected to be about 17 million. Indications are that over 70 per cent of our people will still be heavily dependent on agriculture by 2050.

Over the past few decades, the agriculture sector while contributing up to 30 per cent per year to our national GDP, the Government's budget appropriation to the sector has been less than 2 per cent of GDP. Over the last 25 to 30 years, under-investment by governments has seriously limited the agriculture sector's capacity to contribute more to people's prosperity and economic growth of our country.

Having stated that, Mr Acting Speaker, it is the first time ever the O'Neil-Abel government has recognised the contribution of the Agriculture Sector to the economy.

15/02

The total budget appropriation of over K600 million in the 2018 National Budget to the Agriculture Sector was the highest ever.

For the first time, the Government has allocated funding to the subsectors as follows: Oil Palm Industry Corporation, K15 million; Livestock, K10 million; Rubber, K 3 million and Spice Industry, K2 million.

Fresh Produce Development Agency was allocated K15 million; Kokonas Industri Koporesin, K10 million; Cocoa Board, K15 million and Coffee Industry Corporation, K18 million.

The Department of Agriculture and Livestock and National Agriculture Quarantine and Inspection Authority received K10 million and K8.2 million respectively as recurrent budgets; K50 million was allocated to National Development Bank for lending to agriculture and K100 million for Agriculture Commercialisation Equity Fund parked at the Department of National Planning and Monitoring.

The districts received K1 million each which equated to K89 million through their DSIP for agriculture extension programs.

The overall budget appropriation to the Agriculture Sector reflects the priority of this Government to truly grow the economy as per the *Alotau Accord II*.

Mr Acting Speaker, I will now briefly highlight the status of the Agriculture Sector in PNG and outline plans moving forward. This brief covers the Department of Agriculture and Livestock, Coffee Industry Corporation (CIC), Cocoa Board, Kokonas Industry Koperesen, Livestock Development Corporation (LDC), Oil Palm Industry

Corporation (OPIC), Fresh Produce Development Agency (FPDA), Rubber, Spice and Rice.

Department of Agriculture and Livestock

Mr Acting Speaker, when I took office soon after the 2017 National Elections, I draw up a 100-Day Plan.

One of the priorities was to bring together all major players in the Agriculture Sector to the recurring issues of my Department and Commodity Boards in partnership with the private sector, organised and conducted a very successful 2017 National Agriculture Inaugural Summit with the theme; *"Unlocking the Power of Agriculture for Papua New Guinea"*, and held in Port Moresby from 20th to 22nd November, 2017. The Prime Minister opened the Summit followed by senior Government Ministers, private sector, Heads of Government Departments, donor agencies and selected corporative and community representatives. The first two days were dedicated to addressing constraints and opportunities confronting the private sector in the agriculture sector in PNG.

On the third day, the Government through the invited Departmental Heads were given the opportunity to respond to the issues, constraints, challenges and opportunities highlighted by the private sector. The key outcomes of the Summit have been summarised in a Recommendation, and have also been documented to feed into the *"PNG Sector Medium Term Development Plan 2018-2022"*, consistent with the Government's *Medium Term Development Plan III 2018-2022* and the Government's priority under the *Alotau Accord II*.

Agriculture Summit II (2018)

The Second Agriculture Summit to be held in Lae at the end of November 2018 after the APEC Leaders' Summit is focused more towards bringing in more participation of the Micro, Small, and Medium Entrepreneurs (MSME), Cooperatives, private and government sectors. It is expected that strong alliance, partnerships and networking will be established through this national dialogue.

DAL 90-day Plan

Mr Acting Speaker, in June 2018 when the Government appointed the Acting Secretary, the Department of Agriculture and Livestock instituted a Ninety Day Work Plan that is a practical approach that integrates and expands on DAL responsibilities as the lead agencies in the Sector. The priority areas in the 90-Day Plan includes:

Priority 1: Review of the Act and Appointments of the of Commodity Boards

The DAL has completed the Cabinet submissions for all Commodity Boards that includes the revocation of the interim Boards. The full Boards will now oversee the proper administration, control and management of the affairs of the relevant commodity industries. All the *Commodity Acts* will also be reviewed.

16/02

Priority 2: Agriculture Sector Plan

The Department of Agriculture and Livestock (DAL) has formulated a draft framework for the next PNG Agriculture Sector Plan and Strategies entitled "PNG Agriculture Plan 2018-2023" with the theme "Translating PNG's Agriculture Power for Our People's Prosperity and Our Nation's Economic Independence".

The DAL has secured support from the Food and Agriculture Organisation (FAO) to develop this plan. World Bank under the Productive Partnership in Agriculture Project has indicated to also start the review of the National Agriculture Plan. The Department of Agriculture and Livestock is now working on the working with FAO and Work Bank on the Technical Assistance Project and Terms of Reference from FAO and World Bank for the support. This Plan shall consider the interests of the key stakeholders in the supply chain from mobilisation of customary land to farming to manufacturing of agriculture products and by-products, and finally to consumers. It shall recognise the need and importance for supporting and incentivising developmental and private sector programs that landowners will buy into so that their customary land can be released for wealth creation and economic growth.

Ultimately, this Plan aims to "modernise the agriculture sector and make it internationally competitive ensuring that all stakeholders get fair and optimum rewards markets can offer". It will explore new, innovative and practical solutions for "productive, climate-smart and sustainable food systems" in light of the challenges we face in food security, climate change, changing consumer demands and new technologies.

Mr Acting Speaker, other sub-sector plan currently ready for NEC endorsement are the Food Security Policy and E-Agriculture Policy.

Priority 3: Alignment of the Sector Plan to MTDP III (2018-2023)

Consistent with the MTDP II and MTDP III, and *Alotau Accord 2*, the DAL and the Commodity Boards are focusing on increased production, increased revenue, increased food and income security, and Import replacement and downstream processing.

Commodity Boards apart from their regulatory responsibilities are rolling out the regional and district by district nursery programs, in strategic locations to increase production and riding on other programs such as World Bank, International Fund for Agriculture Development and European Union and Food and Agriculture Organisation of the United Nations.

Priority 4: Is the DAL Corporate Plan and Restructure

The last DAL Corporate Plan dates back to 1999. The restructure came into effect in 2000. In 2012 DAL started many short-term and partial restructures which were done in isolation and approval by the Department of Personnel Management (DPM). These resulted in DAL recruiting and filling in vacancies with unqualified staff thus affecting the efficiency and smooth operation of DAL. DAL is a Technical Department that needs skilled and competent people. The Corporate Plan will ensure DAL organisation structure meets the sector's needs and prepare for emerging opportunities arising for technology innovation and agriculture advancement. To complete this exercise, the DAL needs the support of the Departments of Personnel Management, and Finance.

17/02

Priority 5: Major Agriculture Projects and Establishment of the Project and Sate Negotiating Team (SNT).

Mr Acting Speaker, a Project Planning and Management Committee has been established under the 90-day Plan.

The important function of the Project Panning & Management Committee consists of very experience and senior planner and technical staff to appraise and evaluate all Public Investment Project (PIP) submissions by the Department, Commodity Boards, private sector and corporate entities.

The committees' task is to vet and conducts due diligence on all projects before submitting to the Department of National Planning and Monitoring (DNPM), National Development Bank and other funding institutions and donor agencies

The Department (DAL) has also invited other Key Agencies of the Government to form a State Negotiating Team with the vetting process for all projects.

Priority 6: APEC Senior Official Meetings and Senior Officials Meetings; Food Security Week

Mr Acting Speaker, in March and August 2018, the DAL together with National Fisheries Authority and the Agriculture Commodity Boards organised and conducted two very successful APEC SOM3 meetings in Food Security in agriculture and fisheries. Key outcomes for PNG where two proposals by the PNG APEC Policy Partnership in Food Security (PPFS) Secretariat, namely the "Multipurpose Food Security and Climate Change" and "Empowering Women in agriculture and Fisheries" which were approved for funding by the APEC Secretariat for 2018 and 2019. I understand that this is the first time in the history of the APEC SOM PPFS committee for one economy (PNG in this case) for two proposals to be approved by the APEC Secretariat in Singapore.

In May 2018, the DAL also secured funding and support from the Technical Centre for Agricultural and Rural Cooperation (CTA) office in Brussels, Europe to develop the first Agriculture-Tourism policy for PNG. This policy aims to improve linkages between agriculture and tourism to strengthen the local agri-food sector and promote agri-tourism in PNG. My Department is now finalising the terms of reference for the project, and organising a working group from the Government, private sector and other relevant sectors in the community to develop this very important policy.

Coffee

Mr Acting Speaker, coffee contributes substantially to foreign exchange earnings, employment and national GDP. In the last 5 years, coffee accounted for 27 percent of total agricultural export and 6 percent of GDP translating to about K450 million annually. Coffee income feeds into transport, construction, manufacturing, retail and, wholesale, insurance, banking and other allied industries. It is grown in 18 of the 22 provinces in PNG by more than 450,000 households representing around 3.3 million people. Coffee is the main cash crop of the highlands people of PNG.

Prospects for growth in the global market for coffee are looking bright. According to the International Coffee Organisation (ICO), global production of coffee has shown an upward trend over the last 20 years. The major traditional consumer markets for coffee are the EU, US and Japan which account for 53 percent of the global coffee market. These markets have shown a modest increase in consumption of coffee of 1.5 percent per annum

year on year over the last 5 years. However, these figures only reflect volume. The consumption habits of consumers in these markets are changing leading to a higher demand for higher-quality, high-value speciality coffees.

Historically PNG has had an excellent reputation for high quality fine flavour Arabica coffee, but the long-term trend has been one of decline over the last 20 years.

18/02

In the period from 2012-2016, production declined to an average of 47, 532 tonnes per annum. And PNG share of the global market has half to just 0.53 per cent. Volume is the only concern for coffee producers, quality is also a vital factor that determines the market price and price premium discounts for low quality.

The industry faces problems with falling yields, inconsistent quality, pest and diseases such as coffee berry borer, leaf rust, green scale and other diseases. This is a pity because PNG coffee is a great product with much potential for growth. PNG coffee is highly rated among specialty coffee drinkers and consumer reviews of PNG are highly positive with comments such as excellent taste with nutty and spicy under tonnes as this is great coffee with very good value and this coffee is of superb quality with a full aromatic flavour.

Mr Acting Speaker, the presence of CBB in Jiwaka and Eastern Highlands provinces is much more serious because they are major coffee growers in Papua New Guinea and are well connected by roads and air and are in close proximity to other major coffee growing provinces like Chimbu, Western highlands, Enga, and Southern Highlands.

Together these 6 provinces account to about 95 per cent of the total coffee production in PNG. The NEC approved K20 million last year to combat TBB last year, this year 2018, the CBB received K5 million to continue the containment and eradication program. The Coffee Industry Corporation statistics plan for 2013-2018 underlines that the investment in coffee will benefit the majority of the population in the country. The goal of CICIST is to increase financial returns, productivity, product safety and quality and market access for smallholder coffee farmers and others along the value chain.

The CIC has set ambitious targets to increase productivity of village farmers and from their plantain sectors. In the medium term, CIC plans to stabilise production about 1.2 million bags in 2018. A further 5 per cent increase every year, and going forward.

Mr Acting Speaker, over the past five years, cocoa production has reached 43, 867 tonnes with 90 per cent of the beans produced by village farmers while 10 per cent is from

the plantation sector. PNG's cocoa industry has been in decline since the serious outbreak of the cocoa pod borer took hold in 2015. Cocoa exports fell from 52, 579 in 2015 to 33, 090 tonnes in 2018. Production has now increased to about 40,000; however, the industry faces problems with low and stagnant yields, with inconsistent quality.

Cocoa is grown in 14 of the 22 provinces of PNG, with East Sepik, Bougainville, East New Britain, Morobe, West New Britain and New Ireland being the major producers. Cocoa sustains about 151, 000 families equating to about 2 million people in the country and contributes an estimates 300 million per annum to the national economy.

19/02

Globally, PNG accounts for only one per cent of total world production in cocoa. However, PNG cocoa has earned a world reputation of being one of the finest quality cocoa producers being rated by the International Cocoa Organisation (ICCO) as having a 90 percent fine or flavour status. PNG cocoa is a great product that produces excellent fine flavour chocolate and has much potential for growth. The challenge for Government and the private sector is how do we translate this high quality cocoa reputation to more money in the pockets of our cocoa farmers who live in the rural areas?

Prospects for growth in the global market for cocoa are looking bright. According to the International Cocoa Organisation (ICCO), global consumption of cocoa is increasing by 17 percent per annum. Much of the increase in volume is being driven by the emerging markets in Brazil, China and India. Between 2010 and 2015 consumption of chocolate in Brazil, China and India increased by 99 per cent, 132 per cent and 245 per cent, respectively. According to the ICCO, global demand is outstripping supply which will lead to a predicted shortfall in global cocoa supplies of 100,000 tonnes per annum by 2020. According to industry sources in Western Europe, there is already a shortfall in supplies of the highest quality fine cocoa's leading to higher prices for the best quality product.

In 2017, the DAL in collaboration with the PNG Cocoa Board secured a grant of over US\$620 000 from the World Trade Organisation in Geneva for enhancing trade for cocoa farmers in PNG.

The Cocoa Industry Strategic Plan for 2016-2025 (Cocoa-ISP) calls for a rapid ramp up in production and exports to deliver 310 000 tonnes of cocoa exports by 2030. The goal of the Cocoa-ISP is to build a dynamic, competitive and sustainable cocoa industry. In response to the numerous challenges being faced by our rural cocoa farmers

and key stakeholders along the whole supply chain from farming to consumers, the PNG Cocoa Board is focusing on three key strategic programs, and they are (1) Nursery Program, (2) Freight Subsidy Program, (3) Cocoa Quality and Market Promotion Program all of which are currently funded by the Government. Under the Nursery Program, the Cocoa Board is facilitating the propagation of the recently released ten (10) CPB tolerant cocoa clone planting materials to rehabilitate village cocoa farms.

In addition, the Cocoa Board has engaged with 12 district authorities through memorandum of agreements (MOA) to promote and support rehabilitation of cocoa farms, as well as increase opportunities for new Small Medium Enterprises (SME's) in the industry.

Mr Acting Speaker, the coconut industry is the oldest agricultural industry in PNG and has played a significant economic and development role since the 1940s.

However, the industry over decades has declined in its status and is now the fourth major commodity after oil palm, coffee and cocoa in terms of their contributions to the GDP of PNG. The industry provides employment for 309,417 households (2000 National Population Census), representing 31 percent of total households in PNG.

20/02

It is estimated that over 2 million people are involved either directly or indirectly in coconut cultivation, Production and consumption in PNG. The main commercial product from the coconut palm produced by rural farmers is copra. However, the price of copra is so low compared to other agriculture commodities such as cocoa and coffee. And for those in the remote islands of the major coconut producing provinces in PNG, rising transport costs to market centres have further eroded farm-gate prices, and their economic survival is a matter of great concern.

Diversification of coconut products produced by the agriculture producers will not only enhance exports and bring in additional national revenue but it can also address the reduction of importation of coconut products and substitutes from overseas such as Asia. In the last two years, packaged coconut water has become a lucrative industry, competing against carbonated drinks. There are numerous opportunities within the coconut sector in which small-scale producers can value add coconut through product diversification, technology improvements and enhanced market access.

Plans are to increase area planted under coconut from 202,400 hectares in 2016 to 204,800 hectares in 2017 and to 207 200 hectares in 2018 generating revenues of K64.7 million, K65.3 million and K71.1 million respectively from export of copra, copra oil and copra meal. Current awareness and training programs to diversify into non-traditional value added coconut programs over the last few years has attracted a lot of interests among coconut farmers and key stakeholders in the industry and the future of the coconut industry is looking bright and promising.

Livestock

Mr Acting Speaker, the Livestock Development Corporation (LDC) was established in 1983 to take over the responsibility and operation of various ranches, abattoirs and other activities operated by DAL. In 2004, the Asian Development Bank (ADB) report on the PNG agriculture sector revealed that local livestock farmers keen to expand their herds, for the live cattle trade in particular, expressed disappointment that LDC had no capacity to sell them breeding stock. The Government stopped funding the LDC in 2014 and remains so today.

Presently, the livestock sub-sector contributes about 15 percent of the total domestic food production, and about 12 per cent of the agricultural gross domestic product. This status has remained unchanged for over three decades. There is no significant export of livestock products and commercial production, except for pigs and poultry, have declined since the 1970's. Meat consumption in PNG on the other hand, has increased steadily over the last two decades, and is predicted to increase at a conservative rate of 5 per cent per annum. Increased demand for meat is currently met by meat imports costing around K140 million per year. The poultry industry in PNG generates over K800 million annually and more than 80 percent of this is produced by out-grower farmers living in villages in rural areas. In addition, the poultry industry in PNG formally employs around 3,000 people, 90 percent of whom are women.

21/02

There is great potential for livestock farmers and farming groups to raise their productivity and output to match future demand for meat. For example, PNG has huge areas of grasslands for pastures, as well as providing opportunity for crop and livestock integrated farming. According to our land use data, PNG has over 400 000 hectares of grassland suitable for grazing over 300 000 herd of cattle and producing nearly over 60 000 tonnes of beef per

year. By improving pastures and increasing stocking rates, local farmers can significantly increase local beef production from current 2 500 metric tonnes to 8000 metric tonnes.

LDC plans to focus on reviving the cattle industry in the short to medium term as poultry and piggery already have established private sector investments. The DAL has secured funding and technical support from the International Atomic Agency (IAEA) in Vienna, Europe to use nuclear and other technologies including artificial insemination (AI) and innovative pasture improvement techniques to improve nutrition. This project is expected to run from 2018 to 2020.

Oil Palm

In 2008, the oil palm export revenues exceeded the K1 billion mark, and this trend has remained since. Future trends for the industry in PNG look very promising and even bigger and better outcomes are being forecasted.

Currently, the Oil Palm Industry Corporation's (OPIC) participation along the value chain commences when it engages with landowners, both customary and state lease holders to allocate land for oil palm development. At the Fresh Fruit Bunch (FFB) processing, waste management, product storage, transportation and marketing stages, OPIC's role is minimal and limited to information dissemination and some advisory duties.

However, due to the nature of its duties and responsibilities, OPIC needs to be well informed about what happens beyond sale of FFB to the mills, type of customer it is serving and the overall industry characteristics. Understanding these key issues are fundamental towards an improved service delivery to the smallholder or village farmers who are their primary clients. According to Tim Anderson in 2006, "there are limited economic possibilities for small farmers; imposed by their weak market position in a long export industry value chain, and by their weak market relationship with a large price-fixing mill. There is really no way for small and village oil palm growers to escape this subordinate relationship". These are real challenges that small or village farmers face, and therefore, OPIC needs to re-organise its service delivery mechanism to address this underlying difficulties.

We have assessed the current state of development and note that small growers face immense hurdles with productivity, production and capacity. OPIC must enhance its engagement with the stakeholders in the lucrative part of the value chain in the short to medium term. It should also assist in preparing the groundwork for small farmers to

eventually graduate into the lucrative part of the value chain. This approach is consistent with the intention of OPIC as expressed in their draft strategic plan.

Mr Acting Speaker, fresh produce and horticulture.

The Fresh Food Development Authority (FPDA) is the Government agency responsible for managing the fresh food and horticultural industry in PNG.

22/02

The industry has new challenges in recent times given the increased consumer demand from the rapidly growing rural and urban populations, increased business activities due to the resource boom and competition from imports.

Over the last few years, FPDA has been working closely with the PNG fresh food and horticultural farmers many of whom are now gradually shifting from subsistence farming to commercial farming where they are now able to grow and sell produces in distant domestic markets.

FPDA now has contracted about 14,000 farmers from 32 districts in 9 provinces of PNG. Collectively, these farmers have supplied over 12,000 tonnes of fresh produce in major PNG markets generating some K19 million for themselves and their families.

Key challenges faced by the local farmers include poor road and transport conditions, high freight costs, absence of coordinated cool chain systems (post-harvest handling), poor flow of appropriate information leading to inconsistency in supply resulting in quality and supply issues to markets. These challenges are further exasperated by inadequate policy and regulatory framework, and unnecessary bureaucratic red tape.

Consequently, PNGs local fresh produce commodities are less competitive against the imports. This has resulted in many local vegetable producers missing out on domestic markets created by urbanization, mining, petroleum and other large economic projects. For example, the total estimate for fresh produce demand in Port Moresby is about 167,000 tonnes per year. It is estimated that peri-urban and rural farmers in local markets and street vending meet some 60 per cent of this demand. Current records show that there is about a 40 per cent wastage when local farmers sell their produce through the formal system of retailers, wholesalers, caterers and formal markets because of perceptions of quality issues.

According to data from the Customs Office, about 85 per cent of fresh produce needs of resource projects are imported resulting in an opportunity cost of K500,000 per week for PNG translating to an import bill of K26 million annually.

In 2013, the domestic fresh food market in PNG was valued at K2.5 billion and this is expected to increase in future as our population's increases. Recent studies have shown that while PNG's food imports have declined from 9,200 tonnes to around 6,000 tonnes, we still import over 8,000 tonnes of food from overseas. Recent ban on imports of some of the fresh food have shown that PNG local farmers are able to supply much of the domestic fresh food requirements. For example, currently around 4,900 tonnes of the estimated 6,600 tonnes of fresh food banned through the import restrictions is supplied by the local PNG farmers.

Papua New Guinea village farmers face many challenges in the fresh produce industry and need more support from the government and other stakeholders. Some key constraints include access to credit, marketing, infrastructure, extension, training, pest and disease, delivery of agricultural services and others.

23/02

In 2015, my department and FPDA in partnership with the Department of National Planning and Monitoring, the Department of Treasury and other Government agencies initiated discussions with the International Fund for Agriculture Development (IFAD) on the "*Maket belong Villis Fama Project*". This Project aims to deliver three key objectives, and they are:

(1) Building and strengthening of '*business partnerships*' between farmers and their private sector partners;

(2) Building and strengthening of '*networking*' between markets, farmers and their private sector partners along the supply chain; and

(3) Strengthening of '*Government institutions, systems and building of their capacity*' in facilitating local and international trade of PNG's fresh produce and horticultural products.

In December 2017, the IFAD Board in Rome approved the PNG "*Maket bilong Villis Fama Project*" for funding worth US\$25 million. This Agreement, between the Government and IFAD was signed by the Treasurer in August which will be repaid over a period of 25 years including a grace period of five years, with interest at a fixed rate of 1.25 per cent plus a service charge of 0.75 percent per annum. Co-financing of up to US\$25 million will be from the PNG Government mainly through in-kind contributions, and from other development partners.

The project will be implemented over a six-year period in six provinces. Activities related to the fresh produce value chain will be implemented in four provinces in the

highlands region, namely, Western Highlands, Jiwaka, Chimbu and Eastern Highlands and Morobe in the Mamose region. Galip nut related activities will be implemented in East New Britain.

National Agriculture Quarantine Inspection Authority (NAQIA)

Mr Acting Speaker, the National Agriculture Quarantine and Inspection Authority (NAQIA) was established by an *Act* of Parliament in 1997 to ensure domestic industry has reasonable access to international genetic material to enhance local primary production competitiveness, and which does not expose PNG to unacceptable risks. NAQIA is also required to ensure imported foods meet minimum health and safety standards through export certification and quality assurance systems based on Codex (FAO/WHO) phytosanitary, veterinary and public health requirements and protocols. A key function of NAQIA is to advise Government on policy, legislative, regulatory and procedural changes required to achieve adequate quarantine inspection, certification and permitting for health and safety standards of imported and exported products and biosecurity standards relating to animal, fish, plant food and timber products.

In recent times, the Government of PNG has challenged NAQIA to not only focus on bio-security but also place increasing emphasis on trade facilitation. Under the *Alotau Accord II*, the Government has tasked the agriculture sector to grow and drive the economy. In response to these domestic challenges and international opportunities for PNG, the NAQIA in the last two years has focused on solutions and strategies for modernisation of biosecurity services to enhance quarantine and facilitate trade in agriculture.

The first step NAQIA undertook was to complete consultations with key stakeholders on the new Bio-Security Bill for PNG and has submitted a draft to the NEC for approval. The next key strategy is to upgrade and modernise NAQIA's outdated ICT infrastructure and systems. The third key strategy is Modernisation Program which will include establishing a modern and secure database, undertake software development and training and buildings of staff capacity.

Rubber - Department of Agriculture and Livestock

Mr Acting Speaker, the DAL is currently responsible for all aspects of the rubber industry in PNG. An estimated 7,405 people are involved directly in growing and producing rubber in PNG. Majority of these are village growers accounting for 59 per cent while settlers account for 31 per cent and estate employees accounting for only 10 percent of the total number. However, in terms of area, the estate represents about 50 per cent of the 16,670

hectares under rubber in PNG. The remaining 50 per cent is divided up equally between the village farmers (25 per cent) and settlements (25 per cent) sectors.

24/02

The decline in production by the North Fly Rubber Ltd (NFRL) factory was driven by falling rubber prices after 1996 which saw price reductions of up to 50 percent. The NFRL depends entirely on the village growers to supply the cup-lump and therefore the decline in production by the factory was closely linked to the capacity of the growers. As would be expected, increase in prices has positively influenced rubber production by the village growers. This observation is interesting in that it shows that village growers are very sensitive to rubber price fluctuations. An important lesson for future rubber projects targeting village growers from this example is the need to develop appropriate and relevant price strategies. PNG produces good quality dry rubber which is blended with the lower grades from other countries for international marketing purposes. The long-term objective of the rubber industry in PNG should therefore be to maintain consistent supply of high quality PNGCR 10 rubber. Efforts to improve the quality and increase production of the PNGCR 10 rubber should be central to any rubber development plan.

Plans are to increase area under rubber from around 25,000 ha in 2016 to 35,000 ha in 2017 and then to 45,000 ha in 2018 and thereby increasing revenue generated from K40 million in 2016 to K80 million in 2018. Currently there are about 40,000 families and 13,000 SME`s directly engaged in the rubber industry. Plans are to increase citizen participation to 46,000 families and 15,000 SME's by 2018.

Spice - Department of Agriculture and Livestock

Mr Acting Speaker, the DAL is currently responsible for all aspects of the spice industry in PNG. The National Parliament in 1989 enacted the Spice Industry Act. Following this, the Spice Industry Board was established in 1991 and charged with the responsibility to coordinate and grow the spice industry in the country focusing on all spice crops such as vanilla, cardamom, chilies, pepper,

Turmeric, ginger and cinnamon, among others. National Government stopped funding the Spice Board in 1995 and transferred the responsibility to the provinces and the districts. Since then, government funding to the Spice Board has not been consistent and mostly has been inadequate. In fact, the Spice Board has not received any funds from the National Government Budget from 2012 to 2017. Central, Gulf, Northern, Eastern Highlands,

Chimbu, Morobe, East Sepik, Sandaun, East New Britain, West New Britain and Manus provinces have spice programmes and projects. Based on the figures for 2002 the area and production of spices are relatively extensive for vanilla and cardamom. There are over 100 000 rural households growing spices.

25/02

According to a study by the Commonwealth Secretariat in 1996, PNG had the potential to develop a viable spice export industry to the tune of US\$60 million (K180 million) annually. However, currently the industry is estimated to generate over K23 million in foreign exchange

Currently, there are over 200 traders of various spices most of which are vanilla exporters. Markets for PNG spices have been identified in Europe, the Middle East, Asia and the United States. However, attracting new investors who have sufficient capital and capacity, and ensuring that there is an effective marketing network that must be overcome as a matter of high and urgent priority for the spice industry in PNG.

In 2018 and onwards, the Spice Board plans to improve management and coordination, establish a quality control and certification system, undertake an audit of all existing registered operators, support downstream processing and market development in the spice industry. The program expected to benefit over 200 000 spice growing households in the country, and generate over K100 million in foreign exchange for the national economy. The Spice Board has requested K35 million in the 2018 budget for these interventions.

Rice - Department of Agriculture and Livestock

Mr Acting Speaker, the "PNG Rice Policy 2015 - 2030" is aimed firstly at promoting the cultivation of domestic rice to feed our people, secondly, by ensuring monetary savings for the government by reducing foreign rice import bill, and thirdly by supporting initiatives in the future to export locally grown rice that will earn foreign exchange for PNG. After 100 years of experimenting with rice farming in PNG, there is now compelling evidence confirming that PNG is able to grow rice commercially to meet its domestic market requirements, as well as export rice. Currently, PNG imports about 400 000 tons of rice, and valued at some K600 million annually. This translates to around 85 per cent of our domestic rice demand.

In response, the Government decided to increase domestic rice production by promoting and supporting large scale, highly mechanized irrigated commercial farming.

Currently, there are no large scale mechanised rice farming projects in PNG. Given the lack of interest by local and foreign investors to commit to large scale, highly mechanized, commercial farming in PNG over the last 47 years, the Government further decided that any investor willing to do so would be accorded pioneer status and granted appropriate and relevant incentives, and concessions to establish and develop during its infancy stage of up to 10 years. These incentives and concessions are aimed at assisting new investors as new players entering into the high risk, low value end of the rice business in PNG to help them build brand names, customer base, and meaningful relationships based on non-price factors such as product quality, service, patent features, environmental and civic involvement.

More recently under the Joint Declaration On Agriculture Cooperation signed during PM O'Neill's visit to Philippines on May 16 2018, between PNG and the Republic of the Philippines, a demonstration rice farm was established on a 25 hectares PAU land, which will be on display for the APEC Leaders to visit during the November APEC Leaders' Summit.

26/02

Under this arrangement, the Embassy of the Republic of Philippines in PNG will arrange with investors from Philippines to come and partner with our landowners through joint venture arrangement to grow and market rice.

The rice import can be replaced and we can export to the republic of Philippines as they have already indicated that they will import surplus rice from PNG. The Chinese have already signed an agreement with the government to grow rice in eastern highlands and western highlands provinces through the China –Papua New Guinea integrated agriculture industrial park. The projects and the financing agreements for these will be signed by the two leaders during the November Leader's Summit.

Just an update on rice, we have Baiyer rice coming up with the Mul-Baiyer district in Western Highlands partnering with Trukai rice. There is big potential in rice and also in Markham, Trukai is doing commercial farming there. The Israeli group will also be growing rice up in the Sepik Plains. And we also have Jiwaka is growing its own rice and they are currently on shelves in stores in Jiwaka. We have the potential to grow rice and we can actually replace rice imports.

On the Israeli innovative agricultural industries, they are organising rice and grain cultivation in the Sepik plains. On the local scene, our country's long term traditional partner Trukai Industries is in a big way partnering with landowners in the Markham Valley and very

shortly they will move into the high altitude areas in Baiyer, Jimi and other valleys in the western highlands province. Three weeks ago, Trukai Industries launched their Hamamas brand rice in Port Moresby, this new brand is locally grown from the Markham and is available in shops nationwide.

The Government also has plans to revive the Bereina Rice Project in Central Province and extend into other areas. The productive partnership in agriculture program is coordinated by the Department of Agriculture and Livestock and implemented by the CIC and Cocoa Board of Papua New Guinea. The total value of the project is worth US\$91 million. For the World Bank and International Fund for Agriculture Development, which commenced in 2010 and ends in 2019.

The objective is to improve the livelihood of our small holder cocoa and coffee producers. In conclusion as the responsible elected leaders of our people we must take heed of two key lessons from our journey as a politically independent nation over the last 42 years. The first is that we must seek God's wisdom and guidance, more strongly than ever before because of the challenges confronting our young nation even more complex than those that confronted us over the last 40 years.

Secondly, our people are the most valuable and important resource and we should never take them for granted.

27/02

I therefore, commend the O'Neill-Abel government for considering the agriculture sector as priority on the list to grow and drive our economy in this challenging time.

As you can see the agriculture sector over the last five years have organised itself and embarked on a set agenda that places itself in a strong position to take on the challenges to grow and drive our economy. The agriculture sector is greatly honoured and stands ready and willing to serve and deliver.

Mr Acting Speaker, as the employer of some 85 per cent of over six million people making the agriculture sector the number one economy to grow and drive our economy is indeed giving a golden opportunity to our people and to own the economy and be masters of their own destiny. The agriculture is the key in delivering political independence for PNG in 1975, and I have no doubt that given this opportunity the agriculture will deliver economic independence, prosperity and true freedom for our people and our beautiful and blessed nation.

Mr Acting Speaker, allow me to conclude in this words of President John F Kennedy, which I believe is sound advice to us as elected leaders of PNG today, and I quote: ‘with a good conscience our only sure reward with history and a final judge of our deeds, let us go forth to lead the land we love asking his blessing and his help by knowing that here on earth Gods work must truly be our own.’

With these few words, Mr Acting Speaker, I commend to this Honourable House and to our lovely people of PNG the status report and the future plans for PNG agriculture sector, God bless PNG.

Mr SAM BASIL (Bulolo – Minister for Communication and Information Technology) – Mr Acting Speaker, I commend the Minister for Agriculture and Livestock on his status report and future plans for PNG in agriculture sector and I am pleased to know that he has aligned his plans with MTDP 2 and of course 3 (2018-2022) and the *Alotau Accord* and I am proud to be part of this government to support the Minister.

Mr Acting Speaker, this announcement by the Minister for Agriculture and Livestock today not only spreads his plans for us to understand and help him to deliver but it also sends a signal to the community of PNG that this Government is now shifting its focus from non-renewables to agriculture to raise revenue in the future by the investment that we will be putting to the ministry to fund the agriculture sector in PNG and we stand committed to support.

Mr Acting Speaker, PNG is very green and we can see that when you fly in a plane to Lae, Mount Hagen, Wewak and et cetera. Most of our land is fertile and it is green and you will not see any desert and swampy areas but it is always green and ready for agriculture.

And not forgetting other areas like Markham Valley, Sepik Plains and other areas in PNG that the Minister for National Planning in delivering the MTDP 3 2018-2022 has specified key areas that we need to unlock in delivering our agriculture services.

Mr Acting Speaker, not forgetting the national highways as announced by this Government that will penetrate new areas and unlock new potential areas in delivering agriculture like East to West New Britain Highway, Lae to Port Moresby Highway and of course the Highway linking East and West Sepik.

Mr Acting Speaker, in talking about E-agriculture, I am very interested because my department is also embarking on E-agriculture.

The Department of Communication and Information Technology including NICTA which is the regulator have now received a lot of Application Writers or developers from PNG citizens who are linked up with Silicon Valley, Hong Kong.

28/02

Our Application Writers or developers in Papuan New Guinea have linked up with Silicon Valley, Hong Kong, China, and now they are in Papua New Guinea offering their services, and I asked all the Departments including the Agriculture Department to make use of them. I understand the Coffee Industry Corporation has already embarked one of the application developer who are analysing the symptom of the coffee disease from the berries to the leaves using artificial intelligent application through goggle to identify them. So now, farmers can take photographs and allow the application to determine what kind of disease the coffee trees have.

I believe that the E-Agriculture concept must also be adopted. Now, for other things such as road sides buying of cherries, the prices are available and am sure that the applications writers or developers are now offering Agriculture Department and also other departments into investing in these applications where every day we should have updated commodity prices for people around the country to know so they cannot be conned by people paying cheaper prices on the road side. We can also have standardised prices on the application that can be disseminated.

The E-Agriculture will also cut cost of bringing actual agriculture specialist to go around and assist farmers. My Department is ready to support the Agriculture Department and I am very happy that the Minister has mentioned in his presentation today that they are forecasting on E-Agriculture so we will work together with him.

Also in the Energy Department, the International Solar Alliance has offered their technology to Papua New Guinea as well as other institutions that deal with solar energy are investing heavily on solar freezers and cooler rooms that our farmers can use because Papua New Guinea is exposed to sun and solar energy can be harvested. My Department standards ready to support the Agriculture Department to engage international institutions to push for the solar energy for cooling facilities that farmers want to use.

Mr Acting Speaker, I spend 10 years in the Opposition and I have watch every Agriculture Ministers deliver their speeches in this Parliament.

Mr Acting Speaker, I know in the agriculture when we talked about crops, we talked about pest that affects crops.

Mr Speaker, during the Eighth Parliament, we had a windfall of a lot of money that came into our coffers and the Government at that time invested heavily into NADP, over hundreds of millions but those monies were misused and squandered.

Mr Acting Speaker, I asked the Agriculture Minister not to forget that those pests by the name of paper farmers are still around in Port Moresby and we have to hold them accountable; we cannot allow the hundreds of millions that have been invested in Agriculture neglected. Some public servants that abetted with the paper farmers maybe still around so we should engage independent auditors to investigate and hold those people accountable. We cannot move agriculture industry in this country to the next level if those people that squandered money are still waiting around to squander more money again.

Once again, I commend the Minister, Prime Minister and this Government in putting its focus back to agriculture. We have seen a lot of criticism from people that this government is not allocating enough money in agriculture. Today, the Agriculture Minister has announced its road map for Agriculture Industry in Papua New Guinea and we stand to support him.

Thank you, Mr Acting Speaker.

Mr WERA MORI (Chuave – Minister for Commerce and Industry) – Thank you Mr Acting Speaker, I also want to go on record to commend the Minister for Agriculture for presenting a very informative and beneficial paper. He started by giving an overview of the industry – a bit of hypothetical perspective on what the department is doing and how to move forward.

29/02

Many a times, I have liaised and have had discussions with the Minister on how the Department of Agriculture and my department of Commerce can get to drive agriculture to where it should be.

Mr Acting Speaker, simple the fact is that agriculture is not new to Papua New Guinea. We are in fact amongst the first on earth to practice agriculture.

Secondly, it is very important to note that Papua New Guinea gained Independence underpinned by the agricultural industry.

Thank you to the Prime Minister, Honourable Peter O'Neill that his government is trying to bring forward and give significance to an industry where 80 percent of our people can participate in.

We talk about creating SME, we talk about creating jobs, and we have a lot of students now coming out of our schools but don't forget that agriculture will always be there to provide that opportunity. And I am thankful that the Department of Agriculture has come up with this road map which deserves support.

Mr Acting Speaker, it is important that we must also note that there has got to be a sustainable supply chain to sustain the agriculture industry in this country. We have an obligation to make sure that when we are exporting our crops overseas, the buyers know that the supply chain is maintained from the grower to the end users.

In his presentation he made a reference to production earnings from oil palm exceeded coffee in 2009 and 2010. It is important to know and understand that production of coffee declined simply because of lack of road transport infrastructure, not only connecting the main trunk routes but into the outback such as at the back of Jimi, back of Elimbari and Siane and at the back of Okapa where high quality organic coffee is grown but simply cannot be brought to the markets.

I am thankful that under the 2019 Budget, the O'Neill-Abel government, as a responsible government, we are putting money in to fix our roads so that we will be able to increase our production, especially from the cash crops that our people are able to dwell with.

Mr Acting Speaker, I think it is only fair to thank those companies like Trukai Industries and others from the industry who have been in the forefront to try to help us grow our own rice in this country. Rice is a staple food and we are importing a lot of rice into this country so the more we grow our own rice the better it is.

One thing that I would also like to state here is this, and I think I have been saying it on numerous occasions is that we have one component of the rural industries which need support and I make particular reference to the plantation sector. Whether it be cocoa, coconut or coffee we have got to revive those plantation sector as we are losing close to K1 billion if not exceeding that every year. And before long all those coffee tree, coconut trees and cocoa trees die. We have got to make concerted effort to revive them

My ministry of Commerce and Industry is strongly advocating the use of cooperatives to revive those plantations. Many of those plantations are where they are simply because they have got landowner issues and law and order.

And one of the most effective ways to quarantine such law and order issues is to use the landowners themselves to become stakeholders.

30/02

We have seen the success of the Oil Palm Industry, especially on the estate-type development in Northern, West New Britain, Milne Bay Provinces and, et cetera. They worked out and I am pretty sure that if that worked out we can try on all the other sectors. It will have a domino effect and I am sure it is going to happen. You do not need to go far to prove it, you can just fly into Goroka and you drive up the entire Goroka and Asaro Valley. I drive through to Chuave and when I see the coffee plantations there, my prayer is when will we revive them before they die?

Nowadays, the young people who come out of school do not want to get their hands dirty so they come to towns and simply work as security guards to earn money. We have got to do something about it so at least we don't just talk about it but it has to become realistic that the plantation sector must be revived. It is this Government's agenda to diversify our economic base in agriculture and fisheries and others which we are trying to create through our special economic zones and other social specific economic vehicles.

I was glad that I had a meeting with the Governor of Western Province who is interested in growing rice in their province. And if they do I am sure they will succeed. What I am trying to say here is that we have got to do what we can do to basically support the industry.

One of the issues that discourages farmers is the issue of pricing and that we have got to have a very healthy price stabilisation fund so that it can support the prices when need be.

I am thankful to the Member of Nawae because he gave me the opportunity to start up with the Minister for Civil Aviation when we opened the Buangdong Airstrip and behold, there was six tonnes of Bachman Coffee that has been there for more than six months. Just imagine what would have happened if the plane went in earlier if there was a regular service? I want to emphasise that the transport infrastructure is very significant for us to partner with the agricultural industry.

I am sure that the hard working Minister for Works is trying to fix those roads so please, Mr Minister, can you also look at those district connecting roads in order for them to go down to the back of those roads? You will have our support towards what we are doing.

I think that it is only fair that before I sit down I must talk about Chimbu.

Mr Acting Speaker, we are growing cocoa in Karimui but what we need is an opening of road coming out. We know that the Government has put money to open the road from Kundiawa down to Karimui but what I would like to propose is a road to connect Karimui down to the Purari River at Wabo so that we can access the port down at the Orokolo Bay because that is the only way we can be able to export volumes of cocoa.

Do not forget that in the past it was the Sepiks, Taris and the Chimbus who worked in all the plantations and I am sure that if you give us that opportunity you will definitely have productions coming out of Karimui.

I want to thank the Minister for Agriculture for a job well done. Thank you.

31/02

Mr JOHN SIMON (Maprik) – Thank you, Mr Acting Speaker. I also wish to join my colleagues in commending the Minister for presenting this very important paper. I also thank the O’Neill-Abel government for the development of our Agriculture Sector in the country.

We all know that agriculture industry is the backbone of our country. More than 90 percent of our population depend on agriculture and not the extractive industry. Therefore, I commend the Minister for presenting this paper and I also support his call to the government to allocate more money into agriculture sector.

Most of our districts depend entirely on agriculture and not the extractive industry. For instance, I call my Maprik District rural based economy; not urban based with factories and other industries because we don’t have them. But we have a rural based economy that has a monthly cash flow of K16 million to K20 million basically because of agriculture. This is a fact and you can go there and prove it yourselves.

That is why I support the call by the Minister. We need to allocate more money and I believe the O’Neill-Abel government will ensure that more money is allocated in the 2019 Budget because agriculture is the way to go in this country. There is no better way.

Looking at some of the issues we have in the country, for example; in terms of food security, our children today are no longer interested in agriculture. To them, there is no future in agriculture.

I thank the Minister for Agriculture for mentioning value chain. We need to add value to the industry. For far too long, we have been seeing the same price in agriculture. How do we encourage our young generation today to take up agriculture? They see that there is no future in agriculture.

Today, as soon as our children complete Grade 10 or Grade 12, they are all migrating to towns and cities because they think the future is there. They work at the Chinese shop for K200 or K300 and they think that is enough for them but there is more money in agriculture; there is more money back in the villages but what is there to attract them? They are not seeing future in agriculture. That is why when the Minister is starting to talk about interventions and adding values, this is very good. This will encourage our youths and young children to go back to the villages and start getting involved in agriculture. If we do not add value into agriculture, our children will not get involved in this industry. They are tired of seeing the same price.

One of the things that the Minister has explained is how do we translate the best cocoa that we have and ensure that the money coming reaches the farmers?

It is about time that we come up with policies to look at the secondary stages of agriculture and not only the primary stage. Instead of continuing to export cocoa beans, we must now look at downstream processing. When a farmer sells a wet bean at a price of almost to that of a processed powder price, this is where the government needs to intervene. We cannot continue to talk about wet beans as I used to hear while growing up in my village.

I went back to the village and stood with my people and this is the industry that I am so passionate about. I look back on the last 20 years and compare against today, and I can only envisage what 20 years from now will bring. If we do not invest in this industry, this country will be in serious trouble.

32/02

We need to teach our people the value in life. And the values in our societies, they seem to be forgetting these things. Everyone thinks that getting to Port Moresby is the best thing to do in life. If you go to Erima, you see all these people just standing there. I made an attempt a few weeks back where I drove up to Erima and I took a photo, the next day, I did the same. After one week, I went and printed the photos just to check if all the faces in the photos are the same. And 50 per cent of these were the same old people who spent one week just standing there doing nothing. They are a liability to this country. They are not even contributing anything. This is where agriculture comes in. This is where we can get involved when we talk about agriculture and when we have interventions in agriculture. I printed the photos and I looked at these people and I said, goodness, they think the food provided on the table is free. They think the bus service and everything they are getting is free; it is not free.

They need to contribute something but we need to have interventions and have values to the industry that we currently have.

We cannot continue to talk about the raw industry or the raw material. In the agriculture sector, we need to start thinking forward.

We need to start thinking forward to the secondary stages to it like in terms of cocoa, we need to start talking about cocoa powder, for coffee, we need to start talking about green bean and not the same parchment. On the part of the Member for Nawae who raised the issue about taro – I thank the Speaker that I was sent to Indonesia to attend the Pacific-Indonesia Parliamentary Conference and in Indonesia, they make taro powder. We don't need to look for investors, we can bring those little machines in and make taro powder. These taro powder once mixed with milk shake, it's a very nice drink. These are little things we can do to add value. Once you add value then you encourage all our children to get into it. Today, when you ask our children to dig in the garden, they don't know how to dig holes to plant taro. They can't even plant bananas; they can't even do these things. You give them a grass knife and they look at their hands in fear of blisters. This is happening everywhere. We have to come up with interventions and strategies and try to get these children to go back home because there is future in agriculture. Agriculture is the way to go in this country.

I am so passionate about this industry. Mr Minister, I support you and I am so happy with the O'Neill-Abel government for supporting agriculture. We need to put more money in this industry because agriculture is the way to go in this country. Agriculture is our backbone, our forefathers our families – we basically get involved in agriculture. There is no other better industry than agriculture.

I will just give an example of what I am doing in my district. I set up economic zones by dividing my district into 22 economic zones because wards are too small. When I looked at the LLGs it's too big so divided Maprik into 22 economic zones which means I cluster four to five wards together and they become like one corporative society. I set up 22 cocoa nurseries. I brought the cocoa nurseries closer to them.

33/02

What is going to happen now to add value to the industry is that my district will be buying solar dryers. We will start by buying 20 this year so that our people will be selling their wet beans by next year to these solar dryers and when they do that, they will get their dry beans dry faster without losing their weight.

For example, if someone takes 100 kilos of wet beans, instead of earning K100, he or she will be earning K380 and I am going to do this in my district next year. And once they are getting such payments, I believe all the cocoa trees will be well looked after.

They just need to see where they can be able to make enough money. Our people are hardworking people and we need to show them how to earn better money. Once we start putting such interventions, they will be see them prosper. I did a data collection in Maprik and I came to realise that we had more than 12.3 million cocoa trees in Maprik District alone. With 12.3 trees we should be producing more than 10 000 tonnes of cocoa every year but we are producing less than that. So what is the problem?

The problem is managing the current trees and supporting by providing extension services. I told my people that the CPB is here to stay, just like when we get sick we go to the hospital, so we have to look after the cocoa trees and make sure they are healthy to bear us quality fruits. We need to put in proper management practices so that we produce quality and enough beans. If you manage it well you will be happy, so my people are excited and we are starting to roll out the project in the district.

I know the Government is assisting through TFF but I am working on a policy to put some money into NDB for students to get a loan. I have visited most of my electorate students and I have advised them that they need to go back to Maprik. What they have to do is to have a hectare of cocoa and coffee and this will qualify them for me to assist them and also qualify them to borrow from the scheme.

We will have the DAL officers to go down there and check to make sure those applying for assistance and student loans have the one hectare of coffee and cocoa. So that they can borrow and by the time the student goes to school, the parents will continue to look after it.

So this is what I am asking all my tertiary students from Maprik to do, and they have to go through their gardens and clean up those forgotten plots to be eligible for assistance. I also stressed this to most visitors to my home. I urged them to show me proof of their cocoa gardens. I want to see how well you are managing your cocoa gardens. If you do not have these then do not come to see me.

We need to start telling our people that there is future in agriculture, once we continue to do that we will change this country. I have encouraged my students to get back to Maprik to qualify. We have looked at the figures and estimated from how much a yield of a hectare

can make in a year, so the borrowing rate is about K1 000 maximum to borrow from that scheme. This is because I do not want young people to roam aimlessly

34/02

I don't want to see students roaming around lazily in the streets of Port Moresby and Lae. And comes school year they start ringing their parents to pay for their school fees. We shouldn't encourage this sort of mentality. We as parents must tell them that we can't help you anymore so you have to come back home and work the land to pay for your school fees. And that's when the students themselves are going to get involve.

As for my district we have introduced a scheme for students to get loan by working their land. And we started off by registering 150 students to take part in it. So this idea should be applied to all our districts. We should encourage our school kids to get themselves involve in such activities. Because they seem to run away from working the land to earn money and that's only through agriculture sector and it's the best thing we can do in this country.

Therefore, I have introduced this idea in my district and starting next year, I will be funding the tuition fee for those students applying for universities and colleges through this loan scheme with NDB.

Therefore, each student must have 1 hectare of land planted with coffee and cocoa. They will have to work on their land by cutting grass and clearing 625 trees of cocoa to be qualified for loan. Every work done must be confirmed by one of the DPI officers with photos taken and attached with other supporting documents to warrant them to get loan.

At the moment, I am liaising with the National Development Bank to facilitate this existing credit scheme. I will divert K1 million from DSIP funds into NDB to accommodate this scheme. So that our tertiary students can borrow and repay within a year.

These are some of the interventions that we need to add on and once we start doing this it will attract most of our school kids to go back home during Christmas break to work on their land to earn their school fees for the new year.

And obviously they would find that the village is a much better place to live in. But now, they think that there is no future back at the village so they want to come and roam the streets of Port Moresby and live.

Such initiatives are not in place so that's why during Christmas holiday you see students with their certificates knocking on the doors of Chinese shops for part time work just to earn K200-300. But how will they manage themselves with the kind of pay they get? It's

very expensive living in the city like Port Moresby and they end up spending all the money that they get. And comes the schooling year, they starting calling their poor parents back home to send them school fees. It is really a major problem so we all have to find a way out for it.

We got to introduce such interventions and I thank the Minister for Agriculture and Livestock for this report and I also thank the O'Neill-Abel Government for allocating funds for this sector.

Once again, I commend the Minister for presenting a good report. We all must continue to add value to this industry because it's the best industry which urge the Minister for Commerce and Industry to support and work together with him.

With that I thank everyone for the support because that's the way we should to go.

Debate (on motion by **Mr Sam Basil**) adjourned.

ADJOURNMENT

Motion (by **Mr Sam Basil**) agreed to –

That the Parliament do now adjourn.

The Parliament adjourned at 1.40 p.m..