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PNG's Economic Backbone is Agriculture, not Mining

“At the recent PNG Mining and Petroleum Investment conference in Sydney, there were claims that “mining was the backbone of the PNG economy”. However, I must disagree with the way we present our economy to the outside world including international investors. For there is no doubt that the real economic backbone of our country is our agriculture sector” stated the Shadow Minister for Treasury & Finance Ian Ling-Stuckey.

“The agriculture sector is the main source of livelihoods for over 80 per cent of our population. Growing food in our gardens or fishing is the way of economic life for the vast majority of our people. Cash cropping income opportunities from coffee or cocoa or vegetables must be greatly expanded so that we can become the preferred supplier to the supermarkets of Asia. This should be the focus of our national efforts in promoting investment into our country and using the opportunities created by APEC. Unfortunately, these opportunities are being missed by the O’Neill/Abel government.

“The mining and petroleum sector is of course a vital part of the PNG economy. Its contribution must be encouraged under the right conditions and ensuring a fair return for our landowners and the country as a whole. The possible adverse impacts of the resource sector on the rest of the economy also need to be managed to avoid the “resource curse”. Unfortunately, the 2019 Budget, with its big and irresponsible spend-up of extra mineral and LNG taxes and dividends, is just another sign that Treasurer Abel cannot manage our economy properly. The foreign exchange shortages that have been crippling our businesses over recent years is a further sign of how we are not managing the “resource curse”.

“International experts inform us that the resource sector has contributed about 16% of the economy and 13% of government

revenues since 1980. So the vast majority of our economy, or 84% on average, has been from the non-resource sector. The latest consistent data from the PNG National Statistics Office shows that from 2007 to 2014, the agriculture, fisheries and forestry sector contributed **K62.5 billion** to the economy, larger than the contribution from the minerals and petroleum sectors combined. Yet the Oniel -Abel government does not seem to prioritize recurrent and PIP funding for these three sectors, infact robbing their bank accounts blind under the PMMR Act 2017. Currently, with the surge in exports from the PNG LNG project, the resource sector does account for the vast majority of our exports, but most of this money goes to repay international loans taken out by the investors as well as paying dividends to their shareholders. Most of these export revenues actually go straight to non-residents and never even come back into the country. A better export measure would be how much actually comes back to PNG. Other export sectors such as agriculture, tourism, and potentially more labour mobility income, offer much better opportunities for true export income. Such activities can see the benefits reach down to rural communities across the country rather than just around particular mine sites" stated the Shadow Treasurer.

"Given the reality that agriculture is in fact the economic backbone of PNG, the Alternative Government would also consider promoting international investment conferences focusing on agriculture and other non-resource sectors of the economy. There is as much expertise in the agriculture sector in Australia as there is for the mining sector. However, the location of such an annual agriculture conferences should alternate between PNG and capital cities throughout the APEC region. This is how we should be using the opportunities of APEC – getting out and promoting PNG as the preferred supplier to supermarkets across the region. We must find niche markets and specialise in those areas where we have a true competitive advantage rather than hiding behind big walls created by tariff barriers. There is much more to gain from exports of organic PNG products than just focusing on rice and dairy farms which agriculture experts tell us have much lower returns. With the vast land mass of PNG and our massive wealth in biodiversity, there is a very bright future for agriculture exports. We just need a new government that will give agriculture and fishing the priority they truly deserve" stated Mr Ling-Stuckey.

Hon.Ian Ling-Stuckey,CMG.MP
Shadow Minister for Treasury & Finance

10 December 2018

Details

The latest consistent data on GDP is from the National Statistics Office covering the period 2007 to 2014 (the government is hiding later statistics). These show that agriculture, forestry and fishing from 2007 to 2014 totalled K62.5 billion, more than the K61.5 billion from the mining and petroleum sectors. The relevant extract from Table 4 is below.

TABLE 4: INDUSTRY GROSS VALUE ADDED, CURRENT PRICE ESTIMATES.										
(K millions)										
	2007	2008	2009	2010	2011	2012	2013	2014	Total 2007 to 2014	
A	AGRICULTURE, FORESTRY AND FISHING									62,472
B	MINING AND QUARRYING									
	Extraction of crude petroleum and natural gas									
	Other Mining									
	Total									61,469

The PNG Chamber of Mines and Petroleum pushes the line that the resource sector is the backbone of the PNG economy:



12 September 2018

MEDIA RELEASE

Resource industry marks 43 years of PNG independence with renewed commitment to growing PNG's future

The PNG Chamber of Mines and Petroleum has congratulated PNG on its 43 years of Independence and says as the country continues to prosper, the mining and petroleum industry will continue to play an integral part in the nation's development.

The Chamber says the industry has been the backbone of the country's development since 1975 contributing immensely to the development of the nation's human resource, economy, infrastructure, and improving thousands of communities' livelihoods and living standards.

In the decades that have followed, mining and petroleum companies have worked closely with the government to deliver an impressive record of successful exploration that has produced world-class projects and established PNG in the top 10 gold producers in the world and a significant producer of LNG.

President of the PNG Chamber of Mines and Petroleum, Mr Gereia Aopi CBE said he is proud of the resource industry's contribution to nation building.

"The resource industry has invested in developing PNG's economy so it can compete and thrive on a global level," said Mr Aopi.

"We are extremely optimistic about the expansion of existing projects and the development of new ventures which will deliver the country further economic growth."

Along with serving as the backbone of the PNG economy for many years, the mining and petroleum industry has invested millions of kina into providing local communities with access to health centres, schools and roads which have opened up a world of opportunities for thousands of men, women and children in PNG.

<http://pngchamberminpet.com.pg/wordpress/wp-content/uploads/MRC18-Media-Release-12.09.18-Resource-industry-marks-43-years-of-PNG-independence-with-renewed-commitment.pdf>

The PNG IPA has a more appropriate view of agriculture:



Agriculture

Agriculture has been of immense importance and will always remain the backbone of Papua New Guinea sustenance with over 85 percent of the population involved in subsistence farming. The moderate tropical climate with high levels of seasonal rainfall is highly favourable for agricultural activities.

The driving force behind commercial agriculture in Papua New Guinea has always been the export crops namely coffee, cocoa, coconut (copra), oil palm and kernels.

There's been a significant increase in the cash crop business giving rise to the sector's export portfolio.

Specific investment opportunities dwell in coffee, oil palm, cocoa, copra, whilst other minor export commodities include spices, tea and rubber.

BROWSE

Agriculture

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