Initial report on the IASER conference:

What do we do about plantations?

Michael A.H.B. Walter

November 1980

Institute of Applied Social and Economic Research
P.O. Box 5854, Boroko, Papua New Guinea
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In stating the Institute of Applied Social and Economic Research's objectives in holding its conference on plantations I can do no better than to quote from the invitation we sent to proposed speakers:

The intention of the conference is to present as wide a canvas as possible of informed views on the plantation industry, promote discussion, and provide the government with a resource for future policy decisions. Speakers from public and private sectors will participate.

At the end of the conference, several speakers from the floor asked the conference chairman, John Conroy, 'Now what?' They had enjoyed and appreciated the speakers, the discussions, and the arguments, but was that where it was all to end? I had, in fact, planned to put together the conference proceedings and submit them for publication to the Institute's monograph series. Publications, however, have a notoriously long gestation. Therefore to carry out the Institute's stated intent of providing a resource as immediately as possible, we decided to circulate this collection of summaries of speeches. Since some of the speakers were out of the country, others were difficult to locate, and all are exceedingly busy persons, to achieve uniformity and to carry out the exercise as quickly as possible, I decided not to give any speaker the opportunity to approve his summary. All responsibility for errors or misinterpretations from written papers and recordings, therefore, rests with myself.

Michael A.H.B. Walter
Institute of Applied Social and Economic Research
30 October 1980.
An TASER conference

WHAT DO WE DO ABOUT PLANTATIONS?

14, 15, 16 October 1980
Conference Room, Islander Hotel
Waigani.

Tuesday 14 October

8.30 Opening address:
The Hon. John Kaputin, MP, Minister for Finance

8.45 Introduction to Seminar Theme
John Conroy, Director, Institute of Applied
Social and Economic Research

9.00 I Morning session. The present state of the industry

1. Andrew Shepherd, Senior Marketing Economist,
   Department of Primary Industry

*2. Vai Reva, Director, National Planning Office

3. Leon Bridgland, General Manager, Burns Philp
   Plantations Division, Rabaul

4. N.V. Lam, Senior Research Fellow, Institute of
   Applied Social and Economic Research

*5. Bob McKillop, McKillop Williamson and Associates,
   Sydney

1.30 II Afternoon session. The Redistribution Scheme

1. Jim Fingleton, formerly Department of Lands

2. Nicholas Peta, Department of Lands

3. Bob Woods, State Solicitor, Department of Justice

4. John Munnill, Chairman, Coffee Industry Board

5. Leo Au, formerly member of the Committee of Review
   into the Plantation Redistribution Scheme

* These speakers were unable to attend at the last moment.

+ Originally scheduled for the concluding session.
Wednesday 15 October

8.30 Morning session. Current problems & prospects - views from the industry

1. Alex Subramaniam, Assistant Branch Manager, National Plantation Management Agency, Rabaul

*2. Paul Arnold, Manager, East New Britain Development Corporation

*3. Tony Reid, Manager of Operations, Papua New Guinea Development Bank, Goroka

4. Ian Afflick, Lending Manager, Papau New Guinea Banking Corporation, Port Moresby

5. Philip Pondikou, Acting Industry Consultant, Plantation Management Training Program, Department of Commerce

6. Floyd Paliau, Branch Manager, National Plantation Management Agency, Rabaul

1.30 IV Afternoon session. Current problems & prospects - views from the village

1. Michael Walter, Senior Research Fellow, Institute of Applied Social and Economic Research

2. Bill Heaney, Lecturer, Department of Anthropology, University of Papua New Guinea

3. Maria Schilts, Lecturer, Department of Anthropology, University of Papua New Guinea


5. Sam Kajumba, Lecturer, Department of Anthropology, University of Papua New Guinea

6. Barry Corrin, Managing Director, and Dekot Koki, Kainantu Kaunisil Bisnis

Thursday 16 October

8.30 V Closing session. The future: policy recommendation statement

1. Andrew Shepherd, Member of the Copra Marketing Board

* These speakers were unable to attend at the last moment.
2. James Rutana, Chairman, Cocoa Industry Board

3. Rick Mitic, Executive Officer, Coffee Industry Board

4. Gerry Lawrence, Chairman, National Plantation Management Agency

5. Michael Mel, Managing Director, Pipilka Development Corporation

*6. Southern Highlands Workers' Welfare and Development Association

7. Rod Sims, First Assistant Secretary, General Financial and Economic Policy Division, Department of Finance, and John Wylie, formerly Chairman, Committee of Review into the Plantation Redistribution Scheme

Concluding Remarks

John Conway, Director, Institute of Applied Social and Economic Research

* These speakers were unable to attend at the last moment.
Summaries of speeches

In his opening address the Minister for Finance, the Honourable John Kaputin, expressed the sentiment that must dominate all considerations of the future role of plantations in the Papua New Guinea economy: 'Rights carry obligations. In our developing nation people who have rights to land have equally obligations to their country.' And he reiterated this: 'Those who claim the country's resources need to acknowledge their duty to their nation.'

John Conroy, director of the Papua New Guinea Institute of Applied Social and Economic Research who introduced the theme of the conference, strongly endorsed the Minister's remarks: 'Political independence and the transfer of ownership of many plantations have revealed a situation in which there appears to be a conflict between the interests of the new owners of plantations and the interests of the newly-independent nation. I am referring here to the decline in production that appears in most cases to follow localization and self-management of plantations by village groups, with its broader macroeconomic consequences for national income and the balance of payments... The nation,' Dr Conroy insisted, 'has claims on its people to use those lands in the national interest.'

The first session of the conference was concerned with a general appraisal of the plantation sector. Andrew Shepherd (Department of Primary Industry) concentrated his remarks on copra, tea and rubber. He was doubtful, should present trends and prices continue, about the future of the plantation sector for all three industries. He was particularly pessimistic about copra which he saw as characterized by high costs, ageing palms, and a low level of replanting. Insecurity over future land ownership and a decline in labour productivity are major threats to viability for both copra and rubber (and cocoa) plantations, while low world prices threaten both copra and the newly established tea estates. Mr Shepherd stressed the need for a firm government policy on plantations, which has been conspicuously lacking in recent years.

Leon Bridgland (Burns Philp) focussed upon cocoa plantations, painting an overall picture of 'dismal deterioration'. Mean yield per
hectare of 0.25 tonnes per annum is a quarter of what should be readily possible and a sixth of the potential yield using hybrid seed. He, too, called for a firm policy from government. He pointed out that while tenure remained insecure, growers in difficulty could neither generate funds needed for rehabilitation nor borrow from lending institutions. Other adverse factors are lack of experienced management, ineffectual extension services, and the effect on cocoa of the depressed copra industry. Mr Bridgland was especially scathing about the slow pace of research, which has been disastrous for the industry in certain areas, and he pointed to the contrasting rapidity of Malaysia’s buildup of its cocoa industry.

Tenure uncertainty as a major obstacle to replanting was challenged by N.V. Lam (Institute of Applied Social and Economic Research) who indicated that failure to replant was present in the 1960s. Nevertheless, whatever its cause, the problem has to be resolved. The banks, commercial and development, have a very poor lending record to the copra, coffee, and cocoa industries, so government financial investment was necessary for a major replanting programme. Dr Lam mentioned favourably the Rural Credits Department of the Reserve Bank of Australia and suggested it might be emulated in Papua New Guinea. He recognized that the conflict between traditional and commercial values of land has to be settled before a programme of development can be followed with any confidence.

The conference now looked at the operation of the controversial Plantation Redistribution Scheme, which some speakers, as we have seen, regarded as a major cause of productivity decline in Papua New Guinea’s export crops.

Jim Fingleton (formerly Lands Department) stated that the purpose of the Scheme is to restructure the plantation sector, not simply to revivify it after the pessimistic reaction of European residents to the prospect of Independence. However, the Scheme was never given a chance to work. Lawyers followed the enabling legislation strictly to the letter and showed no flexibility. There was never sufficient manpower and expertise to handle the Scheme in the Department of Lands, and other arms of government did not co-operate. Indeed there appeared to be a concerted institutional obstruction to carrying through the
processes of the Redistribution Act that made self-fulfilling prophecies of the criticisms raised. The Committee of Review into the Plantation Redistribution Scheme failed completely to appreciate the Scheme's restructure objective and its recommendations simply represent a turning back of the clock. An opportunity to restructure has been lost. It is now incumbent upon all interested and concerned persons to create another and devise a plantation system based upon land tenure and land use principles appropriate to the social, political, and ideological, as well as economic, circumstances and goals of the country.

Nicholas Peta (Lands Department) asserted that, political consideration apart, no advantage accrues to the country in transferring plantations from competent to incompetent management, except where hardship exists through land shortage. Localization of plantations, if it is to mean expansion of the export crop industries, will therefore necessarily be geared to availability of management expertise at all levels. The lack of such expertise at Board Room level is a major source of unease about the localization process and the only solution appears to be to make government assistance for purchase dependent on the employment of competent management.

The Acting State Solicitor, Bob Woods, criticized the Redistribution Scheme not for its concept but for the over-legislation by which it was enacted. Lawyers are obliged to follow the letter of the law not interpretations of its spirit. The scheme's legislation should have relied more on the good intent and sense of responsibility of people and officials to act wisely and fairly.

Speaking in a private capacity, Mr John Munnell took exception to the Scheme on grounds that it furthers differentiation of Papua New Guinea society. In most cases the beneficiaries of the Scheme are persons who are already well-off or potentially so as far as land and access to markets and other facilities are concerned. The large amount of funds used to purchase plantations for localization would have been put to better use in providing road infrastructure for those people in isolated areas who have little or no opportunity to acquire the benefits of development. He praised the acquisitions of plantations by local and provincial government agencies since this ensures a wider spread of benefits. Like other speakers, he emphasized that plantations
are a national asset and it is of paramount importance for government to announce a clear and firm policy.

Leo Au (Department of Justice and a member of the Committee of Review into the Plantation Redistribution Scheme) confined himself to endorsing the Committee's Report primarily by rejecting criticisms of it made some time before in another context by the first speaker of the session, Jim Fingleton. The Scheme, asserted Mr Au, does not appear to serve any useful purpose. Quite the contrary, for, as Bob Woods pointed out, its accompanying legislation made procedures far too complex and difficult. Few redistribution authorities have in fact been successfully established and in not one instance has a redistribution actually been carried through to its conclusion. Since verification of title is dependent on the redistribution procedures and incorporation of groups, titles to localized plantation land are not available. Consequently the government has been forced to adopt interim measures that are causing a situation increasingly complex and unsatisfactory to all concerned. Mr Au sought the repeal of the 1974 legislation and asked why not create an open market situation with guarantees to give preferential treatment to concerned groups in disadvantaged positions?

Mr Au summarized the recommendations of the Committee's Report: a) viable plantations with willing vendor - to be taken over by Papua New Guinean groups formed into companies that would use professional management services; b) rundown plantations--to be acquired by government and leased to a management company for a ten-year period of redevelopment, then put up for competitive tender by any Papua New Guinean group/company; c) well-maintained plantations without willing vendor--encourage Papua New Guinean involvement through equity rather than taking over outright. Mr Au ended by quoting from a speech by Sir Julius Chan to the effect that for the country's sake the restoration of productivity is paramount. It is this interest, said Mr Au, that must decide what should be done about plantations.

The third session of the conference expressed views on current problems and prospects from within the industry. Alex Subramaniam (National Plantation Management Agency) devastatingly illuminated the extent of decline of Papua New Guinea's cocoa industry by a comparison
drawn with Malaysia. He elaborated on major factors in that decline: insecurity of tenure by plantation owners, lack of management expertise in localized plantations, lack of finance for rehabilitation and replanting, non-control of pest and disease, no expansion of acreage, hybrid seeds not available for another three years, and long immaturity period of new plantings. Despite the superior fertility of soils, the immaturity period of seedlings in Papua New Guinea is 36-48 months (18-24 in Malaysia) and the yield only 300 lbs dry beans per acre per annum (1,000 in West Malaysia, 2,000+ in Sabah). Papua New Guinea's production in tonnes between 1970 and 1980 increased from 22,000 to 30,000 (36%), Malaysia's from 2,000 to 31,000 (1,450%)! Nevertheless Mr Subramaniam remains optimistic. If remedial measures are pursued immediately and diligently, Papua New Guinea can still rank among the world's major cocoa producers.

Bank lending policies, not unexpectedly, were a subject of much interest for most people attending the conference. Unfortunately the Development Bank speaker was unable to attend at the last moment. However Ian Afflick, the lending manager of the Papua New Guinea Banking Corporation, informatively discussed the position of commercial banks. He remarked upon the criticisms of his Bank of late and attributed them to a lack of understanding of bank lending principles. The Bank's outstanding loans in the coffee industry have risen from K2.3 million in 1976 to over K7 million today. Meanwhile loans to the copra and cocoa industries have fallen 50 per cent to K3 million, which he saw symptomatic of their declining state. The K10 million in sum represents nearly 10 per cent of the Bank's total lending. Of the loans to coffee plantations 98 per cent are to wholly-owned national concerns. The increase mentioned is largely for buying back plantations rather than for new or redevelopment. Of the several ways in which the Bank provides finance to the plantation sector the major one is loans direct to plantations owned by national groups and managed by professional management agencies. For coffee alone lending of this type now amounts to K4 million and is a response to a direct approach from government for the Bank to help acquisitions of redistributed plantations. This type of loan also provides the Bank with the most problems. Usually there is near 100 per cent financing involved, a particularly dangerous practice in the rural area where prices are highly volatile. Moreover
at this time a plantation's ability to service borrowing is greatly strained by falling prices on the one hand and increasing costs on the other (primarily fuel and fertilizer, rural wages, management fees, and interest rates). Furthermore a vendor's anticipation of purchase, compulsory or otherwise, means the plantation is allowed to run down prior to takeover, so further handicapping its viability. Unfortunately in this situation most localizing groups show little responsibility for the priority of bank repayments. In return for its risk the Bank holds a lease instrument over a property which, if realized, it is well aware it can never sell but only enter and manage. The Bank is endeavouring to resolve some of the difficulties of the situation—it recognizes the need to make some provision for dividends in a cash loan package, and it is taking steps to initiate its own extension programme. Nevertheless it is obliged to adopt a more cautious approach in the future to financing the redistribution of plantations. While the Bank is able to provide short-term working capital for established plantations and redevelopment proposals where there is a reasonably assured income to service the borrowing, 'development lending' has little appeal to a commercial bank since the time span for getting its money back is too long. This reduces the Bank's own cash flow and its capacity to lend to other sectors.

One of the plantation industry's promising features mentioned by Alex Subramaniam is the Department of Commerce's Plantation Management Training Programme. Philip Pondikou, the Programme's acting industry consultant, summarized its aims and achievements. The Programme's overall objective is to provide Papua New Guineans with the necessary skills to increase their participation, and the effectiveness of that participation, in the commercial agricultural sector in general and in plantation and project management in particular. In answer to repeated requests to Commerce for trained local managers, the Programme was initiated in Rabaul in 1976 with its first twenty trainees. Today it also operates in the Highlands and at Laloki College, Port Moresby. Mr Pondikou was at pains to stress that the directors of the Programme place as much importance on the proper training of directors as on that of managers for the successful operation of localized plantations. The Programme now offers a variety of courses at different levels of skill, including certificate and diploma courses at Laloki College for
business development officers. For the future the Programme anticipates increasing its intakes in all courses. It also requests better co-operation and assistance from agencies and private companies to enhance training opportunities for its students.

An account of the history and function of the National Plantation Management Agency was given by Floyd Paliau of its Rabaul branch. His views on the need to retain a plantation sector even if totally localized provided an interesting contrast with Bob McKillop's call for the subdivision of plantations to smallholders. In the area of management Mr Paliau believes that the endeavours of the Agency are undermined by, first, lack of co-ordination among the major bodies concerned, that is Department of Lands, National Plantation Management Programme, Department of Primary Industry, National Plantation Management Agency and private companies - there is a desperate need for a rationalization of procedures and co-operative efforts among these bodies; and second, the good work of the Agency is lost once a loan has been paid off since the localizing groups are then permitted to resort to their own untrained and incompetent local personnel.

The afternoon session that followed presented the view from the village. Most of the speakers were social scientists who have lived in villages or plantations and observed the local scene from inside. Representatives of the Southern Highlands Workers' Welfare and Development Association had been scheduled to speak in the final session the following day (but failed to appear). Messrs. Barry Corrin and Dekot Koki concluded the session by telling us of the Kainantu Kaunsil Bisnis Trust Fund Scheme.

Michael Walter (Institute of Applied Social and Economic Research) focussed on the villager's motivation and the erroneous assumptions officials make about it. He suggested the motivation for localizing a plantation and the motivation for subsequently running it as a commercial enterprise are quite distinct for the villager. In the former the ethical and prestige factors are clear-cut and untramelled by other considerations, but in the latter there exist a whole host of disincentives from within (for example sorcery, wantokism) and from without (for example infrequent transport, poor extension and marketing facilities) that any sensible villager will weigh carefully in the balance. Dr Walter concluded that given a government policy to permit and encourage localization, conditions for the continued viability of
a plantation should be imposed prior to acceding to the localization request, thus interlinking the two sets of motivations for the villager.

The plantation concept inescapably involves the existence of a plantation labour force, at least for the foreseeable future in Papua New Guinea. The next three speakers all concentrated upon different aspects of the labourer. Bill Heaney (University of Papua New Guinea) gave a detailed analysis of circular labour migration to the Wahgi Valley by means of a case study of two plantations. The labourers originate from immediately outside the province. Although the volume of migration is still large, management is apprehensive because of high turnover and the accelerating development of alternative sources of employment that attract labour away. From a detailed characterization of the labour force, Bill Heaney emerged with two major categories: younger, highly mobile migrants working several plantations, and older, more settled men usually accompanied by wives and dependants. The latter are becoming more prominent largely as a result of management encouragement and this may well be the solution to the labour problem.

Marc Schiltz (University of Papua New Guinea) and Lisette Josephides (London University) presented a report on fieldwork in the Sugu area of the Southern Highlands Province, one of the prominent sources of labour referred to by Bill Heaney, and on a number of plantations. They argued that no benefits accrue to the village from the plantation. To the extent that villagers perceive this and alternative options become available, supply of cheap village labour to plantations will fall off as time goes on. They examined two possible solutions to this problem, namely a raise in wages and recruitment of family units to supplement wages by gardening, but these were found wanting for both economic and social reasons.

Amy Burce (Institute of Applied Social and Economic Research) followed up Bill Heaney's concluding remarks by indicating that changes in the physical style of living, for example thatched houses surrounded by gardens replacing galvanized dormitory blocks, are one expression of a changing composition of the labour force. Women and children, both working and non-working, are becoming an integral part of the plantation scene and, just as anywhere the arrival of women among migrant ranks effects a change of life style, so it is in the plantation. But
Ms Burce cautions that this new settled appearance may itself be only transitory. The ties with home villages are not cut and the labourers themselves decidedly do not view their current life-style as permanent. The labourers are as basic to the plantation system as the crops they tend, and neglect of research on their situation is as careless of the sector's future as neglect of botanical research.

Sam Kajumba (University of Papua New Guinea) presented the villager's situation from the standpoint of the state's concern for his interests in post-colonial times. There were interesting parallels with Bob McKillop's remarks, for both speakers saw the possibility of the anomalous or anachronistic survival of a colonial institution. Mr Kajumba believed, however, that plantations as a mode of production can be decolonized but still be utilized in a post-colonial society. State corporations and co-operatives are alternative ways of subsequently running plantations. Mr Kajumba drew greatly on his experience of Tanzania to outline a comparison with Papua New Guinea. He filled in admirably John Conroy's earlier remark that ultimately it is essential, on a more philosophical plane, to define 'plantations' clearly before answering questions on what should be done with them.

Barry Corrin and Dekot Koki, both of the Kainantu Kaunsil Bisnis, Limited, in their discussion of the Trust-Fund Scheme that the company has put into effect, in many ways provided a Papua New Guinean local equivalent of the Tanzanian achievements referred to by Sam Kajumba. And as Mr Corrin himself pointed out, the concept of a trust to localize plantations can be seen as 'our own district, commercially inspired alternative to the Alienated Land Redistribution Scheme, which however did not need to rely largely on government assistance or use special enabling legislation'. The Trust moreover embraces as beneficiaries not merely traditional landowners but practically all members of a census district. This provides the broader ownership base John Munnuli called for, as well as bears out Amy Burce's perception that the colonial pattern of merging political and commercial control is reappearing in local and provincial government ownership. The speed and efficiency with which the Trust Scheme has operated appears in marked contrast to the operation of the Redistribution Scheme. There are problems, primarily, as Dekot Koki pointed out, of villagers' failure to grasp the concept of the Trust, but time and
education will further understanding and the problems are certainly not insurmountable. Mr Corrin called on the government to repeal stamp duty and income tax legislation that made trusts expensive to operate.

The final session of the conference addressed the task of looking at the future of the plantation sector and making recommendations. Bob McKillop (his talk was originally scheduled this session but his commitments obliged him to deliver it in the first session) saw plantations as an anachronism in a post-colonial society. The system of social inequality — a small elite managerial group controlling a large under-privileged mass of labourers — is not only alien to the government's declared philosophy, it is also difficult, if not impossible, to transpose to post-colonial conditions where a manager no longer represents a dominant race. Typically, plenty of persons want to be managers, observed the speaker, but very few aspire to be labourers. According to Mr McKillop, plantations have not even the saving grace of being relatively efficient, and he recommended division into smallholdings. The management problem is the fundamental reason why the commercial family farm dominates Western agricultural systems. This remains the most efficient unit of agricultural production.

Most coffee plantations have been localized. Papua New Guineans have been greatly helped by prevailing high world prices. However, a testing time is now coming, remarked Rick Mitio (Executive Officer, Coffee Industry Board). An international quota system came into effect at the beginning of October limiting the country's exports. The importance of good management in localized plantations will now be felt. Mr Mitio strongly recommended expanding the area under plantation production but complained of the hold-ups in doing so. He called for streamlining of credit, land registration, and group incorporation procedures, and insisted that the latter two should be decentralized to the provinces. He also called for a policy of government non-intervention in the plantation market and firm and explicit statements of this intent in order to encourage a climate of security for local private enterprise. He further insisted plantations should be divided only where land shortages exist.

Andrew Shepherd (member, Copra Marketing Board), in the absence abroad of the Board's general manager, volunteered some thoughts on
the possibility of changing the Copra Marketing Board into an industry board similar to that of coffee and cocoa. The Board as it is, he asserted, functions efficiently and to the great advantage of the local producer. The producers have been able to weather high costs and low prices largely because no significant middleman exists in Papua New Guinea. Last year the Board took out only K13.50 per tonne for expenses and the Papua New Guinean producer received a higher proportion of the f.o.b. price of copra than any other producer in the world. It would be unfortunate, given this good record, to saddle the Board with the regulatory burden of an industry board. A Copra Industry Board is a good idea, concluded Mr Shepherd, but it should be kept separate from the Marketing Board even if the two are set up in the same building.

James Rutana (chairman, Cocoa Industry Board) confirmed Alex Subramaniam's dismal figures of Papua New Guinea's cocoa industry. The plantation sector has fallen some 8,000 tonnes in annual production, or 39 per cent since 1974/5, with East New Britain registering a 59 per cent drop. High prices that previously disguised the seriousness of the situation have now dropped from K2,300 to K1,300 per tonne. The major reason for the decline is senile, pest-ridden trees, and the major reason for not replacing these trees is insecurity of tenure. Mr Rutana also worried about the lack of supply of improved high-yielding planting material. He believed that the Board should become the leading research authority. Already it has nearly completed planting a 50-acre hybrid seed garden from which production will start in 1981 and plans other gardens and increased research. Pre-eminent in a save-the-industry campaign should be attention to the basic problem of a lack of a cocoa industry policy. He thus advocated the establishment of an authority with the power for planning policy and co-ordinating all industry bodies. At the same time the government must come out with a land policy to encourage investment and be prepared to enforce that policy to protect land and investment. A long-term loan system should be worked out, and a 'reservoir' of land identified for new planting by investors. Firm policy-making action was needed and, Mr Rutana stressed, it was needed immediately to save the Papua New Guinea cocoa industry.

For Gerry Lawrance (chairman, National Plantation Management Agency) many of the problems and setbacks in the plantation sector are part of a general malaise in the rural sector that suffers from lack of overall
direction and sense of purpose. Echoing James Rutana, he called for decisive strokes to remedy this situation: firm policy direction from government to create a secure climate for investment; creation of a 'stock' of-land, starting with existing rundown plantations, which can be put aside for plantation development by development corporations; association of local landowners and government with private investors—the one contributing land equity, the other capital for development—to bring isolated areas into the cash economy; and a simplification of legal procedures for establishing titles. He urged the immediate creation of a 'redevelopment incentive fund' to stop at once plantation deterioration through senility. His most embracing recommendation was for the establishment of a Rural Development Authority, drawn from public and private sectors, to recommend and implement government policies, co-ordinate the various bodies involved in rural development, and administer incentive fund schemes, pest and disease research programmes, etc. He followed remarks by Heaney, Schiltz, Josephides, and Burch by calling for a new deal for labourers that offered improved social conditions and welfare services. The increased expenses, he asserted, will be amply returned by subsequent heightened productivity. Finally, he echoed Leon Bridgland's remark that in the past plantations have been a spearhead to open up remote areas and pointed out that they could continue to be a major instrument for their development in the future.

Michael Mel (managing director, Pipilka Development Corporation), in looking at the industry's future as far as the interests of Papua New Guineans are concerned, praised the Redistribution Scheme. It has notable weaknesses, perhaps, but for many local groups, Mr Mel maintained, it is a stepping stone into the business world and the 'best thing that ever happened to Papua New Guineans'. He admitted, however, that the highlands have derived much greater advantage from the Scheme than the coastal areas because local companies have retained competent management. And he drew attention to this area of future policy. Government should encourage the establishment of management companies by supporting localization of plantations only if local groups can assure the employment of competent professional management. He further called for close co-operation between National Plantation Management Agency and National Plantation Management Programme to provide well-trained Papua New Guinean
managers. Other areas needing government scrutiny are the interminable delays in confirmation of leases and the reluctance of the commercial banks to provide long-term loans for development. Mr Mel also pointed out the urgent need for surveyors.

Rod Sims (Department of Finance) and John Wylie (formerly Department of Finance and Chairman of the Committee of Review into the Plantation Redistribution Scheme) were greatly concerned about the agriculture sector in general. With Australian aid declining annually at five percent in real terms, the country's balance of payments and internal revenue to finance the budget can not afford a declining agricultural production alongside increasing food imports. Papua New Guinea's economy, should present trends continue, is heading for a crisis by the end of the decade. Messrs Sims and Wylie pointed out that measures to attain the twin claims of higher productivity and greater national involvement are not compatible. They need to be pursued discretely. They recommended a joint strategy of large enclave projects to expand the one and smallholder projects to enhance the other. Large government effort would be required for both. Vast inputs in management, extension and research are needed for smallholders, while a secure commercial environment is needed to attract foreign investment for large-scale projects. They suggested a series of amendments to existing legislation to provide the right kind of investment climate for enclave projects, and recommended that government guarantee tenure security to encourage investor confidence.

**Issues and Policies**

The aim of the Institute of Applied Social and Economic Research conference was to provide government with a resource, that is, data on the industry and opinions from both within and without. The exercise was unsolicited and government of course decides for itself whether it wishes to make use of what is offered. Those who participated in the conference praised it, and praised it most of all for some frank exchanges of views and a general clearing of the air that clarified and defined the issues and policy options. I identify these below. In many cases they apply equally to the commercial agricultural sector in general, not just to the role of plantations.
I. The country's citizenry has an obligation to the nation. The self-interest of the one does not provide for the self-sufficiency of the other. Concern for posterity is a traditional Melanesian value implicit in beliefs about land ownership and use.

II. Unless remedial steps are taken soon, in a few year's time the country will face a serious balance-of-payments problem.

III. A firm and explicit policy is needed for the plantation sector. However, different views were expressed on what that policy should be:

   i. One speaker believed plantations in a post-colonial society are a social and cultural anomaly, economically inefficient, and should be localized and subdivided into smallholdings.

   ii. Most speakers supported retaining a plantation sector, but were divided over its structure.

      a. Some saw the Redistribution Scheme as the instrument of a transformation, a 'decolonization', of ownership and exploitation, though they differed as to whom should have control: traditional owners solely or a larger, administrative grouping that will spread benefits more widely.

      b. Critics of the Redistribution Scheme insisted an open market and encouragement of foreign investment are essential to the viability of the commercial agricultural sector, and that higher productivity and greater national involvement can be achieved only by separate fostering of enclave and smallholder projects.

IV. Everyone agreed that if an open market for plantations is to be maintained, it is essential for government immediately to establish a climate of security of tenure and investment.

V. i. The social conditions and services of plantation labourers must be improved to encourage more settled family units. Extra expenses that ensued should be more than covered by higher productivity. Presently, the threat of a labour shortage is increasing.
ii. It was also pointed out however that the creation of a stable labour force would impoverish the life of the villages that supplied the labour.

VI. Competent professional plantations management is indispensable. More effective training of a greater supply of Papua New Guinean managers is needed and lessening the degree of agency supervision of particular plantations over time should at least be tried.

VII. A radical reorganization of procedures to speed up the issue of land leases is required.

VIII. Commercial bank loans for redevelopment and rehabilitation operations must be facilitated.

IX. An authority drawn from both public and private sectors must be established to co-ordinate all inputs into the plantation industry and advise on and implement government policy.
List of invitees

The following list contains the names and affiliations of all those persons invited who attended, sent a representative, or who indicated their interest in the seminar but were unable to attend. After some thought I decided to omit from the list all statuses and appointments except those of elected personnel in provincial and national governments, and official observers for foreign governments. I trust this will not cause offence to anyone.

ABAJJAH, R., Division of Primary Industry, Milne Bay
ADAMS, John, Sogeri Plantation, Central Province
AFFLICK, Ian, Papua New Guinea Banking Corporation, Port Moresby
AHAI, Naihuwo, Language Department, University of Papua New Guinea
ALSI, Leo, Division of Primary Industry, Department of Fly River
ANEKE, Ray, Department of Politics, University of Papua New Guinea
APELIS, Cosma, Development Broadcasting Section, National Broadcasting Commission
ARNOLD, Paul, East New Britain Development Corporation, Rabaul
ARUA, Charles, Division of Primary Industry, East Sepik Provincial Government
AU, Leo, Department of Justice
AVOSA, Mariou, Gulf Provincial Government

BALLARD, Stuart, Plantation Management Training Programme, Department of Commerce
BAMFORD, Robert, District Office, Kupiano, Central Province
BARTLETT, Warren, Manager, Western Highlands Development Corporation, Mt Hagen
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Invitations were sent to the Premiers, Provincial Secretaries, Chief Business Development Officers, and Provincial Rural Development Officers of all provinces. Invitations were also sent to all national government and tertiary education offices and personnel IASER believed would be interested and also to the National Broadcasting Commission and the four major newspapers.
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