Themes from the National Transport Strategy
Minister’s Statement

Papua New Guinea is on the threshold of an era that will lead to the achievement of the Vision 2050 objectives. We need to take firm action if we are to realise our national vision of a healthy, wealthy and an educated society. Transport is integral to achieving this as it affects each and every one of us on a daily basis.

Our National Transport Strategy provides the Transport Sector with a flexible and responsive approach for moving forward while recognising that we cannot do everything at once. We must foster economic growth while living within our means and also being equitable in our support of people throughout Papua New Guinea. The Strategy is consistent with and complements our broader national strategies and plans such as the PNG Vision 2050, the Development Strategic Plan and the Medium Term Development Plan.

The Strategy has been developed as an entirely new review of the transport sector, its guiding principles, the structure and development of its institutions, transport policy in regards to economic and safety regulation, the role of Government, public funding and an investment strategy for maintaining and developing the transport network.

The Strategy provides a guide for the transport sector over the coming 20 to 30 years. It includes an initial Medium Term Transport Plan of policy actions and investment priorities covering the first five years which will be monitored and updated annually.

The successful implementation of the National Transport Strategy depends on active participation and commitment from everyone including other state line agencies, the private sector, provincial governments and the wider members of our communities nation-wide.

I commend the sector for the Strategy’s development and recommend it to Government and to transport service providers and users at all levels.

Hon. Ano Pala, MP
Minister for Transport
Papua New Guinea faces many challenges in the development of its transport infrastructure to serve the needs of economic development, wealth creation and to provide equitable access to transport services for its widely distributed population.

The National Transport Strategy and its Medium Term Transport Plan provide the Transport Sector with a clear set of actions and initiatives to address the challenges and to fulfil its role for the people of Papua New Guinea. As the central point for policy coordination, the Department of Transport has a crucial role in successful delivery of the National Transport Strategy.

The new planning framework provided by Vision 2050, Development Strategic Plan and the Medium Term Development Plan and increased funding for the transport network offer a renewed prospect of a cohesive national effort to fully rehabilitate the national and provincial transport infrastructure to serve our dispersed population.

Success of the National Transport Strategy and its supporting Plans will require increased awareness and improvements in progress monitoring. The Department will lead the way in creating awareness of the new strategy and plan so as to maximise the opportunities for successful implementation. Ultimate success will be determined by the commitment and capacity of implementing agencies together with the resources available.

Improved integration of national and sub-national transport planning are provided for through the National Transport Strategy. Success will reflect the participation and commitment by the various levels of Government.

The National Transport Strategy is a living document and the staff of the Department of Transport make a commitment to regularly review its progress in concert with the Government’s five year plans and targets. The Medium Term Transport Plan will become a key document in monitoring progress in policy and institutional development, and investment in the sector.

Roy Mumu
Secretary for Department of Transport
The Policy Setting

Papua New Guinea has a highly dispersed population which provides challenges for the provision of services and economic development. At the same time the nation is in a new phase of growth associated with development of its mineral and petroleum resources. The Government is also looking at initiatives that will diversify the economy. Transport has a key role to play in supporting these changes.

Against this background a lack of sufficient investment over the last 25 years has resulted in a decline in transport infrastructure and services which is compromising safety and security. Places that were previously accessible are now losing their connections. Transport infrastructure...
has deteriorated to a point that threatens economic recovery and growth.

At the same time a rapidly expanding population and increased awareness and expectations regarding social services such as health and education, are driving demand for a more extensive transport system. This demand also reflects an increased desire to participate in economic activity which in turn requires access to markets and the associated wealth this will bring.

The Government has responded to these community needs through a program of further decentralising transport infrastructure and service delivery through Provincial and Local Level Governments which will need technical support to carry out these increased responsibilities. This focus on decentralisation and increased autonomy is also reflected in the changing roles and responsibilities of national transport agencies.

A review of previous planning and service delivery in the sector together with the emerging patterns and growth in demand have highlighted the need for improvements to the sector institutions, processes and accountability. Underpinning these improvements are:

- More rigorous and effective prioritisation in the allocation and application of limited resources to get the best return for the country;

- Providing adequate financial resources and building capacity in both the government and industry; and

- Adhering to agreed plans and priorities, monitoring progress in delivery and undertaking prompt remedial actions.

The key national policy document setting targets for the transport sector is the Medium Term Development Plan developed by the Department of National Planning and Monitoring. These targets have proven aspirational in the short term and the Government has directed a review of cost estimates and implementation timelines.

The National Transport Strategy and Medium Term Transport Plan provide the opportunity to improve transport planning and investment processes by providing a comprehensive strategic framework that is consistent with the Government’s vision and development plans and make the best use of the nation’s emerging opportunities.

Recent increases in the Government budget for the transport sector has demonstrated a commitment to the sector and its role in the economy and offer a renewed prospect of a cohesive national effort to fully rehabilitate, expand and improve our transport system.

Domestic requirements also reflect the growth of international trade and the importance of meeting international standards.
THE TRANSPORT SYSTEM

The Transport System comprises infrastructure (roads, jetties, wharves, airstrips etc.) and services (ships, aeroplanes, PMVs etc.) to move people and cargo. It extends to the regulatory framework and standards that ensure the safe and correct use of the system, to the government organisations that oversee and set the strategic direction for the system and the state owned enterprises and commercial transport providers.

By moving goods from the point of production to where they are consumed the transport system adds value and enables people to engage in the economy by producing, selling and buying goods.

In supporting the movement of people the transport system helps delivery of social services such as education and health. Transport makes it easier and cheaper to recruit, retain and support teachers and health workers in remote posts. Transport also enables construction and operation of schools, aid posts and rural hospitals.

Good transport accessibility makes it easier for pupils to attend school and for patients to access health services, and increases the effective reach of these services. Community interaction and support for youth, women, and social and religious participation are also strengthened.

The net result is a population that is better educated, healthier and more productive. Transport connectivity promotes social cohesion at local and national level.

Vision
- A well-integrated, competitive, affordable, financially and environmentally sustainable transport system.

Goals
- Restore the national transport network
- Fully fund maintenance as far as possible from user charges
- Develop new infrastructure where economically viable and within financial and capacity constraints
- Strengthen the capacity of Government transport organisation
- Develop capacity and capability of PNG national enterprises in the transport sector
- Bring 95% of the population within easy reach of all-weather transport access
- Provide transport access to 95% or more of developable agricultural land
- Provide well planned, regulated and operated traffic networks and urban public transport systems in the major cities
GOVERNMENT AND PRIVATE SECTOR ROLES

Government’s role is to facilitate economic and social development. It does so through establishing and enforcing the regulatory environment for fair competition, safe operation and basic quality standards for the provision of transport services. Government is also a main provider of transport infrastructure and manager of the overall operation of the network.

The private sector provides the services and infrastructure where there is a commercial opportunity. It does this within Government’s regulatory framework. Private sector participation may support the delivery of national objectives by enabling financial resources and expertise to be applied and allowing the Government to target resources to other priorities.

The National Government provides an overarching framework and rules for the transport system. The National Government’s infrastructure investments are focused on connecting the regions, provinces and districts together.

The Provincial Administrations have a vital role in connecting the people and businesses in local villages to the district and provincial centres.

At the National Government level, there are many different agencies that are involved in delivering and supporting the operation of the Transport System. These include: Government departments like the Department of Transport which has policy, planning and coordination roles and the Department of Works and Implementation and National Roads...
Authority which are responsible for managing the construction and maintenance of national road infrastructure. There are also statutory authorities like the National Road Safety Council, National Maritime Safety Authority, Civil Aviation Safety Authority and Accident Investigation Commission which have key regulatory roles in managing safety. These are complemented by commercial government entities like the PNG Ports Corporation Ltd, PNG Air Services Ltd, National Airports Corporation Ltd that provide services and/or operate infrastructure on behalf of Papua New Guinea. Other agencies with a direct involvement include the Independent Consumer and Competition Commission in price and competition regulation, the Motor Vehicle Insurance Ltd which provides vehicle registration and insurance and the PNG Royal Constabulary which enforces the road rules.

How are we going to improve .....  

BETTER STRUCTURES

Structural reforms will be undertaken to support performance improvement by providing clearer mandates for operation, improved alignment of agency functions and will rationalise the number of agencies. These structural reforms will be accompanied by improved governance and accountability frameworks to maximise better use of resources.

Transport Sector Agencies must have clearly defined roles and be appropriately structured to provide certainty and confidence. Standards and expectation for industry operations will be defined more clearly.

A new Road Traffic Authority will be formed by merging the functions of the National Road Safety Council, the Department of Transport Land Transport Division and the National Land Transport Board.

The scope of the National Maritime Safety Authority will be broadened in the medium term to become a National Maritime Authority (NMA) with responsibilities for shipping, market and port regulatory functions and maritime security operations.
PNG Ports Corporation Ltd.’s operation as a State Owned Enterprise will be fully commercialised with the residual delegated regulatory functions transferred to the new NMA. Community Service Obligation functions will be appropriately recognised and compensated under the structural arrangements.

**Safety Standards** - Building on the establishment of the Accident Investigation Commission, the new Road Traffic Authority, National Maritime Safety Authority and Civil Aviation Safety Authority will be responsible for raising and enforcing industry safety standards and prosecuting breaches.

**Search and Rescue** - A single National Rescue Coordination Centre will be established with the responsibility for coordinating first response actions for search and rescue across all modes. This centre will combine the resources of the National Maritime Safety Authority and Civil Aviation Safety Authority search and rescue functions.

The review, updating and development of the sector’s **legal framework** will be a priority to ensure it supports the Government’s vision for the transport system in a changing environment.

The state will retain **ownership of transport infrastructure** including: the public national road network; the declared ports under PNG Ports Corporation Ltd; the main national airports under the National Airports Corporation Ltd; and the air and maritime navigation systems.

Private ownership and development of new transport and related facilities within ports and airports will be encouraged within the prevailing regulatory framework and in accordance with port and airport master plans.

**Price, competition and performance oversight** encourage efficiency while ensuring that standards of service delivery are maintained. Market regulation and price control functions will be transferred to agencies with a clear mandate in these areas such as the Independent Consumer and Competition Commission. Performance oversight for road transport will primarily reside with the new Road Traffic Authority.
WORKING EFFECTIVELY

There are many players in the field of transport and the provision of transport infrastructure and services. An effective Transport System requires a coordinated approach to ensure we are all working to the same objectives.

**Coordination** of transport infrastructure and services both within and between modes is essential to an effective Transport System. To ensure this is considered at the planning and implementation stages, the mandate of the Transport Sector Coordination, Monitoring and Implementation Committee (TSCMIC) to oversee coordination within the transport sector will be extended.

TSCMIC will continue to be chaired by the Secretary, Department of Transport. Additional emphasis will be placed on National/Provincial infrastructure integration through the Department of National Planning and Monitoring's role in TSCMIC and the Department of Transport's increased provincial support role.

An integrated approach to national and sub-national transport planning and developing infrastructure proposals is essential to an effective transport system. Through the Provincial Development Planning process and Integrated Service Delivery Mechanism, the Department of Transport and Department of Works and Implementation will work with Provincial Governments to appropriately prioritise and implement basic transport access within available funding.

The Department of Transport will increase its technical assistance to Provinces to improve the quality of transport planning processes and investment decisions and integration of Provincial Transport Plans with National Transport Plans.

**Government and Private Sector cooperation and coordination** are essential to an effective Transport System. A National Logistics Association will be established to improve Government/Industry communications regarding issues affecting freight movements. Organisations such as the PNG Shippers Council will be reformed and integrated, as appropriate, with a Marine Industry Advisory Group that will replace the Coasting Trade Committee.

The **Transport Sector Coordination, Monitoring and Implementation Committee (TSCMIC)** co-ordinates transport planning and investment in the transport sector and meets regularly to address difficulties and constraints encountered in implementing the Sector’s Strategy and Plan.

TSMIC is chaired by the Secretary for Department of Transport, with Secretary/CEO level representation from transport sector agencies* and the Departments of National Planning & Monitoring and Finance & Treasury.

*Department of Works & Implementation, National Roads Authority, National Maritime Safety Authority, PNG Ports Corporation Ltd, Civil Aviation Safety Authority, National Airports Corporation Ltd, National Road Safety Council, PNG Air Services Ltd..
SMOOTH OPERATIONS

The Transport System is integral to the performance and operation of the broader economy. In a changing environment, systems and processes need constant adjustment to ensure smooth operations.

Maintaining Security to international standards is essential to access foreign markets and secures the benefits of trade. The Government will continue to enhance the security of domestic and transit traffic. This will be through improvements to air and marine navigation infrastructure, services and response systems for incidents and emergencies.

The Department of Transport has commenced establishing a Transport Security Policy Unit to oversee policy in this area. Transport agencies will work with the Border Development Authority to facilitate legal cross-border trade and guard against illegal movement of people and goods.

An effective and efficient transport system should fulfil expectations of quality and safety for passenger and freight services.

The Government will move to a quality rather than quantity basis for transport services licensing. It will seek to review and formalise quality based approaches to ensure that clear, consistent and appropriate guidelines and standards are applied to service providers.

There will be an increased emphasis on agencies such as the Independent Consumer and Competition Commission for monitoring and PNG Constabulary to ensure compliance.

Free competition in the provision of services is an essential part of the transport system.

The Government will continue with its liberalisation policy for market entry, regulating primarily for safe and secure operation, minimum service standards, fair competition and fair pricing. Price control will be kept to a minimum.

To safeguard against unintended and unwanted consequences, public interest tests will be applied.

Appropriately skilled boards are needed for high performing agencies that are responsive to the changing environment and increasing demands being placed on State Owned Enterprises and Authorities in the transport sector. Governance boards should include an appropriate mix of technical, administrative and legal expertise rather than political or departmental representation.

Innovative procurement approaches present significant opportunities for the development of both transport infrastructure and domestic capacity/skills but these approaches are not without risks.

Transport agencies are encouraged to explore opportunities for outsourcing and engaging in alternative procurement approaches such as Public Private Partnerships, Performance Specified Maintenance Contracts etc.

Private financing of infrastructure, through approaches such as PPPs, will be
considered on a case-by-case basis. These approaches must demonstrate value for money and clear advantages to PNG over conventional funding mechanisms. Such approaches must be developed in consultation with the Government’s cells of expertise, the PPP Centre or other independent, knowledgeable and experienced sources.

Uninterrupted availability of infrastructure is an essential feature of an effective Transport System. Road blocks, encroachment and illegal activities reduce confidence in the system and add costs to the provision of services. The Protection of Transport Infrastructure Act 2010 has been enabled and relevant agencies will now pursue its implementation.

The transport system affects the Environment by pollution through vehicle operation and landscape impacts during infrastructure construction. While continuing to observe legal requirements, transport agencies will develop strategies for limiting impacts such as carbon emissions and pollution. At the same time climate change is resulting in erosion and flooding which impacts on the construction and operation of transport system. In this regard, Transport Sector agencies will plan for these impacts by developing climate change adaption strategies.

Improving gender equity by involving women in transport has the potential to improve the economic performance of PNG and bring additional skills to the provision of services. Transport sector agencies will actively encourage women’s participation in the construction and maintenance of transport infrastructure and in transport services provision (PMVs, taxis, freight services). This will be done by ensuring gender equity is an integral consideration in contracting and licensing.

Communicable diseases such as HIV/AIDS are an operational risk for the transport agencies while transport itself is a vector for disease transmission. Transport sector agencies will actively promote prevention messages and strategies in all levels of operation both within organisation and when contracting for service provision and/or infrastructure construction.
CAPACITY TO DELIVER

Making the best use of our skills and ensuring appropriate financial resources and skills are essential to the delivery and operation of an effective Transport System.

**Using expertise effectively** is essential to getting the best results. Government agencies in the transport sector will competitively outsource service delivery to the private sector and/or to other government agencies to make the best use of scarce technical skills. This approach will consider cost-effectiveness, service quality and safety.

Supporting **Provincial and Local Level Governments** is vital to the delivery of their complementary responsibilities for transport infrastructure and service delivery. This will be done by sharing technical knowledge and management capability within the national agencies through regional and provincially based centres of expertise.

Management agreements between Provincial Administrations and National Agencies such as the Department of Works and Implementation will assist in effectively applying Provincial Funds to developing and maintaining Provincial Transport Infrastructure as provided for by the Organic Law.

This will be complemented by commercially priced works units where there is no private sector interest or insufficient price competition.

Reverse management agreements may apply where Provincial Administrations have good implementation capacity.

**User-charges regimes** make a substantial funding contribution to Government in providing aviation and maritime infrastructure. User-pays principles will be extended to the road transport sector through the road user charges regime established under the National Roads Authority Act. This will be extended to a charge on both petrol and diesel and annual charges on registered vehicles and on heavy vehicle axle loads.

The National Roads Authority will contract with Provincial Administrations and Motor Vehicle Insurance Ltd to act as collection agents for the vehicle-linked component of these annual charges, on a fee-for-service basis.

**Non-economic transport services and infrastructure** are essential to equity and inclusion. A detailed Community Service Obligation policy will be developed to support delivery of these services and infrastructure. It will provide for identification of the available funding/resource envelope which will be held in a Community Infrastructure and Transport Services Fund. This will then be allocated using a prioritised approach to ensure the maximum number of people benefit from these investments.

In supporting non-economic transport services and infrastructure, consideration will be given to ensuring the agencies responsible for infrastructure and service delivery are adequately compensated to ensure organisations are sustainable.

Direct mechanisms such as subsidies will be used to stimulate demand for transport services in a sustainable manner and with exit strategies. Care will be taken to ensure that subsidies do not undermine commercially provided transport services.
GETTING VALUE

Limited resources and a very large list of potential projects mean that Papua New Guinea must be prudent in how it uses its funds to achieve the best outcomes for the nation.

A value for money focus means investing in transport infrastructure based on where the funds will deliver the best return. Transport agencies will move to a rigorous, project business-case based approach to identifying and scoping projects.

Project business-cases will be an essential input to any transport project seeking an allocation from the Government’s financial resources in the sector and in establishing its priority. It is a staged process of project identification, outline evaluation, detailed feasibility leading to design and implementation.

As a general principle value-for-money means a continued focus on preventative maintenance and rehabilitation of existing infrastructure to maximise the value of our existing investments, then, as budgets allow, upgrading and improving capacity followed by new construction where transport assets have previously not existed.

Value for money also means a life-cycle approach to maintenance taking account of expected traffic growth, escalation in input costs and life of the maintenance action.

A tiered functional hierarchy for transport infrastructure provides a basis for ensuring infrastructure investments provide for connectivity in the most appropriate way.

The functional hierarchy recognises the importance of seaports, airports and roads in terms of connectivity and the volume and type of traffic carried. The basis of the hierarchy is that all significant concentrations of population should have at least one reliable transport link to their district centre and that district centres in turn have a reliable connection to their provincial capital and the national network.

The hierarchy with accompanying standards for provision has been developed and will support decision-making to deliver the best national outcomes.

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**Functional Hierarchy**

A classification of transport routes and terminals based on function that is separate from ownership or funding arrangements

The basis of functionality is the role of the infrastructure in connecting provinces, districts, towns, seaports and airports

Standards of provision are related to volume of traffic carried and functional classification

Standards of provision should also take account of critical lifelines, network redundancy and natural hazard risks.

A five level classification has been developed

The Highlands Highway retains its importance as “backbone infrastructure” connecting the inland highland provinces with the main coastal ports, in particular Lae.

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Applying the expertise of transport sector agencies to transport related projects across Government will improve planning, design and ultimately delivery of such projects. All transport related
projects will be subject to evaluation by the Department of Transport to ensure compatibility with the National Transport Strategy/Medium Term Transport Plan so that the best possible national outcomes are achieved.

All projects that are primarily transport related will be submitted through and reviewed by the Transport Sector Coordination, Monitoring and Implementation Committee.

Projects lacking the expert assessment of the Government’s transport agencies or inconsistent with the National Transport Strategy/Medium Term Transport Plan will not be considered for budgetary funding.

Infrastructure or services are at times developed by the private sector or non-transport arms of Government. If these are to be transferred to a transport sector agency then these agencies must be consulted in the project design and proposal stage to ensure policy alignment and appropriate standards are met.

Projects that are primarily transport related will be funded through and delivered by transport sector agencies.

MONITORING

A key component of a successful strategy is to ensure progress towards delivery is occurring and to enable timely adjustments to plans and to undertake remedial action.

The Department of Transport will monitor progress on implementation of the policy, institutional and legislative reforms and also the strategy for infrastructure development and maintenance in the National Transport Strategy and the Medium Term Transport Plan. Progress will be monitored against the Medium Term Development Plan targets which have been adopted and augmented by additional performance indicators.

The Medium Term Transport Plan will be subject to annual reviews that will include a report on maintenance expenditure, works and changes in network condition. Main reviews will be undertaken at five year intervals in consultation with the transport and central agencies.

The Department of Transport will report annually on the extent and condition of the transport infrastructure, on traffic and licensed transport users and on institutional reforms and legislative actions.
NATIONAL TRANSPORT STRATEGY

DEPARTMENT OF TRANSPORT
PO BOX 1489
PORT MORESBY, NCD
PAPUA NEW GUINEA
Tel: +675 325 7500

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