



INDEPENDENT CONSUMER & COMPETITION COMMISSION

MEDIA RELEASE

ICCC FREES UP MARKET FOR PILOTAGE OF SHIPS

The Independent Consumer and Competition Commission (**ICCC**) received a complaint that PNG Ports Corporation Limited (**PNG Ports**) was refusing to licence pilots for ships for a potential entrant into that market.

PNG Ports licenced pilots for ships under a delegation from the National Maritime Safety Authority (**NMSA**); however, that delegation went further than prescribed by the regulation by purporting to delegate the authority to licence *pilotage operators*. Furthermore, the Commission was very concerned that a competitor in the market was empowered to licence pilots for its competitors – a situation which may have created incentives for the misuse of market power, which is prohibited by Section 58 of the *Independent Consumer and Competition Commission Act 2002*.

Following correspondence and meetings between the ICCC, PNG Ports and NMSA, the matter appears to have been resolved by NMSA resuming the function of licensing pilots. This is a positive outcome as it allows new entrants to provide shipping pilot services; removes the inherent conflict between a competitor regulating the market (through controlling entry by licencing), while at the same time competing to provide services in that same market.

PNG Ports offered various reasons for continuation of the conduct of having exclusive delegation powers for licencing shipping pilots such as safety and the need for cross-subsidisation of loss-making ports and pilot activities. The law supports the safety issues but does not provide for conduct which excludes competition in the provision of pilotage services in order to support loss-making activities, and there is no provision for its authorisation under the relevant legislation.

Safety is an important concern, but the Commission concluded that safety considerations do not preclude competition and the necessary safety standards could be met in a competitive market. Authorities responsible for safety need to ensure that safety criteria are observed by all licensed pilots, whatever the source.

As an archipelagic nation, Papua New Guinea relies on sea transport more so than most countries. Any anti-competitive conduct or structure in shipping that results in inefficiencies and increased costs which are passed through the transport chain will likely have an adverse effect on the costs of transport services for industry and consumers, reduce national economic growth and hinder improvements in living standards.

As a competition law enforcement agency, the ICCC will continue to monitor this and other important markets to identify anti-competitive conduct and, if necessary, enforce the law to secure adherence to the law.

Should you have any queries or concerns about this matter, please contact **Mr. Paulus Ain**, Executive Manager - Prices, Regulatory Affairs and Special Projects Division on telephone number, 325 2144 or via email on pain@iccc.gov.pg.

Authorised by:



Assoc. Prof. Billy Manoka, (PhD)
Commissioner & Chief Executive Officer