



INDEPENDENT CONSUMER & COMPETITION COMMISSION

PRESS STATEMENT

"Policy reforms for coastal ports and administration"

'The ICCC has recommended certain changes in the way the policy functions of the PNG Coastal Shipping Industry are administered and in particular on the arrangements in which shipping licences will be issued ' Mr Thomas Abe, Commissioner & CEO of the ICCC said today when releasing the Final Report into the Coastal Shipping Industry.

The Shipping Report was commissioned by the Government and has been prepared by the Commission following extensive consultation with industry and other stakeholders.

'The Report highlights the urgent need to rehabilitate port infrastructure throughout the major ports in the country in order to increase efficiency and reduce shipping costs', Mr Abe said.

'The Commission is encouraged by the projected new capital works foreshadowed by PNG Ports but notes that much of this will represent catch-up designed to recover loss functionality in ports over recent years'.

The Commission has also recommended the administration of the awarding of licences to coastal shipping operators be amended to remove any possibility of vested interest influencing licensing decisions.

'There is a need for transparency and equity in the awarding of new licenses as this provides the opportunity for the entry of new participants in the industry resulting in greater competition and more efficient shipping operations', Mr Abe said.

The Report also discusses the role of cabotage, or restriction of the vessels that can operate on coastal routes in the operation of the industry.

'The Commission recommends that cabotage in its present form be retained but provided licensing arrangements that give greater opportunity for new participants to participate in coastal routes subject to independent assessments of the net benefits their activities would bring to the nation', Mr Abe said.

The Report has also commented on other matters relating to pricing of coastal shipping services and pilotage arrangements. The Report favours the amendment of the current price regulation to a negotiate and arbitrate model which would involve the Commission arbitrating on disputes between shippers and ship owners when they cannot agree on prices.

'Passenger services also represent an important function of the shipping industry', Mr Abe said.

'The reforms proposed in terms of infrastructure and licensing arrangements should facilitate the emergence of more innovative approaches to passenger transport services on coastal routes', Mr Abe said.

These recommendations along with the Report itself have been forwarded to the Government through the Treasurer.

Further information on the Report together with copies can be obtained from the Commission's office or from its website: www.iccc.gov.pg

Thomas Abe
Commissioner & CEO
16th February 2007