



THE NATIONAL
RESEARCH INSTITUTE
PAPUA NEW GUINEA

SPOTLIGHT

THE IMPACT OF CORONAVIRUS PANDEMIC ON ACCESS TO PUBLIC TRANSPORT IN PAPUA NEW GUINEA

Jeremy Goro

www.pngnri.org

Volume 13, Issue 8

Key Points

- Coronavirus (Covid-19) pandemic has affected several countries and the prevalence of the infection and transmission is increasing in the world.
- COVID-19 has the potential to hit Papua New Guinea's economy harder if appropriate measures are not taken.
- If State of Emergency (SOE) is not implemented in a proper manner, it has the potential to have adverse impact on the provision of goods and services.
- The government should consider using part of the economic stimulus package to subsidise public transport during the period of SOE.

inquire
inform
influence

May 2020



THE IMPACT OF CORONAVIRUS PANDEMIC ON ACCESS TO PUBLIC TRANSPORT IN PAPUA NEW GUINEA

By Jeremy Goro

In Papua New Guinea (PNG), a State of Emergency (SOE) was declared as a way to minimise the spread of the Coronavirus (COVID-19) pandemic.

Goods and service providers will need to be moved to the areas where they are needed. However, the SOE resulted in a reduction of the carrying capacity of public transport per trip, which tends to have adverse impact on public transport operators' income. For the bus owners to provide public transport service, they will need to increase the bus fare or else they may not provide the service. An increase in public transport fares and shortage of public transport vehicles will have adverse effect on provision of essential goods and services during the SOE. The increase in fares could restrict businesses and individuals from using public transport as means of transport to provide goods and services. The impact of SOE Order No. 9 on provision of essential goods and services and strategies to manage the situation are discussed in this paper.

COVID-19 and the SOE in PNG

The World Health Organisation (WHO) declared Coronavirus (COVID-19), a pandemic on 11 March 2020 (WHO, 2020). The first confirmed case of COVID-19 (an imported case) in PNG was reported on 20 March 2020. The Prime Minister, Honourable James Marape in consultation with the National Executive Council declared a 14-day lockdown from 24 March to 7 April 2020. The lockdown was primarily to allow medical officers and military personnel to carry out contact tracing. However, almost all the contact tracing test results were negative except for one confirmed positive case. The second confirmed case was a local woman who tested positive on 6 April 2020. At the time of writing this paper, eight cases have been confirmed in PNG, however, no deaths have been reported.

The parliament was recalled for a special session on 2 April 2020 to discuss whether to extend the lockdown and also to discuss how PNG can contain the pandemic. The Treasurer announced an Economic Stimulus Package of K5.6 billion

(Ling-Stuckey, 2020). As a result of the high prevalence rate of COVID-19 in the countries around PNG, parliament passed a bill to extend the lockdown or SOE (also known as National Emergency Orders) from 6 April 2020 to 2 June 2020. There are 11 orders in the SOE document. However, this paper focuses primarily on the impacts of SOE Order No. 9 on movement of essential goods and people that provide essential services.

Impact of SOE Order No. 9 on provision of essential goods and services

Public transport is one of the essential services for many people especially employees in the cities and towns in PNG. The SOE Order No. 9 (Joint Agency Taskforce, 2020) restricts the number of passengers that public transport vehicles can carry at any time. The following is stated in SOE 9:

1. "25 to 30 seater public transport may continue to operate during the SOE only if number of passengers is limited to 15.
2. All other public transport vehicles including vessels may continue to operate during the SOE only if number of passengers is limited to 5.
3. Licenced taxis may continue to operate during the National Emergency only if the passenger numbers are limited to 2 passengers.
4. All public transport providers must comply with additional directions as issued by the Controller."

This implies that public transport operators will sacrifice about 50 percent of the capacity of their vehicles to operate in the cities and towns, therefore, losing almost about 50 percent of their daily income.

The government appears not to consider public transport operators in its Economic Stimulus Package. With the restriction on the number of passengers that public transport operators can transport per each trip, some operators have resorted to increasing their fares. For example, public bus operators in Lae increased the bus fare

from K1 to K2 each trip (Ilave, 2020). Taxi operators could apply a surcharge of K10 on top of their usual rate. Many Highlands Highway commuters raised serious concerns on social media about the increase in the bus fares from K30 to K90 for a trip from Lae to Goroka. A trip from Lae to Mt Hagen increased from K90 to K150; an increase of 167 percent. The Goroka to Kundiawa trip increased to K50 from the usual fare of K20 (Ilave, 2020). The Madang to Goroka fare has also increased from K50 to K100 on trucks and K120 on buses according to the same post on social media. The Port Moresby to Kerema PMV fare has also increased from K50 to K100 per trip (Ilave, 2020). All these fares have increased by more than 100 percent.

The hike in transport fares has adverse effects on the welfare of public transport users especially in terms of their ability to carry on their livelihood activities and availability of money to pay for necessities such as food and housing. Most students often depend on public transport to travel to school. If public transport fare does not go down, it might trigger an anarchy situation and confusion in PNG.

As some public transport operators are taking their buses off the road, the remaining few bus operators will have difficulty maintaining social distancing and adhering to the SOE recommended number of passengers per trip. The increase in transport fares as a result of restrictions on the number of passengers to carry during a trip will add more cost burden on public transport users, which will impact on the goods and services they can afford given their limited income. Furthermore, the increase in transport fares has a multiplying effect on the distribution of goods which increases cost of production and consequently increase in prices of goods. An increase in public transport fares will have a strong negative impact on small and medium enterprises (SMEs) especially those that depend on public transport to do their business activities. This will also impact on the growth of PNG's economy. The following are specific impacts of SOE on availability of public transport for movement of goods and people that provide essential services:

- **A decline in availability of public transport.** The provision of public transport is likely to decline as the public transport operators will get lower income compared to when there was no SOE. This will limit the supply of public transport in urban and rural areas because transport operators may not have enough economic incentive to operate.
- **Increase in fares.** Public transport operators are willing to increase transport fees to remain in the transport business. This might have adverse impact on the people

that use public transport to travel.

- **Goods and services.** Public transport is important for the movement of goods and people that provide services. Restriction in the movement of goods and people that provide services restricts the supply of the goods and services, making the prices of goods and services to increase.
- **Impact on SMEs.** Economic activities in SMEs will be hit hard by the limited movement of goods and services as a direct result of a decline in the number of public transport on the roads or an increase in transport fares. SMEs is important in rural areas as well as urban centres where there are not enough employment opportunities. Most unemployed people rely on SMEs for their daily needs as well as school fees and other social obligations such as contributing to funeral expenses, bride price, and so on.

Interventions to sustain access to public transport during SOE

- **Subsidised transport fares.** Public transport operators will be affected by cutting down almost 50 percent of their vehicle carriage capacity. GoPNG should work with Motor Vehicle Insurance Limited (MVIL) to identify registered bus and taxi operators and provide subsidies. It should ensure that public transport operators only carry specified number of passengers and maintain social distancing regulations. In the long-term, GoPNG should consider establishing an authority to regulate public transport.
- **Regulate temporary new fares.** GoPNG through Road Transport Authority and Independent Consumer and Competition Commission (ICCC) should set a limit on new fares for public transport and strictly monitor compliance to the number of passengers per trip under each category of public transport vehicle. Any breach of the above, should lead to penalties such as forfeiture of registration or licence. For example, a K1 trip on a bus can be increased to K1.50 to at least compensate public transport operators. It has the potential to reduce unnecessary travels.
- **Government to provide public transport services.** The GoPNG should consider providing public transport services especially in urban centres. It is important that municipal and local authorities in urban centres provide transport services as many people depend on public transport to commute. As profit maximisation is not often the goal of government, government-provided transport has the potential to comply to all the recommendations stipulated by WHO and the SOE.

- **Stimulus package for SMEs.** GoPNG through its Economic Stimulus Package should consider providing some funds for the registered and recognised SMEs, especially those paying taxes and providing employment for people.
- **Exemption of loan repayment for SMEs during SOE.** GoPNG should negotiate with commercial banks to exempt SMEs from loan repayments until normalcy fully returns. This means that GoPNG should have also considered the commercial banks in its Economic Stimulus Package and given some grants for their operations.

Conclusion

COVID-19 pandemic has affected many countries around the world. Accordingly, the GoPNG has declared a SOE which has impacted various sectors of the economy in different ways. Importantly, the adverse impact on the availability of public transport has adverse effects on provision of goods and services. This slows down economic activities and impact the growth of PNG's economy. This paper recommends that GoPNG should consider subsidising public transport, regulate the public transport system, and consider providing public transport. GoPNG's Economic Stimulus Package should also consider loan repayment exemption during SOE for SMEs, while supporting bank operations. In general, GoPNG should ensure that the SOE has minimum impacts on the lives of people and domestic economic activities.

References

- Ilave, A. (2020, April 22). Police: PMV breach orders. *Post Courier*, p.1. Retrieved from <https://postcourier.com.pg/police-pmvs-breach-orders/> (accessed 22 April 2020).
- Joint Agency Taskforce (2020). National Emergency Orders. Government of Papua New Guinea, Port Moresby.
- Ling-Stuckey, I. (2020). Ministerial statement on an economic stimulus package: Responding to COVID-19. Department of Treasury, Port Moresby

World Health Organisation. (2020). Coronavirus disease 2019 (COVID-19) situation report - 51. Retrieved from https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200311-sitrep-51-covid-19.pdf?sfvrsn=1ba62e57_10/ (accessed 6 May 2020).

About the Author

Jeremy Goro is a Research fellow in the Universal Basic Education Research Program at the PNG National Research Institute. He has a Master of Education specialising in research and pedagogy from the University of Newcastle, NSW. His research interest areas include education and curriculum reforms, understanding issues in higher education, economics of education, governance of education and cross-cutting issues in education. He also has research interest in governance and service deliveries in PNG.