



Challenges of being a Logistics Provider in Papua New Guinea (PNG)

- Overcoming Barriers in a Complex Environment



Overview of PNG's Logistics Landscape

- PNG has a rugged terrain, including mountains, dense forests and remote islands,
- Over 80% of the population live in rural areas, relying heavily on logistical services, predominantly the PMV system to transport their goods to and from market,
- High dependence on the Highlands Highway for essential goods, and support to the PNG LNG operations, Moro O&G fields and New Pongera operations.

Challenge 1: Poor road conditions

Lack of regular and suitable maintenance on critical routes,

Roads are often muddy and unsealed with frequent sink holes and major potholes developing along the delivery routes,

Leading to delays due to vehicle breakdowns and slower transit times,

Impact: Increased operational costs and risk of cargo damage.



Challenge 2: Landslips and slides

Frequent landslips due to heavy rainfall and unstable terrain,

Complete road closures in some cases forcing extended delays in delivery schedules,

Impact: Increased travel time, potential perishable goods damage, compensation demands on road users by locals of the area.



Challenge 3: Damaged and Ill-Repaired Bridges

- Many of the bridges along the highlands highway are old, weak and poorly maintained,
- Collapses during heavy rain or due to constant wear from volume of traffic are a regular occurrence,
- Alternative routes are mostly unavailable.
- Impact: Risk of accidents, limited access to remote areas, and delivery delays



Challenge 4: Roadblocks and civil unrest

- Disgruntled communities blocking highways due to unresolved grievances (e.g., compensation claims, clan disputes, etc.),
- Drivers and cargo at risk of injury, theft and/or damage,
- Unpredictable disruptions leading to missed deadlines, particularly on critical delivery items,
- Impact: Erosion of business reliability and increased security costs.



Challenge 5: Law and order issues

- Threats of theft, robbery and violence against drivers and cargo
- High-risk areas along the highway,
- Need for armed escorts or additional security measures,
- Impact: Escalated costs and increased stress and worry of our drivers and escort teams.



Strategies for Navigating Challenges

- **Infrastructure Advocacy:** Partner with government, major developers to push for road and bridge repairs,
- **Technology adoption:** use of GPS and tracking systems to better track equipment and identify high-risk areas,
- **Community engagement:** Build relationships with local communities to reduce conflicts,
- **Risk mitigation:** Invest in reinforced vehicles and secure storage for cargo,
- **Contingency planning:** Where appropriate have the option to engage law enforcement departments to provide targeted security escorts and community awareness.

Strategies for Navigating Challenges – cont.

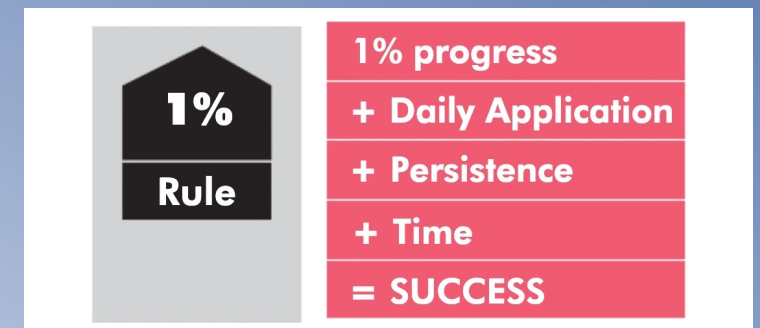
- **Community awareness:** TWL have had in place a network of community affairs officers throughout the highlands highway route for the past 15 years, the CA's within the company are chosen for their leadership qualities and respect in the areas they are employed,
- As part of TWL's community engagement, TWL have established long term relationships with owners of transit lodges along the main highway routes, these include the use of our own CA's guest houses as part of building local SME's to help increase local economic development by providing an increased demand for local produce in turn developing opportunities for local subsistence farmers to sell their produce locally and contributing to the creation of sustainable income generation within the communities that we interact with.

Strategies for Navigating Challenges – cont.

- **Technology adoption:** the use of GPS and tracking systems is part of most transport companies processes, TWL are also adopting technology in the support services of the company to look for efficiencies in its business to offset all or a portion of the inefficiencies caused by the challenges previously mentioned, most of which are outside of the control of the company. These initiatives include:
 - Digitising its processes and introducing integrated systems, which allow staff to access information and communication mediums more effectively,
 - Upgrading its HR systems to better track and plan for the training needs of each of its departments, identify the high achievers within the business through regular feedback sessions with the department supervisors and managers,
 - Developing a shared service solution where all business support services cut across all business units, divisions and departments.

Conclusion

- **Key takeaways:**
- PNG logistics sector faces unique and multifaceted challenges,
 - Each of the challenges mentioned here have a common theme, they all add cost to doing business,
 - A focus on improving law and order is critical in securing the long term sustainability of the logistics industry operating in the country.
- Addressing these issues requires collaboration between all stakeholders,
- Resilience and innovation are essential for sustainable operations,
- Never discount the effect of the 1% rule, each solution that adds even as little as 1% efficiency or effectiveness to the business is critical to moving the dial in the direction of efficiency and sustainability.





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