



**National
Airports
Corporation**
PAPUA NEW GUINEA

**“We are Operating 15 Smart
Airports by 2030”**



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National Airports Corporation

1. Background Information
2. Prevailing Constrains
3. Key Developments
4. Challenges ahead

Kagamuga Airport – Mt Hagen. A project co-funded by ADB (CADIP) and the Government of Papua New Guinea

International Civil Aviation Organisation (ICAO)



National Government



CASA PNG – Regulator



National Airports

Chicago Convention - 7th December 1944
by 52 Member States and a total of **19 Annexes**.
These has been progressive changes and
amendments since.

PNG became a contracting state on the 8th of
November 2000 when it signed an agreement to
abide by all ICAO minimum **Standards And
Recommended Practice (SARPS)**

Highly Regulated Environment



Primary Objective under the ACT

- A) **ENHANCING SAFETY, SECURITY, EFFICIENCY AND SERVICE QUALITY IN THE CIVIL AVIATION SYSTEM IN A SUSTAINABLE MANNER, FACILITATING ACCESS TO THE AIR TRANSPORT NETWORK AND CONTRIBUTING TO THE SAFE, SMOOTH FLOW OF PASSENGERS, AIRCRAFT AND CARGO WITHIN THE CIVIL AVIATION SYSTEM SO THAT IT CAN CONTRIBUTE TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF PAPUA NEW GUINEA.**

CIVIL AVIATION ACT – SECTION 2 (A)



National
Airports
Corporation
INCORPORATED

Our Representation

We Operate 22 airports: One International Hub – JAX and 21 Regional Airports





Civil Aviation Entities

- NAC is a State Aviation Entity (SAE) and an airport company established under Section 132 of the Civil Aviation Act 2000 [as amended] and the Companies Act 1997.
- Civil Aviation Authority (CAA) of PNG ceased to exist on 01st January 2010. This gave rise to the creation of:
 - CASA PNG – Regulator
 - NAC – Airports
 - PNGASL – Air Navigation Services
 - AIC - Investigations
 - RAA - Rural Strips



1 - Some Background Information

- Currently we have one major International Gateway - The Port Moresby International Airport – Jacksons
- Plans are underway to develop an alternate to JAX – Nadzab in Morobe
- Major Development Partners - Asian Development Bank (ADB) Japan International Corporation Agency (JICA) and the GoPNG
- Current Passenger volumes (domestic 60% & international 40%) around 2 mil pa.
- Of the 8 Million people in PNG 80% rural based.



2 - Prevailing Constrains

- Legacy issues in work culture and Lack of appropriate behavioural competencies
- Aging workforce - Lack of skills transfer over the years,
- Aging Infrastructure = Poor Compliance Records, Security Risks
- Lack of a good strategy taking into account our role in aviation as a catalyst for growth & an enabler for economic & social growth
- Lack of community awareness on the Private Public Partnership (PPP) concept
- Lack of critical business and performance data
- Heavily dependent on external funding
- Cost to Income Ratio around 110%
- 12 Months ago we were putting on an additional K500k in expenses per month
- Due to a number of reasons not all 22 airports are commercially viable

Our Strategies For Fulfilling Our Mandate

1. **Grow & Modernise the Business** and aim to expand PMIA as the international hub. We want to develop a few more selected domestic hubs starting with Nadzab, Mt Hagen and Tokua. These additional regional domestic hubs will be capable of taking bigger aircrafts than current capacities.
2. **Grow our Volumes** by connecting and empowering our rural population for access to air travel and associated economic opportunities (Hub & Spoke)
3. **Sustain the Business** through capacity and capability development, automation and integration of our business processes and system, strengthen our partnership with key partners and stakeholder entities, improve our data collection, processing and reporting capabilities for sustainability and continuous improvement and ensuring a commercially viable operation.

Our Strategies For Fulfilling Our Mandate

1. **Customer and Stakeholder Perspective** - What services do we need to excel at to delight and satisfy the customer and stakeholder?
2. **Certification, Safety and Compliance** – What areas do we need to focus on to ensure we are meeting all the regulatory standards required by CASAPNG/ICAO for safe and secure airports?
3. **Financial & Commercial Performance** – What financial & commercial areas do we need to improve and excel in to meet shareholder expectation and sustain the business?
4. **Internal Operational Efficiencies** – What internal business process must we change, automate and integrate in order to be efficient and effective?
5. **People, Corporate Culture, Tools and Resources** – What skills, knowledge and behavioural competencies must we concentrate on to maximize contribution and maintain continuous high performance of the workforce? **(Right People – Skills - Tools – Jobs - VALUES)**

Key Achievements in last 14 Months

- We have developed our Corporate Strategy – “2030 Growth Strategy”
- Currently in negotiations to hand over PMIA to a capable concessioner
- Audits for 2012, 2013, 2014, 2015 – completed (Statutory Requirement)
- 2016 Audit will be completed by end of November 2017
- Improvement of Business Intelligence (BI)
- Improved on our Cost to Income Ratio of around 110% to 75%.
(Target 65%)





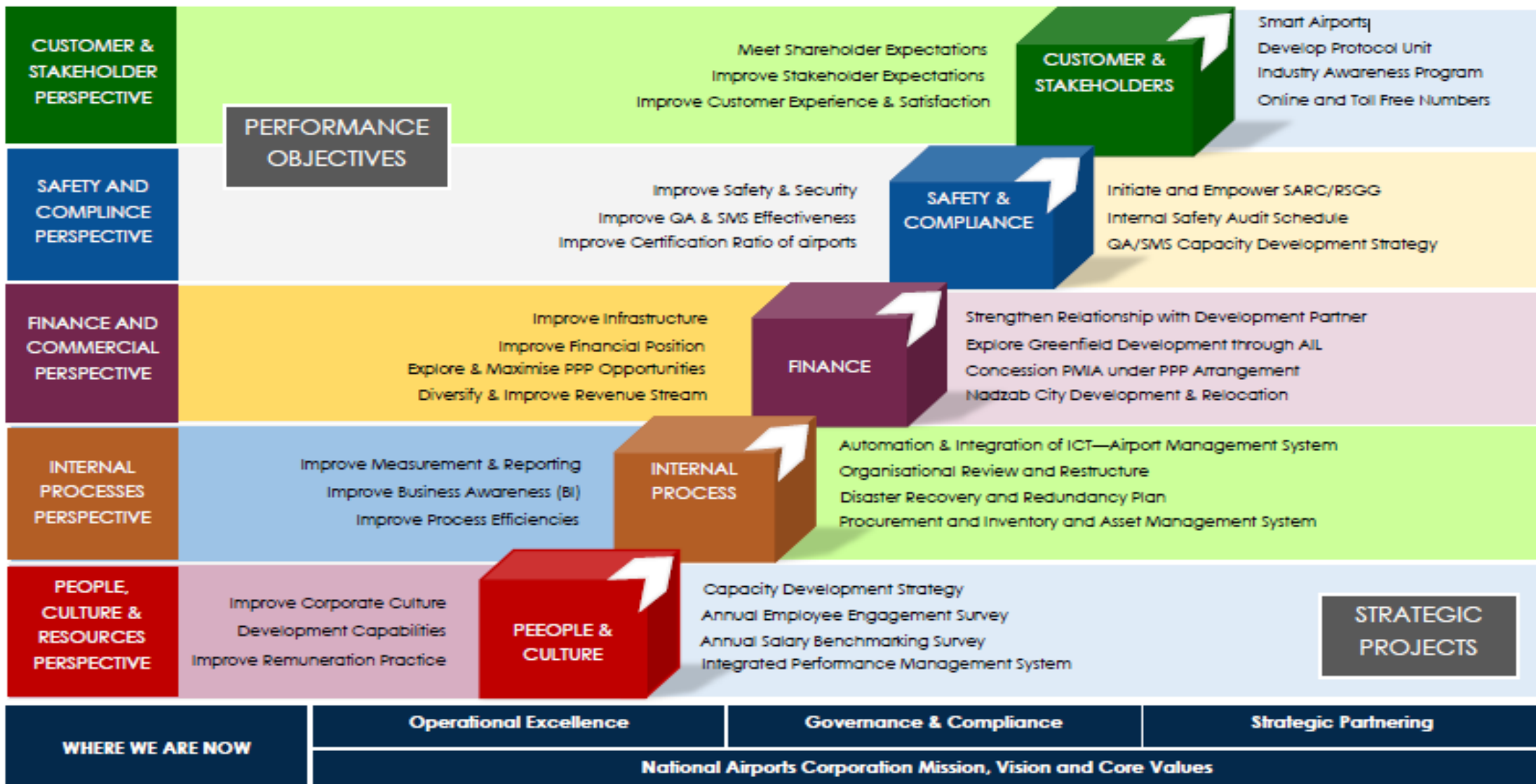
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NAC Growth Strategy 2030

ROAD MAP

**WHERE WE WANT TO BE
OUR VISION 2030**

15 Smart Airports by 2030



Overall Airport Upgrade Strategy

TIER I AIRPORTS	TARGET AIRCRAFT SIZE	INFRASTRUCTURE	NAVAIDS	AIRPORT FACILITIES STATUS
JAX	A380	GATEWAY INTERNATIONAL HUB – No.1	FULL SUITE	UNDER GOING IMPROVEMENT
NADZAB AIRPORT	B777/A350	GATEWAY INTERNATIONAL HUB – No. 2	REQUIRE UPGRADE	NADZAB AIRPORT CITY PROJECT UNDER JICA TO COMMENCE IN 2019
TIER II AIRPORTS				
KAGAMUGA AIRPORT	B737/A310	OK	REQUIRE UPGRADE	BRAND NEW TERMINAL BUILDING
TOKUA AIRPORT	B737/A310	REQUIRE UPGRADE (COM - 2019)	REQUIRE UPGRADE	SCHEDULED FOR UPGRADE
GOROKA	F100	UNDERGOING UPGRADE	REQUIRE UPGRADE	UNDERGOING UPGRADE
WEWAK	B737	AT DESIGNED STAGES	REQUIRE UPGRADE	REQUIRE UPGRADE



ASIAN DEVELOPMENT BANK (ADB) GoPNG TOTAL INVESTMENT = US640m Plus GoPNG Counter Funding of US43m (K2.1B)

Tranche 1 = USD112m

Tranche 2 = USD170m

Tranche 3 = USD275m

- **USD126m – PMU DC, CAPACITY BUILDING and PPP**
- **By end of 2019 all 22 Airports will have undergone significant infrastructure improvements**

A - RATIONAL

Civil Aviation Supports the Social and Economic Development of PNG by providing safe, efficient, reliable, sustainable and affordable aviation services and infrastructure and provides all weather access to the country and improves the mobility of communities.

B - IMPACT & OUTCOMES

1. Better Airports facilities
2. Safer & More secure air travel
3. More accessible markets
4. Natural resource and mineral sites & livelihood opportunities
5. Reduce cost of air travel

C – OUTPUTS OF THE INVESTMENT PLAN

1. Priority actions is to comply with ICAO Security & Safety Standards and then on increasing capacity for growth in services
2. The Outputs
 - Upgrade Runways
 - Passenger Terminals
 - Accommodate Larger aircrafts
 - Improved Communications and Nav aids
 - Institutional Strengthening

JICA Development Assistance – US276.7m

JICA = US\$241.05m GoPNG = US\$35.65m

Location	Scope of Works
Nadzab Airport Development	Work to commence in January 2019
	<ul style="list-style-type: none"> • New Terminal Building • Aircraft Pavement Strengthening and widening to permit full load B767 • New Fire Service Station • Refurbish existing terminal to Cargo Terminal • Extension of the Apron to accommodate B767 equivalent • 2 X Draw Bridges • Full upgrade of the Utilities • Rehabilitation of the Existing Control Tower • Construction of Flood Protection Levy bank
	Multi-Model Transport Hub: Delivery - July 2021

4 - OUR CHALLENGE LOOKING AHEAD

- NAC's alignment to the National Transport Strategy, performance and reporting
- Corporate Governance and compliance to Regulatory and Statutory requirements
- Institutional strengthening
- Implement PPP starting with PMIA and extent to other selected hub and spoke airports
- Effective Implementation of the '15 Smart Airport' Strategy
- People management challenges and staff welfare
- Commercial viability and financial independence
- Getting the best value from CADIP in the industry
- National Focus and People Centred (Connectivity, Volume Growth)

4 - OUR CHALLENGE LOOKING AHEAD

- The IATA predictions of 7.2% passenger growth in the region by 2035
- The Asia-Pacific region - second-highest passenger movement of an extra 1.8 billion, an annual average growth rate of 4.7%
- The Middle East being the leader with 4.8% growth.
- Better utilization of Aerodrome Land (Landside) available in all 22 airports.
- Nadzab Airport City development into a Multi-Model Transport Hub for PNG

Some Fundamental Traditional Laws - (the message from NAC)

- If you want to help someone physically, you have to be physically strong
- If you want to help someone financially, you have a deep pocket
- If you want to help someone intellectually, you have to be intelligent yourself

Why All the Hard Word?

- Alignment of NAC strategy and activities to the Core Mandate of NAC under Law
- Build and Strengthen NAC's role as a Key Economic catalyst
- Fulfil NAC's Mandate to provide economic and social development opportunities for our people.

**STRATEGY IS EVERYONE'S BUSINESS.
"IF YOU WANT TO GO NEAR, GO ALONE. IF YOU WANT FOR FAR, GO WITH OTHERS"**



NAC MANAGEMENT TEAM