

## LEGISLATIVE PROPOSAL

### 1. TITLE OF THE PROPOSAL

- 1) Type of Legal Measure: **Surface Transport Bill**
- 2) Lead Ministry/Commission/Agency: **Ministry of Infrastructure and Transport**
- 3) Expected Date of Adoption Day/Month/Year:

### 2. PROBLEM IDENTIFICATION

The institutional restructuring carried out under the Civil Service Reform Act 2022 has fundamentally altered the governance landscape of Bhutan's transport sector. The erstwhile Department of Road (DoR) and the Road Safety and Transport Authority (RSTA) have been merged into the Department of Surface Transport (DoST) to carry out the development functions related to surface transport, as per Section 22 of the Act. Concurrently, the regulatory functions under the erstwhile DoR and RSTA, and Construction Development Board's function have been consolidated into the Bhutan Construction and Transport Authority (BCTA) under section 23 of the Act.

This reorganization necessitates the harmonization of the Road Act 2013 and the Road Safety and Transport Act 1999 into a single, coherent legislative instrument. A unified Act will eliminate overlaps and ambiguities, ensure clear delineation of roles between DoST and BCTA, thereby strengthening accountability and efficiency.

Moreover, existing laws are narrowly confined to road-based transport, leaving significant regulatory gaps in emerging and alternative modes of transport, such as cable-based transport, railways, waterways, and non-motorized transport. The absence of a legal framework for these modes constrains Bhutan's ability to diversify its transport infrastructure, integrate mobility options, and prepare for future connectivity needs.

The Office of the Attorney General has identified the Road Act 2013 and Road Safety and Transport Authority Act 1999 among 46 existing legislation impacted by the Civil Service Reform Act, to undertake the Legislative Impact Assessment process for amendment. The Cabinet Secretariat vide letter C-3/144/2023/1662 dated June 5, 2023, conveyed the 144<sup>th</sup> Session of the Third Lhyenye Zhungtshog to initiate policy reviews, amendment of legislation impacted by the Civil Service Reform Act, and undertake the LIA process. Furthermore, the Office of the Attorney General vide OAG/DoLS/DRD/2025-26/1174 dated October 31, 2025 has recommended the consolidation of the Road Act 2013 and Road Safety and Transport Act 1999 into a single Surface Transport Act.

The key problems identified are:

#### 1. Fragmented legal framework

Surface transport is currently governed by the Road Act 2013 and the Road Safety and Transport Authority Act 1999, which operate in silos. Overlaps and ambiguities between the development functions and regulatory functions creates weak institutional inefficiencies.

#### 2. Institutional overlaps and weak coordination

Prior to the Civil Service Reform Act 2022, responsibilities were split between the DoR, RSTA, and CDB, leading to duplication of roles and unclear accountability. Even after the restructuring into DoST and BCTA, existing laws have not been harmonized to reflect the new mandates.

#### 3. Limited scope of existing laws on other modes of surface transport

The current law covers mainly road-based transport, leaving other modes of surface transport like cable-based transport, railways, waterways, and non-motorized transport outside the legal ambit. Thus, the absence of a holistic framework prevents Bhutan from exploring diverse and sustainable transport solutions.

#### 4. Road safety and enforcement gaps

Bhutan continues to face high rates of road accidents, traffic congestion and weak enforcement of traffic laws, outdated penalties, and a lack of modern monitoring tools undermines road safety.

#### 5. Rapid vehicle growth and infrastructure development

The rapid increase in vehicle imports has outpaced road capacity, resulting in congestion, unsafe roads, and higher maintenance costs. Furthermore, public transport systems remain underdeveloped, leading to reliance on private vehicles.

#### 6. Environmental and sustainability concerns

Transport emissions are emerging as a significant contributor to air pollution, challenging Bhutan's carbon-neutral commitment. Further, there is a lack of policy support to promote electric mobility, green transport, and sustainable urban mobility.

#### 7. Institutional coordination challenges

Overlapping responsibilities among the ministries, DoST, BCTA and local governments and enforcement agencies result in duplication and inefficiency. The lack of a single, consolidated surface transport law undermines effective planning and governance.

Therefore, the proposed Surface Transport Bill will serve as a comprehensive and consolidated legislation by:

1. Consolidating the two existing Acts to remove duplication and streamline governance with unified framework for surface transport infrastructure and regulation.
2. Providing a legal framework for all modes of surface transport, ensuring inclusivity.
3. Delineating development and regulatory mandates between DoST and BCTA in line with the Civil Service Reform Act.
4. Harmonizing technical, operational, and licensing standards, ensuring system-wide safety, regulatory consistency, and effective enforcement across infrastructure and transport operations.
5. Aligning with international best practices, support compliance with UN Road Safety Conventions, and advances SDGs 9 and 11, promoting resilient, sustainable, and inclusive transport system, while strengthening governance, legal clarity, and administrative efficiency.

### 3. OBJECTIVE OF THE PROPOSAL

3.1 The primary objective of the Bill is to establish a comprehensive and consolidated legal framework for governance, development, and regulation of all modes of surface transport in Bhutan. Specifically, the Bill seeks to:

- 1) **Consolidate and harmonize existing laws:** The proposed Bill will merge the Road Act 2013 and the Road Safety and Transport Authority Act 1999 into a single Act to remove overlaps and ambiguities. Further, the Bill will clearly delineate the development functions of the DoST and the Regulatory functions of the BCTA, in alignment with the Civil Surface Reform Act 2022. Moreover, the Bill will define

the roles of the local government in relation to the administration and management of surface transport infrastructure.

- 2) **Provide a comprehensive framework for all modes of surface transport:** The Bill will provide a legal framework for all modes of surface transport, including roads, cable-based transport, railways, waterways, and non-motorized transport, to support future connectivity needs and technological advancements.
- 3) **Strengthen safety and enforcement:** Establish modern safety standards, accountability mechanisms, and enforcement tools to reduce accidents, protect life and promote safe mobility.
- 4) **Promote sustainable and inclusive transport:** Incorporate provisions for environmentally friendly and low-carbon transport solutions, including electric mobility and green infrastructure, in line with Bhutan's carbon-neutral commitment.
- 5) **Enhance economic growth and connectivity:** Facilitate efficient, safe and reliable movement of people and goods to strengthen domestic trade, tourism, and regional integration. Further, harmonize surface transport laws with regional and international standards to unlock cross-border economic opportunities.

3.2 The expected outcome of the proposal are:

- 1) **Streamlined governance:** Clear separation of mandates between DoST and BCTA, reducing duplication and strengthening accountability.
- 2) **Unified and comprehensive legal framework:** A unified framework regulating all modes of surface transport.
- 3) **Enhanced safety and enforcement:** Reduction in road accidents, enhanced compliance, and modernised monitoring.
- 4) **Sustainable and green transport:** Wider adoption of electric and low-emission vehicles, green mobility options, and a sustainable transport system.
- 5) **Improved public and inclusive transport services.**
- 6) **Strengthened trade and regional connectivity.**
- 7) **A resilient framework that enables Bhutan to adapt to emerging technologies and new transport modes.**

#### 4. POLICY OPTIONS

4.1 Options:

1. **Status Quo (Retain Existing Road Act, Road Safety and Transport Authority Act):** Existing gaps will remain, and overlaps and ambiguities will remain unaddressed. Further, emerging transport modes like railways, cable-based transport, waterways, and non-motorized transport will remain unregulated and undeveloped. In addition, there will be limited ability to support sustainable, inclusive and modern transport planning.
2. **Partial Amendment (targeted updates):** Does not provide a unified legal framework and a fragmented legal framework persists, and piecemeal amendments may require frequent updates. Further, there will be limited scope for alternative transport modes and future innovations.
3. **Comprehensive Consolidation-merge existing Acts and expand scope (Preferred Option):** Merge the Road Act 2013 and RSTA Act 1999 into a single

Surface Transport Bill, which shall be in line with the Civil Service Reform Act 2022. It will expand coverage to all modes of surface transport (Road, cable-based transport, railways, waterways, and non-motorized transport). The Bill will clearly delineate the development function and regulatory functions.

The Bill aims to:

- 1) Provides a coherent and future-ready legal framework.
- 2) Ensures clear institutional roles and stronger accountability.
- 3) Support sustainable, inclusive, and safe transport systems.
- 4) Enable alignment with regional, connectivity, trade, and environmental objectives.

To address the gaps mentioned above and to align with the Civil Service Reform Act 2022 for institutional changes and improvements within the surface transport sector, the Office of the Attorney General vide letter No. OAG/DoLS/DRD/2025-26/1174 dated October 31, 2025 recommended for drafting the Surface Transport Bill.

There is no alternative option to achieve the objective other than to draft a Surface Transport Bill, which will be a merger of the Road Act and the Road Safety and Transport Authority Act.

Therefore, comprehensive consolidation is the preferred approach as it delivers a streamlined, future-ready, and inclusive legal framework that addresses both development and regulatory needs while encompassing all modes of surface transport.

#### 4.2 Subsidiarity and Proportionality:

The Bill:

- 1) retains strategic oversight, policy guidance, rule-making power, and international negotiations function with the Ministry.
- 2) Entrust all regulatory aspects of surface transport, including licensing of drivers and registration of vehicles, to the BCTA.
- 3) All development, management and implementation functions of surface transport with the Department of Surface Transport and Local Government, where relevant.

The Bill ensures proportionality by adopting regulations that are necessary, balanced, and not excessive, consolidating existing laws to avoid duplication. It extends provisions only where needed to cover emerging modes of transport and strengthens safety, licensing, and enforcement. Penalties will be proportionate, and flexibility is built in to support sustainable and inclusive transport without undue burden on operators or the public.

## 5. IMPACTS – POSITIVE AND NEGATIVE

### 5.1 Economic Impacts

a) Positive:

- Improves connectivity and reduces travel time, lowering logistics and transportation costs.
- Enhance trade and market access for goods, boosting business competitiveness.

- Better transport networks encourage investment and foreign direct investment, and stimulate private sector growth.
- Generate employment through infrastructure development, operation, and maintenance.
- reduce vehicle operating costs due to better standards of roads, vehicles, and services.

This Bill is poised to enhance the safety, reliability, and efficiency of surface transport, which will accelerate economic growth and contribute to inclusive development.

b) Negative: No negative economic impacts anticipated.

## 5.2 Social Impacts

a) Positive:

- Increases mobility and accessibility, especially in rural and remote areas.
- Improves access to education, health, and employment opportunities.
- Improved passenger safety through stricter safety regulations.
- Expanded service and introduction of new mobility will enhance accessibility, including mobility for vulnerable groups.

This Bill aims to optimize the well-being of people by ensuring the safety, reliability, and efficiency of surface transport. Moreover, this Bill will also help accelerate economic growth, enhance productivity and investment, and elevate the overall living standard of the people.

b) Negative: No negative social impacts anticipated.

## 5.3 Environmental Impacts

a) Positive:

- Reduction of carbon emissions as the Bill promotes sustainable transport and alternative modes of transport.
- Improved regulations will ensure better environmental compliance and monitoring.
- Clear regulations to promote eco-friendly infrastructure design and construction.

b) Negative:

Growth in vehicles may contribute to carbon footprint and noise pollution. However, it will stimulate economic growth, and careful environmental management and cost mitigation strategies will be required to balance potential negative effects.

## 5.4 Who would be affected:

- a) Ministry of Infrastructure and Transport.
- b) Bhutan Construction and Transport Authority.
- c) Department of Surface Transport.
- d) Local Government.
- e) Transport service providers.
- f) Road users.