

## **Is PNG serious about Tourism?**

Papua New Guinea is a tourist's paradise, packed with attractions sought by adventure travellers, culture-vultures, divers, cavers, walkers or simply those wishing to laze in idyllic surrounds, watching the sunset over clear tropical waters with a backdrop of dramatic mountains. A visiting Fijian recently acknowledged that PNG has more spectacular features than his homeland, yet Fiji (little larger than Milne Bay) attracts half a million tourists annually, valued at 1,800 million kina, providing 4,000 direct jobs, whilst PNG receives a mere 70,000 visitors, of whom only 18,000 are exclusively tourists. Fiji's tourist industry is small next to Bali's.

For many years tourism has been the world's largest and fastest growing industry. Burns Philp first promoted tours to these islands in 1884, and for much of the last century cruise ships visited regularly. In 1980, with the South Pacific Festival of Arts, there were still 23,000 tourists. Yet by 2005, 121 years after BP's first brochure, visitor numbers remain a trickle, despite some recovery since the collapse of the early 1980s.

Tourism was largely neglected after Independence, with concern over cultural impact and over-emphasis upon resource extraction to drive the economy. Subsequent (localised) rising crime levels, constantly featured in the Australian press, restrained potential government interest. Yet there has been a steady stream of visitors, often making repeat visits, with several operators carving out businesses, aware that some tourists make the effort to reach exotic destinations away from the throng. After all, visitors face various threats in many of the world's foremost tourism destinations.

Since the late 1980s, there has been growing awareness of tourism's potential benefits and that this country has foregone valuable opportunities. Whilst tourism can bring social costs (which must be addressed), lack of economic and employment growth impose serious social consequences. Avoiding the mass market and focussing on niche opportunities with higher returns is preferred, including eco-tourism, aimed at greater community participation and benefits whilst (seeking to) minimise environmental and social impact. Sir Rabbie Namaliu championed this direction from the late 1980s with the REST programme (rural environmentally sound tourism), but it was undermined by the (former) Tourist Development Corporation's institutional weaknesses.

Success stories during recent years, notably diving, Kokoda track, cultural shows, and latterly bird-watching and surfing, have highlighted the direct and indirect opportunities for farmers, fishers, handicraft producers, resource owners, guides, guest house operators, in addition to the formal sector. Whilst tourism is hard to nurture and somewhat fickle, given the right conditions it has the potential to generate extensive sustainable income and employment, including for those with limited formal education.

In the early 1990s, with expectations of a "mineral's boom", many leaders still considered tourism irrelevant. Nevertheless, the Wingti Government established the Tourism Promotion Authority (TPA) in 1993, recognising the private sector's critical role.

The current government recognises tourism under its growth strategy and that sustainable development and job creation require economic diversification. Tax concessions and increased support are provided in the 2006 Budget, with studies launched, and articles and editorials written highlighting the industry's prospects and constraints.

Yet the Government has avoided the tougher measures needed to boost investment and economic growth, including tourism. PNG's prevailing growth rate is fuelled by reforms launched largely by the former Government, combined with high mineral prices and prudent monetary and fiscal management. Some budgetary refocusing has occurred, notably increasing infrastructure maintenance, but more concerted reform is required to raise the growth rate, and extend benefits beyond the urban elite.

PNG's public infrastructure requires massive re-investment, yet the Government is pumping hundreds of millions instead into the gas pipeline, although revenue from gas can be obtained through tax instruments. Measures to cut government overheads (including office rentals), prioritise expenditure, improve utilities and communications (including through privatisation and competition) and address governance issues (e.g. duplication, corruption, nepotism and police deficiencies) have been deferred, ignored or inadequate. Tourism shares many of the constraints of other industries, some more so (security and poor communications), but many prerequisites for tourism development remain in the "too hard" basket.

If government is serious about tourism it must address the industry's specific needs and constraints, including tourists' needs. Such a commitment is not yet apparent. Tourists have a choice of destination and, whilst some are dead-set on coming here, most are not. If they can obtain two or three comparable diving holidays in Indonesia for the cost of one in PNG, or visit Fiji without bureaucratic or security stress, they will.

Air fares to PNG, under Air Niugini/Qantas's duopoly, remain prohibitive, against fares to other major Pacific or Asian destinations. The argument that national airlines need protection to safeguard secondary routes is spurious, as these routes are serviced by "third level" carriers. Opening up the skies to genuine competition has, almost everywhere, boosted economic opportunities, whilst imposing restraint upon protected flag carriers.

Most aspiring tourist destinations minimise costs and red-tape for visitors, obtaining economic benefits from increased turnover and spin offs.

A recent quick comparison, undertaken by a travel operator in the NG Islands, suggests that a trip from Brisbane to Port Moresby, return, for example, costs A\$ 320 in fees and charges (including: \$ 154 in fuel surcharge; war, passenger service and baggage charges; departure tax and visa fees) as against \$ 205 for a similar trip to Fiji, \$ 201 to Vanuatu and \$ 215 to Santo. This is on top of the basic airfare. Once a tourist adds a return journey within PNG, for example to Rabaul, the total charges rise to A\$ 408 (including further fuel and war charges and airport fees), on top of the air fare and holiday costs. As stated, air fares and other overheads to major Pacific destinations and remote parts of Indonesia (including Papua) are far less than to here.

PNG may be unique, but that's inadequate for (most) tourists to commit their hard-earned income or short holidays to coming here in preference to cheaper or easier destinations. Our authorities need to appreciate these realities, yet PNG, which constantly changes rules, recently ceased issuing tourist visas upon arrival, and raised the fuel surcharge again. The 100 kina visa fee, applied even for one hour visits, is already a significant discouragement, especially when combined with high air fares and multiple other charges. Most Pacific and Asian tourist destinations do not impose visa fees and issue upon arrival. Word also spreads quickly in the travel industry, and reports of problems, such as allegedly involving airport security staff, need addressing promptly.

TPA was established as a small, efficient organisation supporting the tourism industry, directed by a board comprising largely representatives from segments of the industry. The legislation imposes a staff ceiling to counter bureaucratic spread and ensure TPA has operating funds.

TPA has been undermined over the years by political appointments to board and management. Large budgets for overseas offices and consultants are not required. It should better utilise existing networks, including PNG's overseas missions, extensive volunteer "friends of PNG" (overseas PNGeans and ex-residents) and travel agents, and concentrate upon ensuring that PNG's tourism website is comprehensive, accurate, attractive and continually updated. Few visitors visit tourist offices or shows, but nearly all search the web, which is now the primary marketing tool.

Does PNG need TPA? In some form it does, to advise and support promotional efforts, but it should be better linked, possibly merged with the Travel Industry Association, with direct membership from the industry, appointing their own Board representatives, with government (including provinces) holding a minority of Board places. A budget contribution should be provided, but, whilst subject to audit, it should not be a Statutory body, and staff appointments no longer at government discretion.

Reform measures exclusively targeted at tourism will have some impact, but clearly tourism cannot operate in isolation. What's good for the economy is generally good for tourism and vice versa. Rigorously addressing poor infrastructure and services (including skills training), corruption and other law and order problems, better focusing public expenditure and providing sound and stable investment conditions, including for small investors (e.g. selling food and crafts), are all critical requirements for tourism, as well as ensuring that the country's natural and cultural heritage are protected and enhanced.