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TOURISM – A WEEK IN PNG

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Foreword

Sarah Osborne is a tourism consultant based in Singapore and formerly, for ten years, was the tourism manager for a major destination in the UK, namely Windsor, which receives around seven million tourists a years. During 2006 the INA invited Ms Osborne to share her considerable experience of tourism, and especially “destination tourism” planning and management, with participants in the industry in PNG, and to make a quick independent assessment of the situation and directions of tourism and tourism planning in this country. During her week here she heard presentations and talked with many industry participants and was impressed with the enthusiasm and drive shown by many operators in PNG’s small tourism industry. She, in turn, made a valuable input to a series of tourism workshops which occurred, sharing valuable ideas with other participants. The following presentation provides her impression and preliminary thoughts following a week in PNG.

Paul Barker
Director, INA

Tourism - A Week in PNG

Context:

The population of PNG is above 5million, with around 70% unemployment or underemployment. PNG is around 80% rural but with a move towards concentration in 6 urban centres, particularly Port Moresby where population now stands at around 220,000.

The economy is dependent on international commodity prices particularly gold, copper, oil, timber and coffee. Large companies and government control these products.

Tourism is currently 2.5%-3.5% of GDP against the 50% and 40% of GDP produced in Fiji and Vanuatu. Visitor numbers stand at around 70-80,000 with about 18,000 of these being leisure visitors (tourists). Of the business tourism market, much of this is repeat business activity largely into and out of Australia – some of it is conference tourism and corporate challenges. The majority of the overseas leisure visitor market comes from 5 sources: the US, Japan, Australia, Europe (predominantly Germany, UK and other northern Europe) and other Asia (a number of whom are expatriate divers, surfers, trekkers). The main reasons for leisure tourism are diving (50%), surfing, trekking, sailing, cultural, naturalist (botany, orchids, birds, butterflies), river cruise, war history, festivals and paragliding. There is also a domestic tourism market of more wealthy residents and expatriates.

Issues of law and order, infrastructure, corruption, land ownership and community fragmentation hamper tourism development and require focus. Without resolution or partial resolution of these issues, the development of tourism will be difficult (but not impossible). Alongside work in these areas, there is still potential for growth based on the entrepreneurial capabilities of existing and potential tourism operators, the unique and sought after quality of the different tourism products, the potential to improve transport links and infrastructure in a number of ways, the opportunity to re-focus marketing efforts and closer target potential markets, the continued focus on conservation of both natural resources and cultural integrity and the committed partnership of key stakeholders.

It is the pure leisure visitors (tourists) and the conference tourism market which was the particular focus of my visit and where I was looking at the potential for growth and the knock-on benefits to the country as a result of this growth.

The week commencing 17th June included attendance at the Tourism Expo at the Holiday Inn (2 days); the 3rd National Tourism Conference run by the TPA at the Holiday Inn; a full day workshop on the Master Plan prepared by Ross Hopkins; and a morning meeting with the Deloitte's team on the ICCC Issues Paper. During this time, I met around 70 people involved in tourism in PNG – government, provincial, NGOs, TPA, TIA, PNGDA, PNGSA, TOA, hoteliers, resort owners, transport operators, tour operators and consultants. From this, I've drawn up a sample tourism map of PNG:

Tourism Map (sample)

Cruise Tourism

Transport

Air Niugini
Airline PNG
PMV
Taxis
Rental Agencies
River/Ferry/Sea

Accommodation

e.g. Coral Seas
Holiday Inn/Crowne Plaza
Airways
Dream Inn
Ambua Lodge
Suki Guest House
Malolo Plantation Lodge

Attractions

Museums
Cultural Arts Centres
Parliament House

Government

Resort

Loloata Island Resort
Walindi Plantation
Lindenhafen Resort
Madang resorts
Kavieng
Tawali
Tufi Dive Resort

Communities

Training/Colleges/Schools

Overseas Operators

Audley Travel
i-explore
Abercrombie and Kent
Dive Specialists

Tourism Bureaux

Milne Bay
New Ireland
Morobe
East New Britain
West New Britain
Madang

Tour Operators

PNG Trekking Adventures
Kiunga Nature Tours
Sepik Adventure Tours
Goroka Treks and Tours
Alotau Dive and Tours
The Dive Shop
Trans Niugini Tours
Melanesia Tourist Services
Niugini Holidays

Monitoring and Measurement

Statistics & Data
Quality & Standards

Restaurants

Resource Owners

Organisations

TPA
TIA
TOA
National Capital District Chamber
ENGA (eco-tourism)
CIMC
PNGDA
PNGSA
CAA
INA
World Bank (esp. IFC)
IPA (promotion)

Retail

Malolo PNG Designs
Le RICHE
Post PNG
PNG Arts Centre

Near

Competitors/Comparators

e.g. Fiji
Vanuatu
Solomon Islands

Potential Case Studies

Comparators

Tasmania
Lombok/Bali
Sri Lanka
St Lucia/Martinique
Nothern Vietnam

**N.B. This is a partial picture. More detail needs adding to provide a full audit.
Observations from an objective ‘outsider’:**

Speaking from the context of my background:

I spent 10 years as Tourism Manager for Windsor in England. A destination of 7 million visitors a year, worth, in tourism spend, around UD\$250 million, which contributed 10% of GDP to the Local Authority. As front-line practitioner, my responsibilities included everything from infrastructure management and development; quality accreditation; monitoring and measuring tourism trends; stakeholder relations (including running the Tourism Forum, a bit like the TPA); revenue generation; marketing and strategy. Most importantly, it was about managing the destination as a whole. Since then, I’ve been a Consultant for 3 years, working mostly with local, regional and national government level in the UK, as well as some work in Singapore.

In no particular order:

➤ **Measurement and Monitoring**

Someone said ‘if you can’t measure it, you can’t manage it’ – and this is so true. Tourism is a highly fragmented industry, offering both formal and informal employment and earning opportunities across a wide range of sectors. There are the more obvious ones of accommodation, tour operating, transport and activities; also retail, restaurants, fishing and farming; and the knock-on impact to petrol stations, shops selling newspapers and water, marketing and accounting services to tourism businesses.

In terms of volume, value and employment, there is no better measure than tourism satellite accounting (proposed by a delegate during the National Tourism Conference). Now is the time to set up the system, whilst the industry is in its early stages. Monitoring tourism trends is equally important – through passenger arrivals, visas, visitor movements, surveys of spending patterns and surveys of satisfaction levels.

➤ **Market Potential**

PNG has a number of fantastic products - diving, surfing, trekking, sailing, cultural, naturalist (botany, orchids, birds, and butterflies), river cruising, war history, festivals and paragliding.

Modern travellers are seeking experiences, wanting to explore new territory and see the ‘real thing’. They are also becoming more discerning – wanting individual itineraries, not wanting to ‘go where the crowds go’ and seeking to immerse themselves in new cultures. Many are becoming more adventurous, although issues of safety, accessibility, sanitation and basic comforts are still top on their list.

There has always been, and the number is growing, a segment of the market which is happy to pay more for exclusivity – whether that be diving, sailing or trekking. ‘Flashpackers’ is the new name for wealthy backpackers and they are a prime target for PNG. Aged 35-70, they are willing to accept basic accommodation, infrastructure and food, providing they get a high quality of experience – usually both in terms of physical activities, such as diving and trekking, but also in terms of mental stimulation – good tour guides, interpretation of events, mini lectures on the history, the flora and fauna. Often very ‘green’ they will make decisions in terms of environment, conservation, local produce and cultural integrity. If offered a luxury resort (spa, haute cuisine, eternity pool) at the end of their ‘experience’ they are also likely to buy into this.

In short, a measured pace of growth similar to outlined in the Tourism Master Plan is achievable.

➤ **Law and Order**

Fundamental to tourism growth is a sound structure of law and order which is demonstratively enforced. Personal safety is paramount in travel planning.

Very few places are permanently very dangerous – those that do not have a tourism industry. Many countries are labelled ‘dangerous’ but it is only parts of that country which are dangerous, e.g. South Africa. Many countries have ‘safe areas’ or have made ‘safe areas’ where there are concentrated numbers of visitors eg Bali, Cambodia, Cuba. Bali is a case in point – tourism has obviously been affected by the bombs, but there is a confidence in the country to protect the visitor, by whatever means it has. Today’s travellers are ‘willing to take the risk, if that risk is minimal’.

➤ **Marketing and PR**

Over the past 5-10 years, marketing has been through a revolution, particularly in leisure and travel. Over 60% of all travellers now browse on-line before buying and, looking at PNG’s visitor profile, this is probably nearer 80-90%. Marketing spend has shifted away from the more traditional marketing methods (brochure production, advertisements in newspapers, exhibitions, familiarisation visits, overseas marketing offices) and into the use of channels such as the websites, PR, niche campaigns, regional field sales staff, e-newsletters, SMS texting and viral blogs. Once the database is set up to capture existing and potential information, once the website is built and once the target markets are thoroughly researched, these latest channels can prove very cost-effective.

There was not time to look at the current PNG marketing spend, but some examples of expenditure did come out in discussion, such as translation of the tourism website into Russian and Chinese - these seem to be more business markets than the target leisure markets. It is often the case that government personnel are not seasoned marketers, nor are they up-to-date with the latest leisure and travel marketing trends. There is a move, on

an international scale to either move the marketing out of the government bodies, or to move private sector marketers into the government-run organisations.

➤ **Accreditation and Benchmarking**

At a most fundamental level, there is the CAA accreditation for air and other regulations for road and water-borne transport. There are also health and safety regulations for sanitation, building, food hygiene, pest control etc. International safety regulations for adventure sports such as diving, trekking, paragliding will also exist.

Then there are quality ratings for accommodation and attractions, many of which have been developed in other countries and would form the basis for PNG. Most countries operate two levels of these types of scheme – one which is a straight measure against set criteria which merits a pass or fail. The other level is more of a ‘facilitation’ scheme – it accepts that some basic criteria are difficult to put in place for some operators and its focus is on facilitation and training to get the product or service up to a basic standard. A number of countries ‘enforce’ accreditation schemes by only including those services or products which have either passed the quality rating or are working towards the basic standard required. With the internet, this ‘stick’ has lost some of its strength, but the theory is sound. Most schemes are part subsidised by the national tourism body.

There are also a number of global ‘green’ schemes where PNG may score fairly high, and which would appeal to a number of the target markets for PNG.

Benchmarking can take a number of forms and, as discussed at the Master Plan workshop, there is potential to initially benchmark against other South Pacific Countries and then perhaps to other developing island countries and finally with international standards. This does not preclude any operator from benchmarking immediately against an international benchmark, but it allows those operators who are truly emerging to have a sensible starting base.

➤ **Training and Awareness**

Without a greater understanding of existing provision, it is difficult to comment on the effectiveness of current programmes or of the best way to develop this area. It was clear from the discussion groups that more work needs to be done – in the communities and with resource owners; as a core subject in secondary (and primary?) schooling; and in skills development – in bespoke institutions, through work shadowing programmes and through increased in-house training generally.

One area that seemed to have no support structure was to develop guiding skills and to impart general knowledge for guides, for example on the history, geography, flora and fauna of the country. There is potential for roaming trainers to train people as guides – much of the skills and knowledge can be imparted verbally and practised ‘on the ground’. Language training can also be part of this. All advanced tourism nations will have a ‘guides association’ which people, once trained and accredited, can join – these are the

people that overseas tour operators will then ‘book in advance’ when they are bringing a group. Lesser developed areas e.g. the Sapa Hills in northern Vietnam have a looser arrangement built around the village cultural centre.

➤ **Accessibility and Infrastructure**

There is a saying that holiday decisions are based on ease of purchase, ease of access and price. The internet has made the purchasing process pretty straightforward. PNG suffers both on ease of access (all flights have to go through the Moresby gateway) and price. Previous comments relating to the market have covered the issue of price – keener prices will always unleash additional travellers, but it is not the primary obstacle in the case of PNG. It is probably more about access i.e. lack of direct flights to resorts; transport delays and difficult overland journeys. Visa on arrival is a positive, but a secure e-visa system is the way forward.

In terms of infrastructure – this covers everything from fresh water, toilets, food supplies and delivery systems, access to medical care, quality of built accommodation, communication networks (particularly phones), 24hr electricity etc. Much of this, the adventurous traveller is willing to forego for a few days but there needs to be a standard basic level of infrastructure to support tourism growth. Increased infrastructure will support the increase in the number of visitors.

➤ **Tourism Management Organisation**

There was a great deal of discussion about what a ‘tourism management organisation’ should look like and what it should do. Having created one myself and been consultant to a number of organisational structures, there seem to be a few rules which apply to all ‘tourism management organisations’. Often it is not possible to go from ‘where we are now’ to ‘where we want to be’ in one single leap – but it is important to have an overall goal towards which everyone is heading.

- There should be a single unifying body. There is a movement away from calling these organisations a ‘tourism management organisation’ and towards calling them a ‘destination management organisation (DMO). The visitor will come into contact with all aspects of a destination during their stay – in advance through the marketing and dialogue with tour operators; on arrival at the airport/sea port; the roads as they travel to their hotel; quality of hotels and their standards of service; the activity; local restaurants, local shops, local people.
- The DMO should be outside the government election process or subject to political appointments and changes in government. Tourism growth and the benefits it brings are a long-term programme and, in order to get private sector buy-in (and this is vital), the DMO needs to be stable, have continuity, stick to its goals and objectives. The majority of DMO models today are separate public/private sector organisations. The most successful ones have strong and continuous government backing and funding; a strategy, goal and objectives set jointly by the public and private sector; private sector funding and, most

- importantly, have credibility, respect and have the strength to influence both national government and industry players.
- The skills required inside the DMO are strong and appropriate marketing skills; interpersonal skills to straddle the often differing demands of public and private sector; the ability to look across the destination as a whole; the ability to get funding out of the private sector; an understanding of local cultures, laws such as licensing and street trading and ‘how things get done on the ground’.

Executive Summary:

Much of what I heard over the week (notably in the tourism workshops) was about the ‘what’, i.e. what the issues are, what the opportunities are and what the aims should be – almost all of it was absolutely correct. There was, however, very little discussion about the ‘how’ and I get the feeling that this has been the challenge for a number of years.

There is certainly a potential for market growth and there are a number of things which can be done to facilitate that. Success will come if there is a strong government lead in the fields of measurement and monitoring; law and order; accessibility and infrastructure, coupled with a strong private sector lead (and levels of government funding) in the fields of marketing and PR; accreditation and benchmarking; training and awareness.

The glue which will hold all this together is the Destination Management Organisation – a stand-alone public-private sector organisation.

Sarah Osborne
4th June 2007