

TOURISM IN PAPUA NEW GUINEA: ITS ECONOMIC CONTRIBUTIONS FOR SUSTAINABLE DEVELOPMENT

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Abstract

Tourism is now regarded as one of the world's leading industries and fastest growing economic sectors. It has been described as a diverse and global industry that integrates various sectors within the government of which its economic perspective and contribution is very much significant to the nation. Using phenomenological approach with documentary analysis and desktop research as primary methods of gathering data, this paper introduces theoretical understanding of tourism as an economic activity and dynamic industry that creates substantial economic impacts while protecting the sensitive environment and delicate social fabric of the local community. Likewise, this paper unfolds tourism economic contributions utilizing relevant global, regional and national tourism statistics to draw a vivid portrait of the sector and its inherent capability to act as catalyst of economic growth particularly in a country where extractive resource industries dominates the economy. The highlight of the discussion centres on the tourism status of Papua New Guinea as a destination in the Pacific Region and the role tourism will portray in making Papua New Guineans to be happy, healthy and smart by 2050. The analysis of the discussion indicates that tourism has a huge potential to be developed in PNG because of its innate natural beauty and fascinating diverse culture. However, tourism in PNG is still experiencing fledgling stage with relatively slow pace of development compared with its neighbouring countries within the South Pacific Region. This study concludes with viable recommendations that fine tuning economic growth strategies and diversion of focus to a more sustainable industry that can drive a healthy national economy is crucial in achieving PNG's Vision 2050. Strong political will, effective tourism planning, strategic leadership and alliance amongst tourism stakeholders and positive outlook of the local people as resource owners about tourism are prevailing contributory factors to bringing a real paradise in the "land of unexpected".

Introduction

Tourism has been recognized as one of the largest and fastest industry manipulating the global economy. Its economic contributions are immensely recognized by developed countries because of its actual and potential astounding economic impacts while less developed countries reinvent their wheels to make tourism as growth strategy to achieve a wider spectrum of their economic objectives. The high growth and development rate of tourism, considerable volumes of foreign currency inflows, infrastructural development and introduction of a more effective management actively affect various sectors of economy, which positively contribute to the social and economic development of the country as a whole (Mirbabayev & Shagzatova, ND). Recent statistics from UNWTO (2012) shows that

tourism is one of the world's largest economic sectors with a record of 982 million tourist arrivals and a total of USD1.030 billion in export earnings for 2011. The industry is also expected to create an additional five million new jobs worldwide (World Travel and Tourism Council, 2012).

As an economic activity and service industry, tourism emerged to be a revolutionizing phenomenon especially in the recent years. It cuts conventional sectors in the economy like agriculture, fisheries and transport and has outpaced the manufacturing, information technology and extractive industries like mining as catalyst of the development process at both national and global levels. Kamra (2004) pointed out that in certain economies, tourism becomes the foundation of the environ (economic, socio-cultural and even human) pyramid, while in most others it is contributing to a significant extent in the general development process as well as in the solvation of their basic problems. Similarly, Weaver and Lawton (2006) argued that tourism is an increasingly widespread and complex activity, which requires sophisticated management to realise its full potential as a positive and sustainable economic, environmental, social and cultural force.

In the Pacific region and elsewhere in the world, tourism represents a major alternative for small island nations probing to expand their economic base, increase foreign exchange earnings, generate employment, develop infrastructure, build more superstructure and eventually enhance the quality of life for their people. These small island nations collaborate and collectively identify ways on how tourism in the region offset recurring economic challenges. They formed the South Pacific Tourism Organization (SPTO) to establish avenue to discuss regional tourism issues, trends and challenges. In the report submitted to SPTO by Prof. Milne (2005), he quoted statement of one SPTO member state tourism planning official:

*“How can we afford to know so little about the economic impacts of this vital industry?
With out this sort of information we can plan – its like the blind leading the blind”*

The statement reveals the importance of unfolding the tourism economic contributions as vital ingredients in effective tourism planning. The more stakeholders are exposed on how tourism benefits the economy, community and the environment, the more they are inclined to decisively explore strategic approaches to sustain tourism development.

Within the Pacific region is the Melanesian country, Papua New Guinea (PNG). It is the biggest nation in South Pacific Region, which is known to be the “land of mystery” whilst others have popularly referred it as “land of unexpected”. It lies just south of the equator and is part of a great arc of mountains stretching from Asia, through Indonesia and into the South Pacific. It encompasses a total land area of 465,000 square kilometres with New Guinea as the second largest island in the world and includes 85 percent of PNG's total land area. The country contains some of the world's most rugged terrain but is endowed with fertile soils, abundant rainfall and considerable mineral and other natural resources. This fascinating land boasts of more than 600 islands and more than 800 indigenous languages and is home to the largest area of intact rainforest outside of the Amazon (PNG TPA, 2012). The country, being blessed with iconic landscapes, natural beauty, vast endemic flora and fauna species and diverse culture captures leisure and holiday tourists with special interest.

PNG has a relatively small dual economy. The formal economy is dominated by large-scale resource projects, particularly in mining and petroleum, and provides a large proportion of government revenue. Gold, copper and silver are the main mineral products in PNG, which

hosts some of the largest copper - gold ore bodies in the world. These abundant resources instigated interest of global business tycoons and pressed government and landowners to approval for the expected economic growth. With their business operations in PNG, other sectors like hospitality and tourism reap the benefits due to the economy's chain reaction. The informal economy supports 85% of the people through semi-subsistence agriculture whilst 15% are employed in a formal sector.

The tourism industry in PNG has been described as an egg yet to be hatched. For some, this sector is insignificant and incomparable with the predominant sectors that the economy of this country is leaning on. The fledgling stage of tourism defines the limitations of support and commitment accorded by the government to the industry and the naiveness of the general community on the significance of tourism in attaining sustainable development. Majority are still blindfolded on the ability of tourism as an economic booster to construct a strong pillar for economic growth. The focus has been laid on large-scale resource projects and extractive industries like mining and petroleum that generates huge amount of government revenues.

This unfavourable scenario has been experienced by most country destinations like Papua New Guinea with tourism as unpopular sector of economy. Amidst this, the authors of this academic paper are motivated to unfold and tout tourism economic contributions for the government to explore the wide range of advantages tourism can offer to the country, to implement strategies in order to achieve tourism objectives and to put forward mitigating measures to address adverse impacts. Similarly, this paper will bring awareness to the general public on the cutting-edge effect of tourism industry when concerned stakeholders particularly the community demonstrates approval, support and commitment to all tourism projects.

Theoretical Review of Tourism

Definitions

The complex and dynamic nature of tourism makes it difficult to define. By the time tourism has emerged as an important economic sector, different scholars and organizations came with their own definition to measure its confines as an industry and activity. The attempts made to define tourism aimed to come up with universal and standard definition and set the parameters in establishing tourism statistics that will gauge the sectors' growth and development.

Tourism Society in Great Britain made an attempt to forward tourism definition. The society defined tourism as a temporary short-term movement of people to destinations outside the place where they normally live and work and their activities during their stay at these destinations" (Cruz, 1999).

A number of defining principles may refer to tourism which has been summarized by Burkhart and Medlik in 19899 (cited by Lumsdon 1997):

- Tourism is an amalgam of phenomena and relationships.
- Two elements, the journey to the destination (dynamic element) and the stay (static element) are fundamental.

- This type of activity takes place away from the normal place of residence and work and is therefore different to those enjoyed by residents in the areas through which a visitor travels or stays.
- Movement is short-term and is intended to be of temporary nature.
- Visits to destinations take place for a number of reasons, but exclude taking up permanent residence or employment, which is remunerated.

In 1993, the United Nations World Tourism Organization (UNWTO) came up with the definition together with other recommendations on forms of tourism and other tourism statistics that could be used for statistical comparison throughout the world. UNWTO defines tourism as activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other reason.

The definitions clearly pointed out the limitations and considerations in tourism. One has to travel, leave his normal residence and employment, perform activities that will not lead to income generation and return to his originating place within the intended time frame.

For a more systematic tourism management, UNWTO also put forwards definition of tourist and excursionist. Accordingly, a tourist is a person who visits a country or destination other than that in which he usually resides for a period of at least 24 hours. UNWTO refers tourist as visitors. This was held to include persons travelling for pleasure, domestic reasons or health, persons travelling to meetings or on business. For tourism statistics purposes visitors are classified as international visitors and domestic visitors. If temporary visitor stays less than 24 hours in the destination visited and not making an overnight stay, they are classified as excursionist. WTO refers excursionist as same-day visitor.

Direct, Indirect and Induced Effects of Tourism

Most countries have recognized the economic significance of tourism across the globe. Methodologies for evaluating the economic impacts of tourism have been developed at the global level within the UNWTO, in the form of Tourism Satellite Accounts (TSAs). Figure 1 shows the economic impacts or effects created by tourism classified as direct, indirect and induced.

Direct effects concern expenditure within the tourism sector, based on the list of typical products drawn up by the UNWTO and the OECD (Vellas, 2011). It reflects to GDP internal spending on travel and tourism (total spending within a particular country on travel and tourism by residents and non-residents for business and leisure purposes) as well as government individual spending –spending by government on travel and tourism services directly linked to visitors, such as cultural or recreational (WTTC, 2013). In addition, direct impact is concerned with the amount of income (employment, output, etc.) created in the front line tourist sectors as a direct result of a change in tourist expenditure e.g wages, salaries, rent, and distributed profits in tour companies, hotels and restaurants. The effect is also known as first round effect and is confined to those sectors directly involved in providing of tourist goods and services (Kamra, 2004). According to Weaver and Lawton (2006), the prospect of substantial tourism-derived direct revenue has long been the most compelling incentive for destinations to attract tourism activity

The economic impacts of tourist spending on a destination do not end once the tourists have paid the products and services directly to the suppliers or principals. Rather, indirect revenues continue to be generated by the ongoing circulation of these expenditures within the economy of host destination (Cooper et al. 2004). This multiplier effect has both an indirect and induced component that come into play once the direct impact that is the actual spending of money by the tourist, has taken place (Weaver & Lawton, 2006).

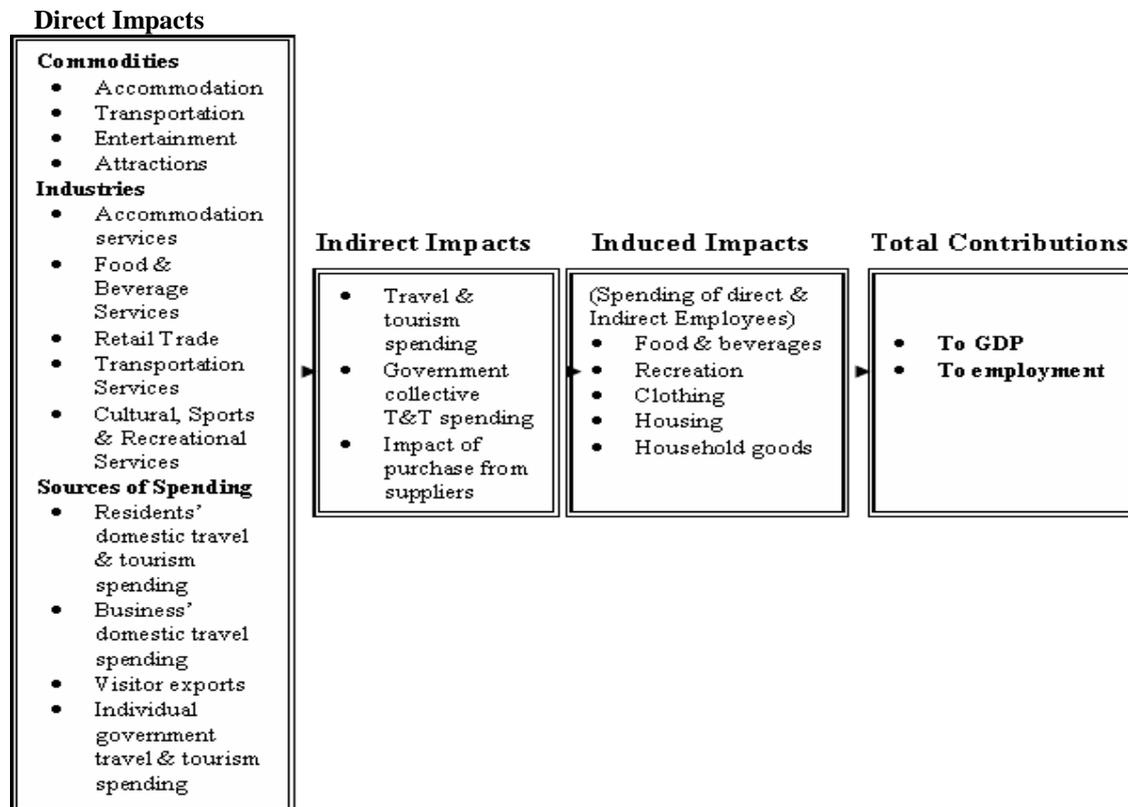


Figure 1: Direct, Indirect and Induced Effects of Tourism
Source: Vellas (2011)

Indirect effects concern intermediate consumption for the production of good and services in the tourism sector. These are goods and services that tourism companies purchase from their suppliers, forming the tourism supply chain. Indirect or secondary effects mean that the money paid by tourists to businesses are in turn used to pay for supplies, wages of workers and other items used in producing the products or direct services bought by tourists (Cruz, 1990). Indirect effects can be particularly important for the production of local produced products and services. The so-called major tourism principals and suppliers take the initial purchasing decisions that determine what visitors can consume. For example, if a restaurant in Port Moresby decides to buy locally produced vegetables wherever possible, the tourist will be the originator of the purchase and of the production of goods and services in the host country. It is therefore important to be able to encourage the tourism sector to procure locally produced goods and services in order to maximise the economic impact of tourism revenue in a country or region (Vellas, 2011).

Induced contribution measures the GDP and jobs supported by the spending of those who are directly and indirectly employed by the travel and tourism (WTTC, 2014). Further, induced effects concern expenditure by employees from wages paid by companies in direct contact

with tourists. Induced effects also include the consumption of companies that have benefited directly or indirectly from initial expenditure in the tourism sector (Vellas, 2011). An example of such induced effects would be purchase of consumer goods such as food and beverages, clothing, housing, household goods and electronic goods by people employed directly or indirectly by travel and tourism sector. For companies, this would be purchases of capital goods or expenditure related to the reinvestment of profits.

Economic Aspect of Tourism

In analysing the economic domain of tourism, the ambivalent nature of the sector should be considered. Kamra (2011) believed that tourism development is like the two blades of the scissor; on the one hand, it is identified as an economic saviour while on the other, it is characterized as a pariah. This concept helps the stakeholders assess whether the tourism development brings the destination on the winning side or it compromises the sensitive natural environment and the delicate social fabric of the local community. With this, more effective strategies in planning, pervasive approach marketing accompanied by sensitive mitigating measures need to be in place in dealing with tourism ambivalency.

Economic impacts are important consideration in state, regional and community planning and economic development. Affected communities need to understand the relative importance of tourism in their region, including tourism's contribution to economic activity (Stynes, 1997). Community awareness about tourism's role in achieving economic prosperity elicits their participation in tourism development.

The tourism benefits to the national economy depend on the success of entrepreneurs in developing tourism opportunities. The government provides a healthy business platform whilst private sector determines the most viable tourism businesses, initiate the operations and sustain these tourism businesses and activities. In doing so, the benefits achieved by tourism development are felt at all levels, ranging from the national, regional and local levels down to the firm and individual levels through what might be called the trickle-down process (Kastarlak & Barber, 2012).

Tourism development has been seen as a driving force for regional development (Chen & Tsai, 2006). It is initiated with much awaited economic gains. The more visitors come, the more tourism expenditure will be accumulated. Successful tourism can increase destination's tourist receipts. This may sound logical because tourists' expenditure can enhance the host destination by bringing wealth and catalysing income, employment, and enterprise and infrastructure development. The destination may achieve identified economic objectives either through scale economies (mass tourism) or system economies (quality tourism). Conversely, the positive effects on employment and the generation of hard currency produce some strong negative impacts like inflation, reduction of quality of life since local residents need to compete with visitors for the basic resources and utilities, hike in property prices, etc. In addition, economic leakages may be formed due to the continuous patronizing of imported items to meet foreign visitors' standards and allowing multinational corporations to conduct tourism related business activities.

Maximizing the economic potential while minimizing the negative impacts of tourism has been the major concern of planners and policy-makers in most countries where tourism becomes the key player in the development process. The ambivalence of tourism can be

addressed by an effective tourism framework that will work from the higher level to the grass root level.

Tourism and Poverty Alleviation

“Where tourism advances, poverty retreats” - Anonymous

This famous quote unfolds the major contributions of tourism in combating poverty as a global phenomenon and a perennial problem faced by low, middle and high-income countries. Poverty is a fact of life for 2.5 billion people. In most cases, the poor lack opportunity to access basic services like education, primary health care, decent shelter and clean drinking water and a strong voice to express their condition. This is tantamount to saying that the poor lack tangible and intangible elements of well-being (Pearson, 2012).

According to World Health Organization, poverty is often defined in absolute terms of low income for people who subsist of less than US\$2 a day in less developed countries (LDCs) located mostly in Africa, Asia and Latin America. The gross national product (GNP) of LDCs is less than 1% of the world GNP. Per capita income (PCI) in LDCs is less than 5% of those found in developed countries that are located mostly in North America and Western Europe.

To have a substantial reduction of poverty, LDCs will need huge amounts of public and private capital. This capital will be sourced out mainly in the form of investments from private sources in wealthier countries and from international financial institutions. The government essentially needs foreign and local investors to promote sound economic activities, balance the payment and foster sustainable development. In doing so, policies are put in place to provide facilitative business environment to attract and maintain investors. Similarly, policy makers critically identified industries that can bring long-term economic reforms with the country's available and abundant resources as capital and at stake. Embracing the concept of sustainable development and the success stories of how tourism drives the economy of wealthy countries, indeed, tourism is at the forefront of all alternatives available.

Developing regions have a strong case for promoting tourism in order to reduce poverty. UNWTO is a sectoral advocacy organization that has been a strong proponent of tourism's contribution to poverty alleviation. UNWTO (2007) stated that tourism is a key agent in the fight against poverty and a primary tool for sustainable development. Although this statement has been argued and debated by several scholars because of the concealed negative economic and socio-cultural implications of tourism, many political and economic leaders preferred to redirect their growth strategies towards tourism not only for economic advantage. Many countries not only anticipate economic benefits from tourism but also seek cultural acceptance and parity with the cultures of tourists in exchange for the hospitality extended (Pearson, 2012). They also provide considerations on the environmental significance of tourism as one of the dimensions of sustainable development.

The economic contributions of tourism are undeniable and overwhelming for those countries and regions that have experienced economic quantum leap and witnessed the lucid impact of the industry. This economic twist showcases the ability tourism as a growth strategy that can divert poverty to prosperity.

To educate host destinations on the strong features of tourism as battling agent for poverty, UNWTO propagated the following *special position of tourism in poverty alleviation*:

- Tourism generates foreign exchange earnings
- Tourism creates direct and indirect employment
- Tourism is the most viable for sustainable economic development option
- Tourism benefits the poorer groups through employment of local people in tourism enterprises, goods and services provided to tourists and running of small and community-based enterprises
- Tourism creates activity particularly relevant to poor countries and apparent to rural communities like climate, cultural heritage, inspiring landscape and abundant biodiversity.
- Tourism product has a large and diversified supply chain creating multiplier effect which can benefit a wide range of sectors such as agriculture, handicrafts, transport and other services through tourist's expenditure.
- Tourism is an activity which brings the consumers to the producers. The interaction between tourists and host communities can provide a number of intangible and practical advantages for mutual benefits.

Poverty as global phenomenon will remain as threat and continue to challenge humans' survival and the quest for quality of life. Surmounting adverse repercussions of poverty entails framework that deals with every element contributory to its existence. The special position of tourism in poverty alleviation forwarded by UNWTO should not be seen on its own as 'the ultimate answer to the prayer' of eliminating poverty but it can make an influential contribution to the economy. Tourism can form part of the framework but not necessarily the sole weapon to combat poverty. It depends on policy makers, lead agencies and other concerned stakeholders to work hand in hand to take effect viable approaches in a favourable tourism environment to fulfil tourism objectives and realize tangible benefits. The potential to develop more tourism and to channel a higher percentage of tourism spending towards the poor may be great in some areas and quite small in others (UNWTO). However, given the size of the sector, even small changes in approach when widely applied can make a significant difference.

Status of Tourism Industry

World Tourism

Tourism is the key to development, economic prosperity and well being (UNWTO, 2013). The magnitude of its implications reverberates not only to the economy but envelopes the socio-cultural and environmental dimensions of the host destination. Indeed, countries of varying status acknowledge the crucial role of tourism in the sustainable development process. It was highlighted in the UNWTO report for 2013 that over the years, an increase in the number of destinations opening up and investing in tourism has been observed, turning tourism into a key driver of socio-economic progress through export revenues, the creation of jobs and enterprises, and infrastructure development.

In the Tourism Highlights published by United Nations World Tourism Organization (UNWTO, 2013), the following are the international tourism 2012 key trends and outlook:

- International tourist arrivals (overnight visitors) worldwide exceeded the 1 billion mark for the first time ever in 2012, with, 1,035 million tourists crossing borders, up from 995 million in 2011
- Asia and the Pacific recorded the strongest growth with a 7% increase in arrivals, followed by Africa (+6%) and the Americas (+5%).
- International tourist arrivals in Europe, the most visited region in the world, were up by 3%. The Middle East (-5%) has not yet succeeded in returning to growth.
- With a 4% increase in real terms, the growth in international tourism receipts matched the growth in arrivals.
- International tourism receipts reached US\$ 1,075 billion worldwide in 2012, up from US\$ 1,042 billion in 2011.
- China became the number one source market in the world in 2012, spending US\$ 102 billion on international tourism.
- Forecasts prepared by UNWTO in January 2013 point to growth of 3% to 4% in international tourist arrivals for 2013, only slightly below 2012's level and in line with UNWTO's long-term forecast.
- By UNWTO region, the Americas (+7%) recorded, for the second consecutive year, the largest increase in receipts, followed by Asia and the Pacific (+6%), Africa (+5%) and Europe (2%). Receipts in the Middle East were still down (-2%); yet with a clear recovery compared to the 14% decline registered in 2011. Prospects for 2013 are stronger for Asia and the Pacific, followed by Africa.

Table 1: International Tourist Arrival

	International Tourist Arrivals (million)							Market Share (%)	Change (%)		Average annual growth (%) 05-12
	1990	1995	2000	2005	2010	2011	2012*		2012*	11/10	
World	436	529	677	807	949	995	1,035	100	4.8	4.0	3.6
Advanced Economies	297	336	420	459	506	530	551	53.2	4.8	3.8	2.6
Emerging Economies	139	193	256	348	443	465	484	46.8	4.9	4.3	4.8
By UNWTO Regions											
Europe	262.7	305.9	388.0	448.9	485.5	516.4	534.2	51.6	6.4	3.4	2.5
N.Europe	29.8	37.7	46.4	60.4	62.8	64	64.9	6.3	2.0	1.4	1.0
W.Europe	108.6	112.2	139.7	141.7	154.3	161.5	166.6	16.1	4.6	3.2	2.3
C/E Europe	33.9	58.1	69.3	90.4	95.0	103.9	111.6	10.8	9.4	7.4	3.1
S/Med Eu.	90.3	98	132.6	156.4	173.5	187.0	191.1	18.5	7.8	2.2	2.9
-of w/c EU-27	231.3	267.7	326.8	356.1	371.0	390.9	400.2	38.7	5.4	2.4	1.7
Asia & Pacific	55.8	82.0	110.1	153.6	205.1	218.2	233.6	22.6	6.4	7.0	6.2
N/E Asia	26.4	41.3	58.3	85.9	111.5	115.8	122.8	11.9	3.8	6.0	5.2
S/E Asia	21.2	28.4	36.1	48.5	70.0	77.3	84.6	8.2	10.4	9.4	8.3
Oceania	5.2	8.1	9.6	11.0	11.6	11.7	12.1	1.2	0.9	4.1	1.4
South Asia	3.1	4.2	6.1	8.1	12.0	13.5	14.1	1.4	12.6	4.4	8.2
Americas	92.8	109.0	128.2	133.3	150.4	156.0	163.1	15.8	3.7	4.6	2.9
N. America	71.7	80.7	91.5	89.9	99.3	102.1	106.7	10.3	2.8	4.5	2.5
Caribbean	11.4	14.0	17.1	18.8	19.5	20.1	20.9	2.0	3.0	3.8	1.5
C. America	1.9	2.6	4.3	6.3	7.9	8.3	8.9	0.9	4.4	7.5	5.0
S. America	7.7	11.7	15.3	18.3	23.6	25.5	26.7	2.6	7.8	4.8	5.5
Africa	14.8	18.8	26.2	34.8	49.9	49.4	52.4	5.1	-0.8	5.9	6.0
N. Africa	8.4	7.3	10.2	13.9	18.8	17.1	18.5	1.8	-9.1	8.7	4.2

Sub-Saharan	6.4	11.5	16.0	20.9	31.1	32.4	33.8	3.3	4.1	4.4	7.1
Middle East	9.6	13.7	34.1	36.3	58.2	54.9	52.0	5.0	-5.6	-5.4	5.2

Source: United Nations World Tourism Organization (UNWTO)

The international trends and outlook of tourism for 2012 gives much optimism and motivation for both advanced and emerging nations to realign programs and economic strategies with tourism related projects to stay on track with the global trends and flows. It encourages destinations to engage in more aggressive marketing activities to expand market base knowing that behaviour of travelling public has changed. This positive outlook about travel and tourism is the result of customer sensitive and well-planned programs and projects on tourism by different host destinations. The global reforms on tourism have taught different countries to stay competitive and proactive as a way forward to the dynamism of tourism sector.

It has been noted that Asia and Pacific region is gaining prominence from the travelling public. International tourists' attention is now diverted to this region giving hard competition to other tourism popular regions. The increase in tourism receipts signals more vigorous tourism activities and continuous expansion and diversification within the region. Competition amongst countries is expected to tighten up and strategic marketing turn out to be the best weapon for survival.

Table 2: International Tourism Receipts

	International Tourism Receipts Local currencies, Constant prices Change (%)				Market Share (%)	US \$			Euro		
						Receipts per arrival			Receipts per arrival		
	(billion)	(billion)	(billion)	(billion)		(billion)	(billion)	(billion)	(billion)	(billion)	(billion)
	09/08	10/09	11/10	12/11	2012	2011	2012	2012	2011	2012	2012
World	-5.5	5.5	4.7	4.0	100	1,042	1,075	1,040	749	837	810
Advanced Economies	-6.4	5.8	5.9	4.3	64.1	672	689	1,250	482	536	970
Emerging Economies	-3.8	4.9	2.8	3.6	35.9	371	386	800	266	300	620
By UNWTO Regions											
Europe	-6.3	0.1	5.2	2.3	42.6	466.7	457.8	860	335.3	356.3	670
N.Europe	-3.6	3.3	3.4	5.2	6.7	69.8	72.4	1,120	50.1	56.3	870
W.Europe	-6.6	1.3	4.3	3.0	14.6	161.6	157.0	940	116.1	122.2	730
C/E Europe	-8.0	-2.9	7.8	5.2	5.3	56.0	57.0	510	40.2	44.3	400
S/Med Eu.	-6.4	-1.3	6.0	-0.3	15.9	179.3	171.4	900	128.8	133.4	700
-of w/c EU-27	-7.0	0.9	4.3	1.9	34.2	378.3	367.7	920	271.8	286.2	720
Asia & Pacific	-0.7	15.4	8.0	6.2	30.1	298.6	323.9	1,390	214.5	252.1	1,080
N/E Asia	1.9	21.4	8.8	8.3	15.5	149.6	166.9	1,360	107.5	129.9	1,060
S/E Asia	-7.0	15.1	12.8	6.6	8.5	84.4	91.7	1,080	60.7	71.3	840
Oceania	4.2	-2.9	-5.7	-1.5	3.8	40.8	41.2	3,390	29.3	32.1	2,640
South Asia	-3.2	16.3	12.1	5.2	2.2	23.7	24.2	1,710	17.0	18.8	1,330
Americas	-10.2	4.4	5.0	5.9	19.8	197.9	212.6	1,300	142.2	165.5	1,010
N. America	-12.2	6.0	5.9	6.7	14.5	144.2	165.4	1,470	103.6	121.7	1,140
Caribbean	-8.0	1.3	-0.5	2.0	2.3	23.5	24.5	1,170	16.9	19.1	910
C. America	-6.5	1.1	0.7	8.9	0.7	7.1	8.0	900	5.1	6.2	700
S. America	0.0	-1.6	6.7	3.6	2.2	23.1	23.7	890	16.6	18.5	690
Africa	-5.5	2.3	1.6	5.8	3.1	32.7	33.6	640	23.5	26.1	500
N. Africa	-4.7	0.2	-5.5	2.4	0.9	9.6	9.4	510	6.9	7.3	390
Sub-Saharan	-5.9	3.5	4.9	7.2	2.3	23.1	24.2	720	16.6	18.9	560
Middle East	1.2	17.2	-14.1	-2.0	4.4	46.4	47.0	900	33.4	36.6	700

Source: United Nations World Tourism Organization (UNWTO)

Scowsill (2014), president and CEO of WTTC, positively provide the outlook for travel and tourism in 2014. Accordingly, travel and tourism GDP growth forecast will reach 4.3%. Much of this growth is being driven by higher consumer spending as the recovery from recession gathers pace and is becoming established. Similarly, tourists in 2014 are expected to spend more per trip and stay longer on their holidays. In addition, WTTC (2014) made a positive forecast that over the next ten years, travel and tourism will experience growth rate of 4% annually that continue to be higher than growth rates in other sectors. Higher disposable income, more educated travellers, political accessibility for tourism by different countries, availability of fascinating attractions from different destinations and the cheaper cost of products and services from major tourism suppliers are the foreseen major factors for this positive tourism outlook.

The remarkable global trends in tourism particularly the uninterrupted increasing number of international tourist arrival as shown from the table and forecasted by UNWTO and WTTC connote the changing perception of people about tourism. One factor is the cheaper cost of travel offered by major tourism principals like airline companies, hotels and tour operators. The proliferation of the low cost carriers, availability of cheaper accommodation facilities and affordable tour packages expand the market share of the middle class and promotes social tourism.

The positive forecast and statistics provided by UNWTO and WTTC on the achievement of tourism in the global arena simply proves that the industry carries defensive mechanism to surmount challenges posed by various threats such as global economic turbulence, international terrorism and climate change. This can be attributed to the well-crafted tourism plans and programs initiated by tourism global organizations and supported at the regional and national levels to address pressing issues affecting tourism. With sustained effective strategic planning at different levels, tourism's burgeoning effects will carry on.

Tourism in the Pacific Region

Countries in the Pacific Island region host some of the premier exotic tourist destinations in the world. Every year, more travellers are becoming aware and enticed of the Pacific's popular pull factors, its unchartered pristine waters and thrilling Pacific hospitality. Despite limitations in facilities to complement and support tourist activities, tourism in the Pacific region contributed significant figure in the overall global tourism growth.

Tourism in the Pacific region has performed reasonably well during the five years 2008-2012 in spite of the challenges posed by the global financial crisis (SPTO, 2012). The industry plays a very important economic sector as it generates employment in many related sectors (from construction to agriculture or telecommunications) and contributes to the overall economic growth (UNWTO, 2013). According to WTTC (2012), tourism contributed an estimated of 10.7% of the regions Gross Domestic Product (GDP) and a total of 2.7% coming from tourism direct, indirect and induced impacts to Pacific Island economies in 2012 (WTTC, Economic Impact 2013: Ocenia).

Table 3 shows the population, land area, visitor's arrivals for 2011 and 2012 and the contribution to GDP by the Pacific Island Countries. It can be gleaned from the table that

countries with bigger population and land area contributed the most in terms of GDP. Population and land area are the two important attributes to the growing economy of bigger countries. These are the treated as strengths and major resources of most countries. In terms of tourism, Fiji receives the greater number of visitors than PNG albeit the decrease of -2.14 in 2012 tourist arrival. However, Cook Islands, Vanuatu, Samoa and New Caledonia are promising tourism hubs in the Pacific region. Despite their sizes, these small nations have gained prominence from international visitors looking for a unique island experience which is quite different from what other developed countries can offer. The increase in visitors' arrival may have been influenced by the government effort to develop tourism sector by means of providing superstructures like hotels, restaurants, resorts, etc., improving infrastructural condition, engaging in aggressive marketing campaign and developing more appealing tourism products.

Table 3: PIC's Population, Land Area, Visitor's Arrival & Contribution to GDP

Pacific Island Nations	Population (2012 est)	Land Area (sq.kms.)	GDP (USD est)	2011 Arrivals	2012 (Provisional)	% Change (2012/2011)
Cook Islands	11,870	236	183m	122,446	121,634	-0.66
Fiji	944,700	18,274	4.3b	675,050	660,590	-2.14
FSM	106,104	702	310m	N/A	N/A	N/A
Kiribati	112,850	811	624m	5,256	4,907	-6.6
Marshall Islands	69,747	181	171m	4,559	N/A	N/A
Nauru	14,019	21	60m	N/A	N/A	N/A
New Caledonia	264,022	18,575	9.3b	111,875	112,204	0.29
Niue	1,269	260	10m	6,094	5,048	-17.1
Palau	21,102	459	221m	109,057	118,754	8.9
PNG	5,940,775	452,860	18.5b	163,173	167,149	2.4
Samoa	219,998	2,821	1.1b	127,420	134,660	5.7
Solomon Islands	595,613	27,986	1.9b	22,941	N/A	N/A
Tahiti	287,032	3,827	5.7b	162,776	N/A	N/A
Timor Leste	1,172,390	14,874	10.6b	N/A	N/A	N/A
Tonga	120,898	717	786m	N/A	N/A	N/A
Tuvalu	12,373	26	37m	1,201	N/A	N/A
Vanuatu	218,519	12,189	1.2b	97,180	108,145	11.3
TOTAL				1,529,597	1,598,984	13.9

Source: South Pacific Tourism Organization

As reflected from Table 4, the Pacific region received an approximately of 1.6 million tourist arrival in 2012 with an increase of 14% from 2011 statistics. With the available data, Fiji, PNG, Samoa, Cook Islands and New Caledonia are the top destinations. Interestingly, Fiji has an impressive figure with 41.3% market share as compared to PNG, the biggest nation in terms of population and land area, with only 10.4% market share. Comparatively, Fiji is as big as Milne Bay, a province in PNG, in terms of size but the way they manage tourism should be something that other countries in the Pacific emulate particularly PNG. This statistics serve as an eye opener and pose a big challenge to PNG tourism planners and developers on how to bring robust competition with Fiji in terms of tourism considering the advantages in resources the country has. There are several factors affecting the huge disparity of tourism statistics between Fiji and PNG. These are issues on security, community's tourism preparedness, infrastructure, cost, political accessibility, product diversity and marketing propagandas. Dwelling and addressing these issues will create a big twist in the destination image of PNG, thus, increase influx of international tourist and rise on tourism receipts are likely to occur.

Table 4: Top Destinations 2012

Country	2012	Market Share 2012
Fiji	660,590	41.3%
Papua New Guinea	163,173	10.4%
Samoa	134,660	8.4%
Cook Islands	121,634	7.6%
New Caledonia	112,204	7%

Source: South Pacific Tourism Organization

Tourism has also contributed significantly to job creation in most of the Pacific Island countries as seen from Table 5. This is a positive indication that tourism investment flourishes in some Pacific Island countries creating a domino effect in the country's national economy. The more tourism businesses open, the more employment opportunities tourism creates. Remarkably, tourism in Fiji significantly provided 11.7% total employment for 2011 and 2012. Tourism in other small island countries like Kiribati, Solomon Islands and Tonga has created higher job employment as compared to PNG. It may look bizarre because the largest nation stays last in the race in giving tourism related employment opportunities. It can be deduced that tourism is a major key player in the national economy of Fiji and other small islands nations in the Pacific. The government of these countries shaped long and wide pathways for tourism development resulting to greater job creation within the tourism sector. On the other hand, extractive resource industries like mining and petroleum are the centre of PNG government attention. They have failed to discover what other nations have seen in tourism as a sustainable industry and its accompanying long-term and widespread benefits. Government support accorded to tourism is insignificant compared to giant industries currently boosting nations' economy. This is a manifestation of government's lack of political will and a mediocre approach in tourism development.

Table 5: Tourism: Employment Contribution in Selected Forum Island Countries (FICs)

Country	Numbers		Total Employment (%)	
	2011	2012	2011	2012
Fiji	38,500	39,500	11.7	11.7
Kiribati	1,500	2,000	6.2	7.6
Papua New Guinea	20,500	29,500	0.8	1.1
Solomon Islands	4,500	8,500	4.5	4.4
Tonga	1,500	1,500	4.1	4.8
Vanuatu	11,000	N/A	16.4	N/A

Source: Source: South Pacific Tourism Organization

Tourism in Papua New Guinea

The raw beauty of the country, amazing geography, richly diverse cultural heritage and hospitality of the people resemble the PNG's wealth and major contributors in boosting national economy. These fascinating resources can be transformed into products that draw visitors of different interests to come and see for themselves the innate beauty of the country.

For adventure travellers, cultural tourists and nature lovers, PNG is an indeed tourist's paradise.

A formal visit to this paradise nation was recorded in 1884 when Burns Philips first promoted tours to the islands of Papua New Guinea. Cruise ships regularly visited the country and an increase in tourist arrival was noted until 1980. In 2005, 121 years after Philips' first visit, number of visitors' arrival remains a trickle despite some recovery since the collapse of the early 1980s due to Bougainville crisis. Accordingly, tourism was neglected after independence in 1974 where emphasis was laid on the resource extraction to stimulate economy. Thus, a formal structure and system has been established to cater to the needs of an increasing number of visitors in the country even before the inception of the National Tourism Office in PNG. The National Tourism Office is responsible for the promotion of the tourism in a particular country and for the overall development of the tourist industry.

The PNG Tourism Promotion Authority was established pursuant to the Tourism Promotion Authority Act of 1993 replacing the Tourism Development Corporation under the Department of Culture and Tourism. The function of the Authority is to foster the development of tourism in Papua New Guinea so as to maximize the economic benefits of the industry to Papua New Guinea whilst minimizing any disruption to society, culture and the environment. PNG Tourism Promotion Authority being the lead organization to oversee tourism activities in the country is also responsible in adhering to the concept of sustainable tourism development in the country. The Authority also provides tourism statistics needed for planning and policy making at the national, regional and international levels.

Tourism in PNG has been experiencing a roller coaster ride from the very outset where the country started recording essential tourism statistics to assess tourism development. In one of the reports submitted by the University of Hawaii, during the 1979-1987 period, there has been no consistent pattern of growth. The number of international arrivals has fluctuated, from a low of 30,400 in 1985 to a high of 38,800 in 1979. In 1986 and 1987 increases of 5.0% and 9.6% respectively were recorded as government initiated marketing and promotion activities to augment industry programs. Same pattern on tourism statistics has been observed from 1995 to 2005.

In 2007, PNG TPA launched the Tourism Master Plan that covers a ten-year (2007-2017) plan of the Authority to further develop tourism in the country. Carrying the theme, "Growing PNG Tourism as a Sustainable Industry", is recognition and optimistic outlook that tourism offers a sustainable alternative to the traditional resource based industries in PNG like mining and petroleum. TPA supports that tourism investment brings long-term economic, social and environmental welfare to the country. This "triple bottom line" concept and approach to development of the tourism sector represents the key principle underpinning the tourism master plan. The overall goal is to:

"Increase the overall economic value of tourism to the nation by doubling the number of tourists on holiday in PNG every five years and maximizing sustainable tourism growth for the social and environmental benefit for all Papua New Guineans".

With the vision and overall goal are the expected potential and measurable benefits that serve as ultimate objectives in crafting and implementing the Tourism Master Plan.

- Tourism would be worth K1.1 billion by 2012 and K1.78 billion in revenue terms by 2015.
- Those on holiday would spend K363 million in 2010 and K727 million in 2015; and
- Total employment in tourism would increase by 4,800 jobs by 2010 and 13,000 by 2015

As part of the tourism planning and development strategy of the government, five model provinces have been identified. In 2007, the PNGTPA launched Model Province Five Year plans for New Ireland, East New Britain, Milne Bay, Madang and Eastern Highlands. The manner in which these provinces have been identified can be attributed to the existing tourism industry in the provincial level (supply and demand) and the strong political will in developing tourism manifested by the provincial government.

The tourism planning approach made by PNGTPA in prioritizing five model provinces for development may have not been accepted by other government officials and stakeholders who are supporters of the concept that tourism development should be spread all throughout the nation so that everybody reaps the benefits of it and that tourism is inherently good and that it should be developed no matter what.

However, the strategic approach in planning and developing tourism sector that has been contained in Tourism Master Plan stemmed considerable results particularly in visitors' arrival. Tourism statistics proves that substantial and consistent growth in visitor arrival continues from 2006 to 2013. The healthy holiday arrivals trend was a result of the collaboration, partnership and strong alliance of PNG TPA with the industry's key stakeholders responding positively by working together in the markets and making it conducive through awareness and more product developments in the model provinces (TPA Visitor Arrival Report, 2013).

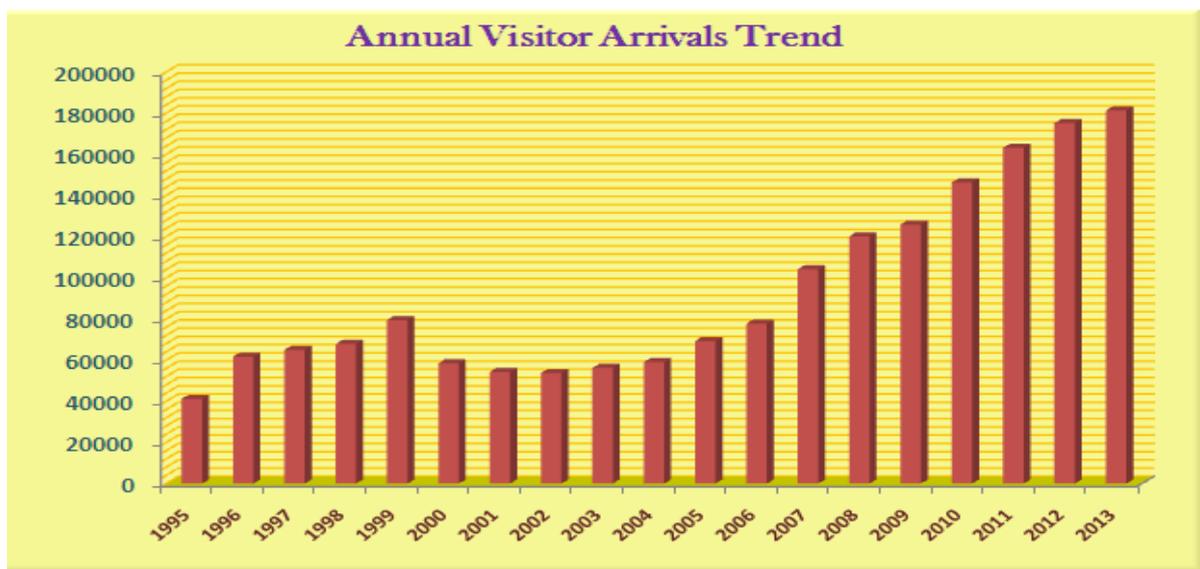


Figure 2: Annual Visitor Arrivals Trend, 1995-2013 (Source: TPA)

Despite the global economic turbulence, 2013 was a successful year because of the accumulated 8% increase in the international visitors' arrival from 2012. The recorded 175,203 visitors in 2012 increased to 182,188 in 2013. This repeated healthy trends have

been seen for the last seven years and still projected to continue in the next 10 years with anticipation that tourism will be a significant contributor to the national economy (TPA, 2014). TPA attributed this progress to their set clear long-term tourism plans to grow the tourism industry in Papua New Guinea.

Figure 3 reflects the purpose of visit in PNG by international tourists. Most stakeholders share communal interpretations that the multi-billion kina liquefied natural gas (LNG) project impacted other sectors particularly tourism and hospitality. More lodging facilities were constructed to accommodate imported workforce and full house flight of Air Niugini has been experienced to cater to different inbound travellers who come to PNG for mainly business purposes (35%). Interestingly, TPA included employment as a purpose of visit with 32% and ranks second, which puts the credibility of the visitor arrivals report prepared by the PNGTPA to scrutiny and questioning. This has been debated because UNWTO and World Bank do not classify employment as a purpose of visit related to tourism. On the other hand, 23% of visitors come to PNG for holiday purposes, 5% to visit friends and relatives, 2% for education and MICE (meetings, incentives, conventions and exhibitions) purposes and 1% for other reasons.

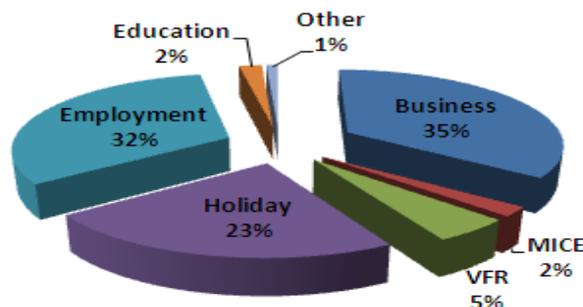


Figure 3: Purpose of Visit

In terms of foreign visitors' expenditure, a consistent and progressive trend was recorded from 2005 to 2013. This can be correlated to the increasing number of visitors recorded on the same years. One significant contributing factor is the tourism product development and diversification attracting a niche market of special interest tourists that extends their length of stay compared to mass tourists. Foreign visitors' expenditure provides direct, indirect and induced benefits and impacts to the economy of the host country. Lead agencies and private sector should venture on other strategies to achieve a more substantial increase in visitors' expenditure every year.



Figure 4: Estimated Visitor Expenditure Incurred by International Visitors, 2005-2013 (Source: TPA)

Economic Contribution of Travel and Tourism to PNG

Travel is inseparable with tourism. It is the dynamic element of tourism that refers to the journey of the tourists, therefore, tourism cannot stand on its own. Transportation sector plays an integral role in making travel a rewarding journey (Cruz, 2000).

Travel and tourism is an important economic activity in most countries across the globe. The industry creates direct economic impact and significant indirect and induced impacts. The World Travel and Tourism Council (WTTC) is a global private organization with members from different tourism organizations that looks into the development of travel and tourism within the global arena. WTTC provides the travel and tourism Economic Impact Report 2014 for Papua New Guinea. The succeeding discussions are extracted from the Report of WTTC.

Direct Contributions

The direct contribution of travel and tourism to GDP in 2013 was PGK369.5mn (1.0% of GDP). This is forecast to rise by 4.5% to PGK386.1mn in 2014. This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). But it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists. The direct contribution of Travel & Tourism to GDP is expected to grow by 4.3% pa to PGK589.1mn (1.0% of GDP) by 2024.

The total contribution of travel and tourism to GDP (including wider effects from investment, the supply chain and induced income impacts) was PGK901.3mn in 2013 (2.5% of GDP) and is expected to grow by 5.5% to PGK951.2mn (2.5% of GDP) in 2014.

Travel and tourism generated 24,000 jobs directly in 2013 (0.8% of total employment) and this is forecast to grow by 2.2% in 2014 to 24,500 (0.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant

and leisure industries directly supported by tourists.

By 2024, travel and tourism will account for 30,000 jobs directly, an increase of 2.0% pa over the next ten years.

The total contribution of travel and tourism to employment (including wider effects from investment, the supply chain and induced income impacts) was 62,500 jobs in 2013 (2.1% of total employment). This is forecast to rise by 3.2% in 2014 to 64,500 jobs (2.1% of total employment).

By 2024, travel and tourism is forecast to support 75,000 jobs (1.9% of total employment), an increase of 1.5% pa over the period.

Visitors Export

Tourism is an invisible export. Host destinations generate foreign currency from the expenditures of international visitors who come and spend time. Visitor exports are a key component of the direct contribution of Travel & Tourism. In 2013, Papua New Guinea generated PGK6.8mn in visitor exports. In 2014, this is expected to grow by 5.0%, and the country is expected to attract 187,000 international tourist arrivals. By 2024, international tourist arrivals are forecast to total 239,000, generating expenditure of PGK9.8 million, an increase of 3.3% pa

Investment

Travel & Tourism is expected to have attracted capital investment of PGK271.3mn in 2013. This is expected to rise by 13.9% in 2014, and rise by 4.2% pa over the next ten years to PGK466.1mn in 2024. Travel & Tourism's share of total national investment will fall from 5.8% in 2014 to 5.1% in 2024. Interestingly, tourism investment is projected to climb over the next ten years.

This forecast depends on the ability of the national government to come up and sustain sound fiscal and monetary policies that will not discourage and erode investors. Foreign investment in Papua New Guinea is facilitated, regulated and monitored by the Investment Promotion Act and is subject to guarantees under the Multilateral Investment Guarantee Agency and other international agreements (PNGTPA)

Key Trends and Developments in Papua New Guinea Tourism Industry

PNG Tourism Promotion Authority has identified recent developments in tourism and hospitality industry in Papua New Guinea. The increase of business tourists coming to PNG has given the accommodation sector business advantages. It has been observed that there are refurbishments of several well-known hotels in Port Moresby. The Airways Hotel, an airport hotel, is adding 63 new suites and providing retail space, a day spa, coffee shops and conference facilities. Gateway and Ela Beach hotels have indicated plans for expansions whilst Holiday Inn and Crowne Plaza hotels have already invested US\$50 million for improvement.

The increasing demand for quality accommodation rooms in Port Moresby has resulted to shortage of supply. The two largest chains of hotels in the country, Kumul Group and Coral Seas Hotel Group, constructed additional accommodation facilities to meet the demand. Kumul Group which owns the existing Corwne Plaza and Holiday Inn complexes will be erecting a luxury hotel. The Coral Seas Hotel Group, which operates the largest chain of hotels in Papua New Guinea, has a 12-storey complex under construction in Port Moresby to add to Coral Seas' growing chain. Coral Seas' new complex on Mary Street combines residential and short-term apartment accommodation. The combination of short- and long-term accommodation is also favoured by the developers of the Kingfisher Apartments and Reef Apartments.

Aside from the developments initiated by the formal lodging industry (hotels), informal accommodation facilities have been mushrooming all throughout the city. Several inns, apartels (apartment hotel), motels (motorist hotel), pension houses, etc. are successfully operating to cater to transient tourists and middleclass market.

These accommodation developments are not only concentrated in the capital city of PNG. Major cities like Madang, Kokopo and Lae also have new hotels under construction or existing ones undergoing expansion to add new rooms and apartments.

The growth in the accommodation industry has spread the sunlight to other important components of hospitality sector- food and beverage and entertainment. The number of restaurants offering international cuisines, coffee shops, kai bars, cafeterias and catering companies has increased for the past three years. It does not only benefit tourists but also local residents within the city having several choices to consider in dining. The creation of the biggest mall in the country, Vision City, introduces a new face of entertainment to Papua New Guineans. The state of the art cinema houses and world-class club entice international visitors and create a good platform to develop domestic tourism.

Tourism and the Vision 2050

According to PNG Tourism Promotion Authority website (2014), Papua New Guinea's Vision 2050 and the Medium Term Development Plan (MTDP) 2011-2015 sees tourism rising to become a significant driver of the economy. In support to the country's strategic plans, the government offers tax incentives such as double deductions for costs associated with export market development, and double deductions for tourism staff training costs. Another form of tax incentive to be offered is accelerated depreciation whereby capital investment in eligible tourism facilities qualifies for 55% increased initial-year depreciation. Tourism investors in large-scale accommodation facilities may be eligible for a concessional tax rate of 20%.

“We leaders and people must know where we want to go before we can decide how we should get there. Before a driver starts a motor car, he should first decide on his destination. Otherwise his driving will be without purpose, and he will achieve nothing. We Papua New Guineans are now in the driving seat. The road which we should follow ought to be marked out so that all will know the way ahead” (Constitutional Planning Committee (CPC) Report 1974, Chapter 2, Section 4)

The above quote was made in 1974 by the Constitutional Planning Committee, and after three decades of political independence, the Somare government took the courage to stand back, reflect and took stock on what the young nation of Papua New Guinea has achieved and how to stage a new path for the future. In December of 2008, the government tasked the National Planning Committee with the task of coming up with a visionary development strategy to guide the country's economic development.

The committee travelled the length and breadth of the country with a comprehensive nationwide consultation program visiting the 89 district. The response from simple villagers, mothers, children and the community at large, was overwhelming, thus the Vision 2050 was formulated taking into account the aspirations and dreams of Papua New Guineans who earns to live in a country where all people are a given a fair go in life,- "*We will be a Smart, Wise, Fair, Healthy and Happy Society by 2050*".

Papua New Guinea under its Vision 2050 has a huge challenge ahead in terms of meeting the objectives of its seven strategic focus areas, referred to as seven pillars. The seven strategic focus areas are:

- Human Capital Development, Gender, Youth and People Empowerment;
- Wealth Creation
- Institutional Development and Services Delivery
- Security and International Relations
- Environmental Sustainability and Climate Change
- Spiritual, Cultural and Community Development; and
- Strategic Planning Integration and Control

Of these seven pillars, the tourism sector is aligned under the wealth creation pillar which has three main objectives. If aligned together with the objectives of the other six pillars such as pillar one- Human Capital Development, Gender, Youth and People Empowerment can contribute meaningfully to the sustainability of the economic developments of PNG under its medium and long term development strategies of this country.

Pillar two of Vision 2050 focuses on wealth creation, natural resources and growth nodes with emphasis on a healthy, educated and a skilled population. Objectives under wealth creation focused on agricultures, forestry, fisheries, and tourism. Under tourism, the three main objectives under point 1.17.4.4 of the Vision 2050 documents are:

- Register all terrestrial and marine resources as incorporated group for tourism;
- Introduce a tourism and hospitality curriculum in high schools, secondary schools and national high schools; and
- Employ attractive, aggressive marketing and promotion of Papua New Guinea, as a preferred tourist destination.

Tourism as an industry has the potential to bring into the country substantial foreign capital reserves plus other economic benefits if the tourism products are developed, diversified and managed properly. Promotion is also an important consideration to capitalize tourism benefits. Tourism products need to be promoted globally through effective marketing strategies due to the evolving demands in certain areas that only PNG can provide through the vast potentials the country has in term of its living cultures, natural resources, pristine environment, unique landscapes and untouched marine environment.

The government plans to ensure the marine, plant, culture and natural biodiversity must be managed in a sustainable way to enable the growth of the industry and the government has ensured that such activities as financial literacy programs, improve business environment, provide management training and financial literacy skills are rolled out and implemented effectively by the agencies of the government and important stakeholders.

The government has recognised that only ten percent of business activities are owned by Papua New Guineans and through the Vision 2050 aims to ensure that PNG has a strong dynamic and competitive economy by 2050. Through wealth creation, the government aims to generate around 70 percent of GDP through the development of the manufacturing, agriculture, forestry, fisheries and tourism ventures. The other 30 percent is expected to be generated through petroleum and gas ventures in the non-renewable sector.

Tourism and the Medium Term Development Plan

In alignment with the Vision 2050, is the Medium Term Development Plan 2011 – 2015, (MTDP). The MTDP as a substance of Vision 2050 maps out the planning for strategic areas and how these can be attained by 2030. According to the document, the MTDP is the map for our nation and in line with the Vision 2050 focus on attaining prosperity for the people of this nation.

Part 4.9 of the Medium Term Development Plan focuses on Tourism with the main objectives:

“Increase the overall economic value of tourism to the nation by doubling the number of tourists on holiday in PNG every five years and maximizing the sustainable growth for the social and environmental benefits of Papua New Guineans”.

Under the medium term development plan, tourism has been identified as one of the fastest growing industries worldwide, which continues to play a major role in increasing the wealth of nations as well as the opportunity to increase the country’s economic base and expanding its foreign exchange through inbound tourists and visitors. To achieve economic goals, there is a need for involvement and commitment to the goal by Papua New Guineans whereby the benefits should be felt at all sectors of the economy.

Capabilities of achieving economic goals through the tourism sector are;

- Providing significant employment throughout PNG
- Developing income generation opportunities, leading to a reduction in poverty level and reduction in law and order problems
- Development of Rural economies reduce urban migration
- Providing a sustainable alternative which contributes to the management and preservation of our country’s natural resources
- Reinforcement of the country’s unique culture and handicrafts, which are tourism assets in their own rights
- Supporting the development of linked economic activities such as agriculture and fishing and other services which support tourism

- Provide a major source of direct and indirect tax revenue for the government to support the delivery of social services which support tourism.

Challenges in Implementation

Under the Vision 2050 and the Medium Term Development Plans 2011 - 2015, the government is faced with immense challenges facing its economic and development strategies. To attain desired results from tourism, the following impediments to tourism developments identified by PNG TPA should be addressed:

- Inadequate domestic transport infrastructure and other support services
- Limited supply of market-ready, quality tourism businesses to meet current demand
- Insufficient human resource capacity to meet existing or future needs
- Inadequate “whole of government” approach to tourism development
- Institutional and regulatory barriers to generating new tourism investments that capitalise on PNG’s raw assets and market potential
- Limited market knowledge of PNG tourism
- Limited access to finance for tourism SMEs
- Limited engagement of local communities in the travel and tourism economy
- Inadequate supply and high cost of travelling in PNG
- Bad media publicity
- Law and Order problems

Besides the challenges mentioned there has to be a change in the mindset of the people to embrace the changes that would take place. There has to be strong political leadership and improvement in governance and also improvement in service delivery.

Another important factor that may contribute to the successful implementation of the focus areas noted under Vision 2050 is for the alignment and operationalization of government policies to address cross-cutting issues such resource allocations, institutional policies, financial resources.

In line with the Vision 2050 strategic plans, tourism can be a major catalyst for economic growth on par with other industries within the economic sectors. This is being recognized by the government given the following:

- Tourism studies are now being taught in most secondary schools in Papua New Guinea as well as in the higher tertiary institutions such as the University of PNG and the Divine Word University. The output results would be a gradual increase in small scale development of tourism products and activities as well as niche tourist products.
- The government through the PNG Tourism Promotion Authority has identified five model tourist provinces which show the seriousness by the government in making this industry an important catalyst for economic development. The success depends on how the stakeholders address some of the challenges mentioned in this paper.
- PNG has competitive advantages over other countries when it comes to tourism products given the thousands living cultures which can be turned into niche tourist

products. The potentials to develop our war tracks and relics for historical tourist products, pristine and untouched landscapes and waterways targeting adventure tourist products, bird watching and many more, which is an advantage for the industry to develop further.

Finally the important factor is the tourism marketing which has to be aggressively pursued with the right strategy. The current marketing strategy can be improved further using the four marketing Ps effectively and with the combine support of all industry stakeholders in term of resources and channel distributions

Conclusion

This research affirms that tourism is recognized as one of the world's largest and fast-growing industries that create overwhelming economic impacts. The increasing number of international and domestic visitors and tourism investments resulted to a higher volume of income and employment generated. Tourist expenditures generated tourism receipts that reverberate across tourism and other indirectly related sectors. It has been recorded that for several years, healthy travel and tourism trends are observed whilst the current projections manifested more vigorous tourism developments. Clinging to these tourism patterns, global, regional and national tourism reforms are expected to meet the ever changing nature of this sector. Destinations will come up with diversified tourist products and effective marketing strategies as critical components of their overall tourism plans to achieve competitive advantage. All these efforts are geared towards their ultimate desire to reap the maximum economic benefits of tourism and making this sector as a catalyst of economic growth and a strong agent to alleviate poverty.

In the Pacific region, Papua New Guinea emerged to be an interesting destination for travelers looking for exotic experiences through its magnificent natural resources and highly diverse culture. PNG is competing with neighboring countries that offer same products and experience to international visitors. The current set-up due to tight competition does not push tourism to elevate to the next level. Tourism in PNG remains to be in a fledgling stage keeping the status quo for several years. The increase in international visitors' arrival and tourism receipts compared with what other Pacific islands nations have achieved is quite alarming given the resources available in PNG. With this scenario, the country will not be able to maximize the full potential of tourism in terms of its economic contributions and other inherent benefits to society and environment.

The aspirations of Papua New Guineans stated in PNG Vision 2050 reflect the people's desire to be part of an ideal society. The PNG Vision 2050 and the Medium Term Development Plan if successfully implemented is expected to turn the wheel of the country in terms of economic strategies and approaches for sustainable development. Under these strategic plans, government identified tourism as one of the sectors that will drive the nation to a healthy economy. This is an indication that the government realizes the value of developing tourism as an important economic sector learned from other countries that experienced road to economic prosperity with tourism as an integral part of their growth

strategies.

To successfully execute these plans, government and other concerned stakeholders need to have strategic alliance and partnership that will help Papua New Guineans achieve their aspirations. The multi-dimensional nature of tourism requires other sectors to share responsibilities in developing the industry. The government should have strong political will in genuinely instigating changes within the tourism sector. A tourism government body with regulatory functions will be crucial in the transformation process. In this sense, tourism operations will be regulated, standardized and in accordance with the expectations of international visitors. Other important areas to consider are tourism product diversification and more effective marketing strategies. This will eventually give additional reasons for tourists to pick PNG as their destination giving a tight competition with neighboring countries in the South Pacific.

Several literatures have identified the tourism impediments in PNG and yet there are no effective plans of addressing these perennial challenges. If PNG government is serious in pushing tourism to be a wealth creator and growth strategy, these impediments need to be resolved. Otherwise, they will block the process and hinder the fulfillment of economic objectives. One major issue is the attitude of the people towards tourism. Most of them preferred the development of extractive resource industries like mining and petroleum because of the immediate economic gain. Lack of knowledge and appreciation of tourism are seen as factors influencing their attitude. However, tourism awareness is the basic approach to educate people on the long term benefits and prospects of developing tourism. It will also encourage support and participation of the local communities in tourism development. Rayel (2012) emphasized that local people are the resource owners and tourism should be sensitive to their needs ensure sustainable development. Thus, success of every tourism project that is expected to bring the real paradise in Papua New Guinea is on their very hands.

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