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A SECTOR RIPE FOR DEVELOPMENT

PORT MORESBY'S PREMIER HOTEL, AIRWAYS, HAS RECENTLY COMPLETED A MAJOR 60-ROOM EXTENSION. IT IS INTRODUCING A LEVEL OF LUXURY AND SERVICE HITHERTO UNKNOWN IN PNG. THE NEW LUXURY ROOMS, WHICH WILL SOON BE JOINED BY A HEALTH CENTRE AND NEW SPA COMPLEX, UNDOUBTEDLY POSITION THE HOTEL AS ONE OF THE LEADING HOTELS IN THE PACIFIC.

Tourism represents a long-term prospect in PNG, especially in such niches as eco-tourism.

Papua New Guinea has a range of assets—a warm climate, picturesque islands, unique flora and fauna, magnificent mountain ranges and a rich Melanesian culture among them—that make it ripe for development as a tourist destination. A number of government and private sector initiatives are helping to boost the huge potential of its as-yet-underdeveloped tourism industry. As *Business Advantage* reported last year, the PNG Tourism Promotion Authority's (TPA) 10-year master plan, launched in 2007, aims to promote the country, lift standards, develop incentives for investors, improve collaboration between the public and private sector and launch a cruise ship strategy.

PRIORITIES IDENTIFIED

Despite figures that show holiday traffic dipped by 12% in 2009 (breaking a long-term upwards trend), largely due to the global downturn, the master plan is proceeding, buoyed by increased funding for marketing and branding, and assisted by a tourism diagnostic tool developed by the International Finance Corporation (IFC) that is helping to identify priorities.

'PNG is the first country in the world in which the tool has been delivered. We are working together with the TPA to implement a response and it's going very well,' says the IFC's Country Coordinator for PNG, Peter Cusack.

REBRANDING PNG TO THE WORLD

A major focus of the TPA has been to rebrand PNG as a unique Pacific destination via a new marketing campaign under the slogan, 'A Million Different Journeys'.

While there are no major holiday resort operators currently in PNG, the array of 'soft adventure' tourism options include birdwatching, surfing, scuba diving, eco-tours and walking the famous Kokoda Trail, which holds strong appeal for Australians (who represent 62% of PNG-bound tourists).

'We are a unique and diverse destination and we offer a variety of products and experiences you cannot find anywhere else,' says TPA's Chief Executive Officer, Peter Vincent.

IMPROVED CONNECTIONS & FACILITIES

One thing that has improved markedly in recent times has been the increase in the frequency and range of air services to PNG, and also lower prices. Virgin Blue subsidiary Pacific Blue entered the PNG aviation market in 2008 via a codeshare arrangement with local airline Airlines PNG. National carrier Air Niugini has responded to the competition and has added more services to its schedule. Australia's Qantas is due to commence flights from Cairns in mid-2010.

Infrastructure upgrades have been planned for several of the country's main and regional airports and work has already begun on Jackson's International Airport in Port Moresby, while a second international airport is being flagged at Alotau in Milne Bay Province.

BETTER HOTELS, MORE ROOMS

While they are primarily aimed at the business traveller, the major hotel expansion projects currently under way in PNG (see page 40) will undoubtedly also assist the tourist sector too, providing facilities for larger conferences and a major casino. At present, the undersupply of rooms in major population centres has driven up hotel room prices to the point where PNG is uncompetitive with other Pacific tourism locations. It is hoped that the increase in the number of rooms will bring down prices over the medium term.

The next phase is to encourage some major tourism developers to establish resorts in PNG.

'There are lots of regional boutique hotels and resort operators that are keen to come in,' Vincent points out. To assist, the PNG Government has put in place some attractive incentives for the sector, including double income tax deductions, accelerated depreciation, goods and services tax exemptions and infrastructure tax credits.

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FURTHER CHALLENGES

PNG is also a key stopping point for several Pacific cruise ships and the TPA is currently examining how this sector can best be encouraged. PNG will also increase its visibility in the Pacific pavilion at this year's World Expo in Shanghai.

There are still a number of challenges to address. The TPA hopes to circumvent one of these—law and order—by focusing developed in 'model provinces' away from the country's major security hotspots.

Peter Vincent believes the whole-of-government approach will help the industry overcome the hurdles and grow:

'That's what we mean by the master plan. It's not tourism alone; it looks at the implications on trade and industry, foreign affairs and so forth. It brings all the stakeholders together to take a common approach,' he says.