

A sector ripe for development

More visitor arrivals and significant new investment is driving growth in PNG's promising tourism sector.

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.

While there are no major international 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). An increasing number of cruise ships also choose to visit PNG.

Tourism promotion

The sector is supported by the active PNG Tourism Promotion Authority (TPA), which promotes the country at international tourism industry events, and is custodian of the country's 10-year tourism master plan, launched in 2007.

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

The tourism master-plan has also focused promotion on those 'model provinces' most suitable for tourism development: National Capital District (Port Moresby), Morobe, Madang, East New Britain, New Ireland, Milne Bay, Southern Highlands, Eastern Highlands, West New Britain and Enga Provinces.

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.

Track record of growth

Efforts to promote PNG as a tourism destination appear to be paying off.

After a 12% dip in 2009, attributable to the global financial crisis, tourist traffic to PNG bounced back by 7% in 2010—part of the long-term upward trend. Moreover, the TPA estimates that the tourism industry contributed an estimated K1.4 billion (US\$540 million) into PNG's GDP in 2010—almost 17% more than it did the year preceding.

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, with competition keeping a lid on 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 Limited (ANL) has responded to the competition and has added more services to its schedule. In February 2011, ANL's Chairman Sir James Tjoeng advised Business Advantage that additional flights to Hong Kong, Singapore and Manila were also awaiting regulatory approval. Australia's Qantas commenced flights from Cairns in mid-2010 and is expected to add flights from Brisbane in the future.

Pleasant surprises

While the bulk of tourism accommodation in PNG is around the 3 to 3.5 star range, there are some pleasant surprises. PNG's outstanding hotel, Airways, was voted the World's Leading Airport Hotel in the 2010 World Travel Awards and is a genuine oasis of quality.

With more international business people coming to live and work in PNG, growth in domestic tourism is also anticipated. In Madang Province, soon to be home to the Pacific Marine Industrial Zone (PMIZ), plans are being drawn up for the Madang Tourism Growth Centre, a self-contained recreational resort complete with golf course adjacent to the PMIZ. This project, currently being coordinated by the PNG Industrial Centres Development Corporation, has already attracted expressions of interest from international resort developers.

Better hotels, more rooms

Driven by an undersupply of hotel rooms in the capital, Port Moresby, major hotels such as Airways Hotel, Gateway Hotel and the Ela Beach Hotel have recently completed large expansion projects, with the Holiday Inn currently adding 200 rooms. Meanwhile, the CBD awaits the completion of Steamships' new flagship Grand Papua Hotel in the second half of 2011 (see box), while a K200 million Korean-built casino hotel is currently being built in Boroko, a joint venture with local landowner companies. It is hoped that the increase in the number of rooms will bring down room prices—which are currently high by international standards—over the medium term.

NEW FIVE-STAR HOTEL FOR PORT MORESBY



Credit: Steamships

Artist's impression of the new Grand Papua Hotel, opening in late 2011

With PNG in the grip of a resources and development boom, quality hotel rooms in its capital have been at a premium. Soon, visitors to Port Moresby will have a new five-star option, however, with Steamship Trading Company's Grand Papua Hotel set to open in the central business district in October 2011.

The much-anticipated 20-storey hotel—described by Steamships' Corporate Development Manager Darren Young as

'one of the most prestigious developments in our 90-year history in PNG'—will feature 156 suite rooms, an executive floor with a gym and health spa, conference facilities for up to 600 delegates, a bar and restaurant, and four levels of parking.

Young says that the hotel, built on the site of the old Papua Hotel destroyed by fire in 1991, will have a 'contemporary colonial' feel. Guest rooms will have a modular, 'three-key' design, enabling reconfiguration at short notice.

'We hope that the Grand Papua will really change people's experience of what a hotel can be, and enhance PNG's image as a destination for the tourist and business traveller,' says Young.