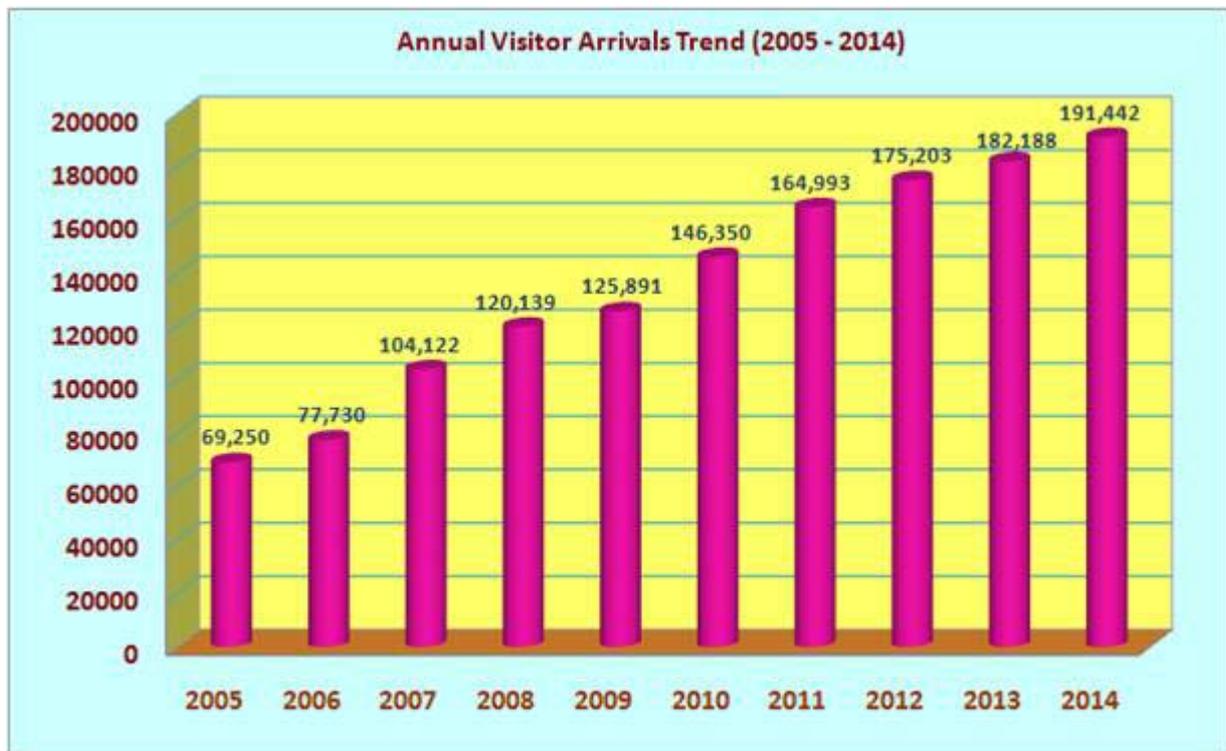


## **Below is the 2014 Visitor Arrivals Summary**

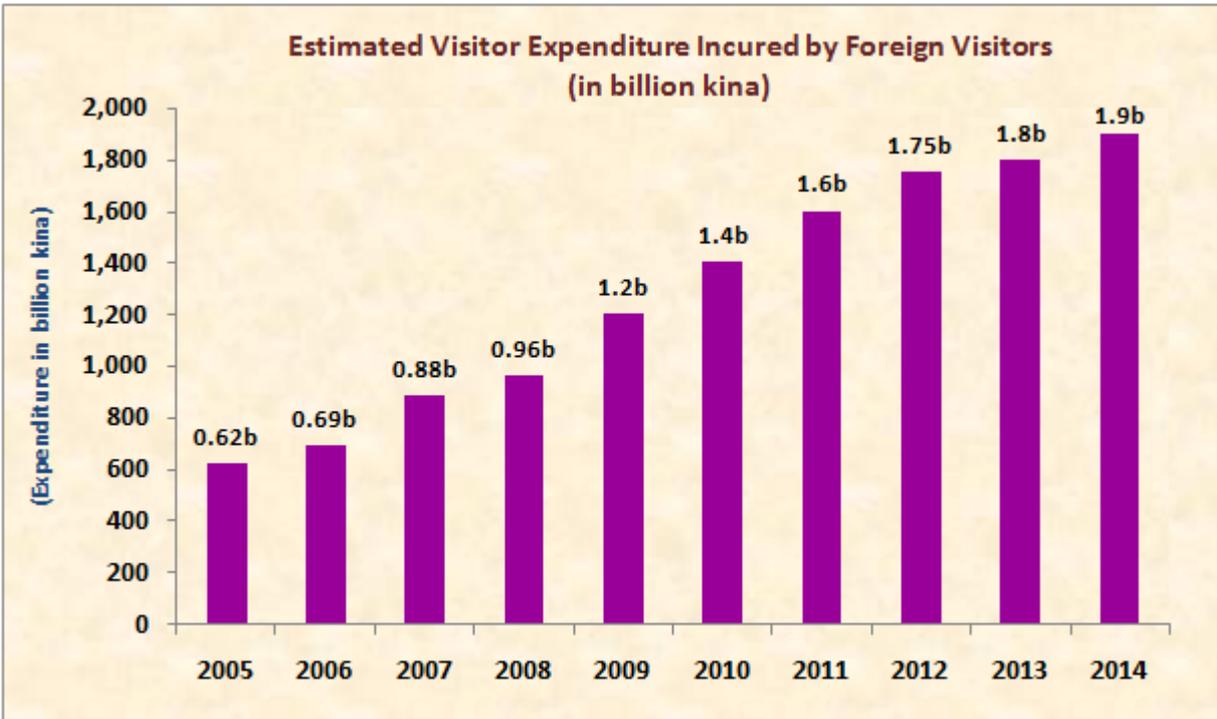
### **1. Arrivals**

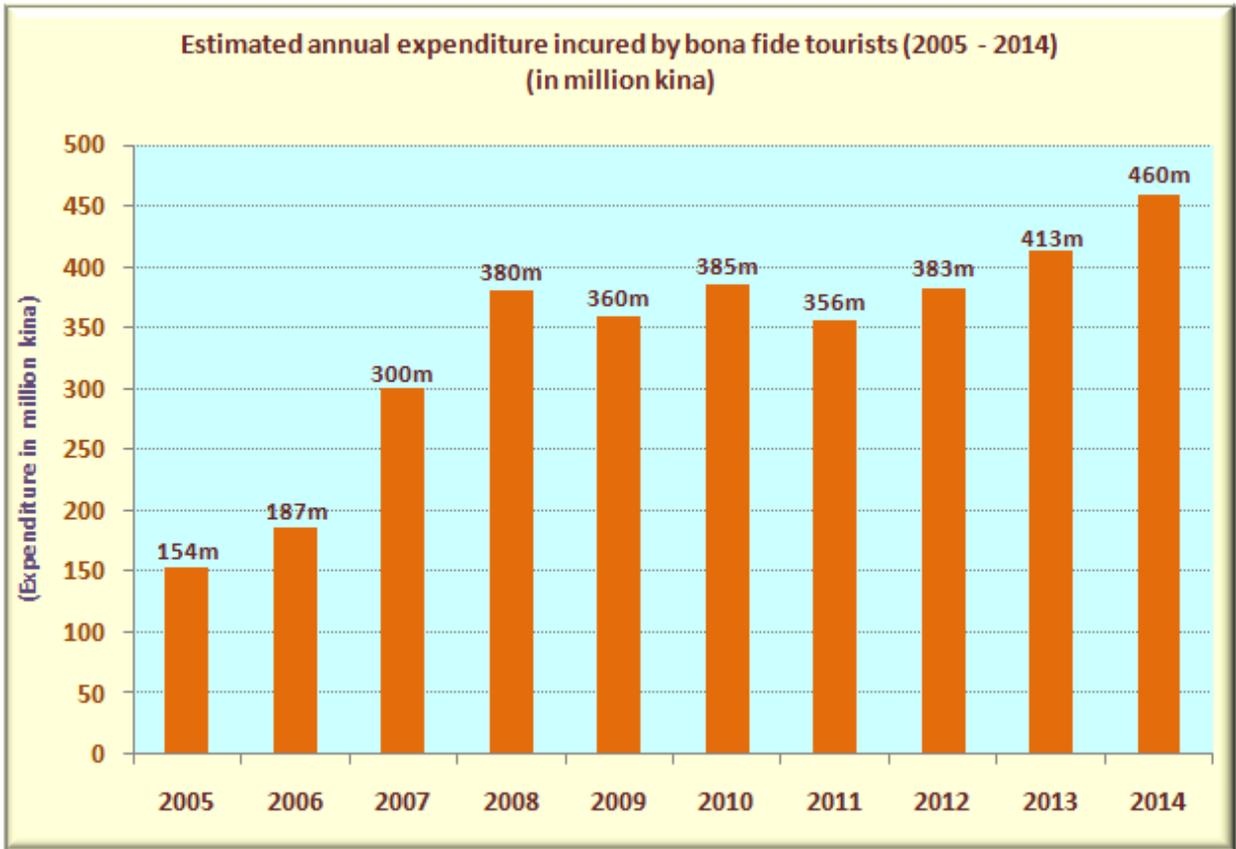
- Despite the challenges in 2014, Papua New Guinea received over 191,000 international visitors to the country, an increase of 5% or additional 9,000 arrivals compared to the 182,188 visitors recorded in 2013. This is within TPA's forecast to record between 190,000 – 200,000 international arrivals to the country in 2014 and our forecast to record between 220,000 – 250,000 in 2015 is still achievable as we continue to extend our marketing activities in other new markets and implement our short and long term plans.





- In terms of tourism expenditure, an estimated K1.9 billion was spent by visitors in the country in 2014, an increase of 6% compared to the amount spent by international visitors in the previous year. Out of the total expenditure, an estimated K460 million was spent by genuine tourists in the country.



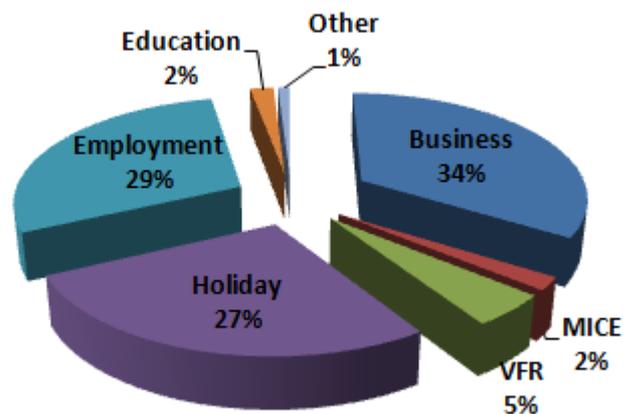


- Out of the total arrivals in 2014, 34% came for business, 32% were on holidays including those visiting friends and relatives, 29% came for employment, 2% MICE and the remaining 3% visited the country for other reasons. Strong growth was seen from the holiday, business, VFR and the MICE segments with 20%, 13%, 32% and 67% respectively, while visitors coming to the country for employment reasons dropped in the year by 18% due to winding down of the PNG-LNG construction phase early last year.

**Areas Visited by Tourists in 2014**

Main Area	2014	2013	Change	% +/-
Western Prov	4,330	4,055	275	7%
Gulf Prov	406	527	-121	-23%
Central Prov	3,250	3,113	137	4%
NCD (POM)	96,117	95,690	427	0%
Milne Bay Prov	6,201	5,845	356	6%
Oro Prov	933	825	108	13%
SHP Mendi	14,973	14,755	218	1%
Enga Prov	2,543	2,360	183	8%
WHP Mt. Hagen	5,061	4,504	557	12%
Simbu Prov	138	122	16	13%
EHP Goroka	4,778	4,679	99	2%
Morobe Prov	14,186	13,335	851	6%
Madang Prov	9,715	8,650	1065	12%
ESP Wewak	2,949	2,235	714	32%
WSP Vanimo	603	441	162	37%
Manus Prov	4,767	2,023	2744	136%
NIP Kavieng	7,180	6,935	245	4%
ENBP Rabaul	9,684	8,480	1204	14%
WNBP Kimbe	2,757	2,832	-75	-3%
NSP Buka	871	740	131	18%

**Arrivals Distribution by Purpose of Visit - 2014**



- The healthy trend in holiday arrivals to Papua New Guinea was attributed by more cruise ship visitation to the country. In 2014, about 30 luxurious cruise ships carrying over 15,000 tourists visited PNG. The cruise ships made over 200 calls in the coastal destinations around the country, thus, allowing tourists to spend substantial amount of money to the local economy. Most of the cruise ships visited remote island villages in Milne Bay, Rabaul, Madang and along the Sepik River, New Ireland, West New Britain and Tufi.
- The growth in holiday arrivals marked the eight consecutive year to see growth in this sector, though there was a slight decrease in 2009 due to the global financial crisis that affected many destinations around the world. The healthy trend picked up again in 2010 and continued through to 2014. Out of the 50,815 holiday arrivals to the country in 2014, over 15,000 came via cruise ship.

## **2. Source Market Performance**

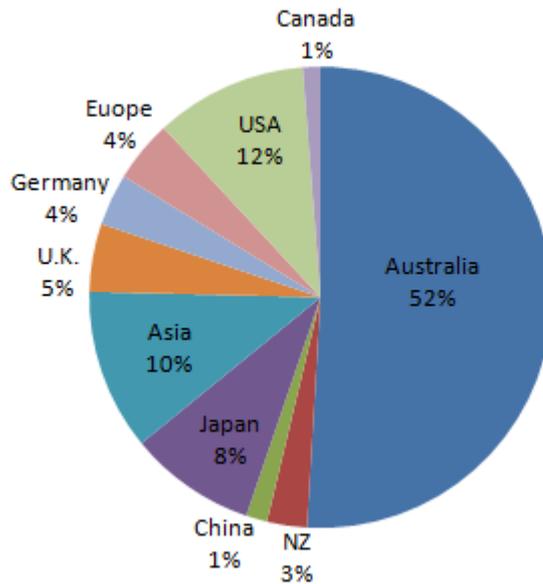
- Holiday arrivals from most of our key source markets performed well in 2014, except for Japan and most Asian countries dropped in the year. The drop in arrivals from Japan and the Asian markets is a result of more intra – regional travel among the Asian countries in fear of terrorism threats and other security issues in other parts of the world.
- Australia, USA, New Zealand, UK, Germany and other European markets performed extremely well in 2014 by recording positive growth compared to the previous year. Though the Australian market had seen a downward trend in the early part of the year, it slowly improved with more cruise tourists coming from the market. The drop in air arrivals from Australia in the first half of 2014 was partly contributed by the cancellation of ‘visa on arrival policy’ for Australians in late 2013 and also by the Black Cat incident, but picked up well in the second half of the year.
- The healthy growth in holiday arrivals from the key source markets were a result of more marketing and promotional activities carried out by PNG Tourism Promotion Authority in partnership with the industry partners in the markets.

***Figure 1: Holiday Arrivals by Market – 2014/2013***

<b>Country</b>	<b>% Change (+/-)</b>
Australia	12%
New Zealand	29%
Oceania	9%
China	14%
Japan	2%
Korea	-9%
Malaysia	-1%
Singapore	-2%
Philippines	-35%
India	-33%
Other Asia	-10%
United Kingdom	41%
Germany	33%
France	12%
Netherlands	16%
Other Europe	11%
USA	10%
Canada	11%
Russia	9%
Italy	23%
Chile	15%
Israel	27%

- Russia, Italy and Israel contribute less than one percent of the total visitor arrivals to the country, but holiday arrivals from these smaller contributing markets have recorded double digit growth in 2014, which is expected to continue in 2015 due to TPA's extended presence in some of these markets.

**Holiday Arrivals Share by Market - 2014**



- Australia remains Papua New Guinea's largest inbound tourism market making up over 50% of the total arrivals to the country, followed by USA (12%), Japan (8%), Germany, UK, New Zealand and China and other smaller markets.

**3. Key Facts to Consider:**

- According to PATA's latest forecast report, intra-regional travel activity is on the rise and will generally continue to strengthen over the forecast period to 2018, which is an opportunity for PNG to tap into some of the neighboring Asian markets.
- Australia is PNG's largest inbound tourism market, accounting for almost half of all visitors. Fuelled by a strong economy, its proximity and an appetite for international travel, Australia will continue to be essential to PNG's tourism industry. However, the visa issue and other services in the country must be improved to meet the demand of Australian tourists and remain competitive in the market.
- Outbound travel in Australia has been booming for several years now and Australians are no longer nervous about travelling overseas. In addition, many Australians are becoming more relaxed about purchasing travel and tourism products and services online. This has resulted in a major move towards Australians booking their outbound travel through online travel agents. Foreign online travel agents such as Expedia and Agoda are consequently booming, while Webjet has acquired Zuji, and store-based travel agents who were once able to rely on consumers using their services for outbound travel are seeing their business models becoming decidedly shaky. Even sales of package holidays, previously the preserve of store-based travel retailers, are beginning to boom online.
- Japan's travel industry benefits from the growing retiree population, as the large senior citizen population throughout the nation has a strong interest in travelling.

Travel companies including travel agencies, hotels, airlines, and tourist attractions changed to accommodate and target this increasingly attractive population segment. Seniors, especially baby boomers, are ready to enjoy travelling after years of working and sacrificing their free time due to additional overtime work. These experienced senior travellers like to visit foreign countries never visited before. This demographic change creates new opportunities for travel operators to take advantage of this market.

- Price will continue to be the main factor when choosing a destination. Therefore, cheap destinations will continue to be favoured and the use of last minute booking is expected to increase dramatically in addition to mobile applications.

#### **4. Conclusion:**

- As highlighted, the first half of 2014 came with many challenges and arrivals to PNG was lower than expected, but picked up well in the second half of the year. The healthy trend seen last year is expected to continue in 2015 as more new tourism products have been developed by TPA in the model provinces and in other parts of the country to attract more tourists to the country. The upcoming international events and number of big cruise ships scheduled to visit the country during the year are other factors that will boost growth for tourist arrivals to the country.
- Further, the new rebranding exercise and marketing approach by the PNG Tourism Promotion Authority in partnership with the industry partners will set the foundation for tourism growth in the country, and arrival numbers are expected to increase from the key source markets. With the aim of driving the tourism industry forward, the PNG Tourism Promotion Authority in the last 7 years had also set out clear short and long-term plans, and with proper government support and industry partners and stakeholders working together to achieve these objectives, tourism in the next 5 to 10 years will be a significant contributor to the national Economy.