

Tourism in Papua New Guinea: a comparative perspective

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Papua New Guinea is a nation of immense natural beauty and incredible cultural diversity, yet it is completely shunned as a tourist destination despite being so close to the enormous East Asian market. This paradox is almost completely due to the law and order situation, which United Nations data shows to be as bad as anywhere in the world. The tourism industry provides a golden opportunity for economic development, but the law and order problem will need to be addressed first.

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For developing nations the booming international tourism industry provides a window of opportunity. Tourism holds enormous potential for reaping substantial economic rewards; this is increasingly recognised across both industrial and developing countries with governments becoming actively involved in marketing tourism and creating an environment, infrastructure and other facilities conducive to tourism.

In Papua New Guinea the potential for tourism is enormous yet tourism is virtually non-existent. Papua New Guinea has a wonderful blend of idyllic tropical islands, spectacular highlands, and a rich and incredibly diverse culture. It provides

opportunities for diving, fishing or hiking unsurpassed anywhere in the world. Papua New Guinea is also well located in Southeast Asia, adjacent to an enormous tourism market. Before the East Asian currency crisis, East Asia was the most rapidly growing region in the world for tourism. Millions of people virtually fly over Papua New Guinea every year en-route to Australia, yet it struggles to attract 40,000 visitors per year, half of whom are on business. This is less than 0.06 per cent of the 69 million tourists the Asia Pacific region hosted in 1993 and just 2 per cent of the 2 million visitors to Melanesia, Micronesia and Polynesia (Forsythe and Dwyer 1996).



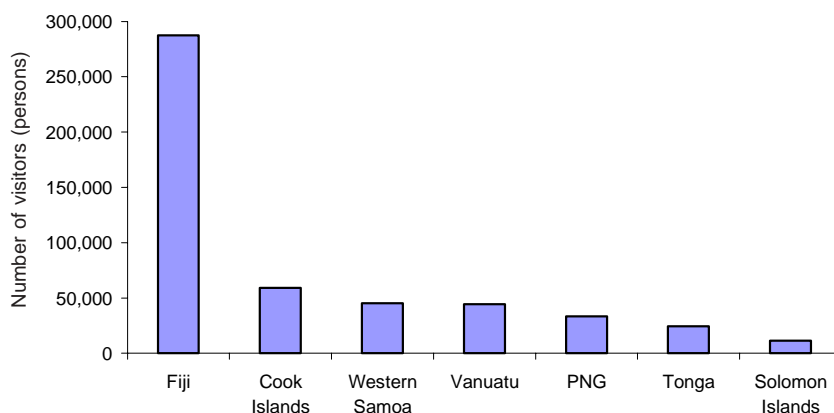
Papua New Guinea's tourism performance

Even tiny nations such as Cook Islands and Western Samoa attract more visitors than Papua New Guinea, and the number visiting Tonga and Solomon Islands is only marginally less (Figure 1). This is extraordinary because not only do these other countries have the disadvantage of being more isolated from the East Asian market, but they have far smaller potential and capacity for tourism than Papua New Guinea. Fiji too is isolated yet it manages to attract nearly 10 times the number of visitors of Papua New Guinea—yet Papua New Guinea has greater diversity of cultural and natural attractions. Papua New Guinea's immediate neighbours to the East and South, Indonesia and Australia, attract more than 4 million visitors each per year.

Not only is the tourism industry of Papua New Guinea performing way below its potential, but its growth is poor (Figure 2). Papua New Guinea is by far the worst performing nation in the region in terms of

tourist growth. The growth of tourism in the region has been substantial and in line with world trends of around 7 per cent average growth per annum (Forsythe and Dwyer 1996). For the period 1970–94, Australia performed best with an average rate of increase in visitors of 8.4 per cent per annum (Figure 2). The best of the developing island nations was Cook Islands, with visitors increasing by an average 8.3 per cent per annum. Against the trend, growth in visitor numbers to Papua New Guinea averaged just 0.4 per cent per annum—far below the next worst nations, Western Samoa, at 4.0 per cent, and Fiji at 4.3 per cent. Political instability in the second half of the 1980s contributed to the weak average growth rate for Fiji. To understand the implication of the disparity in growth rates, note that since 1970, the number of visitors attracted to Fiji increased nearly threefold whereas for Papua New Guinea, the increase has been just 9 per cent. In 1970 Fiji attracted three times as many visitors as Papua New Guinea, and in 1994, eight times as many. If Papua New Guinea had experienced

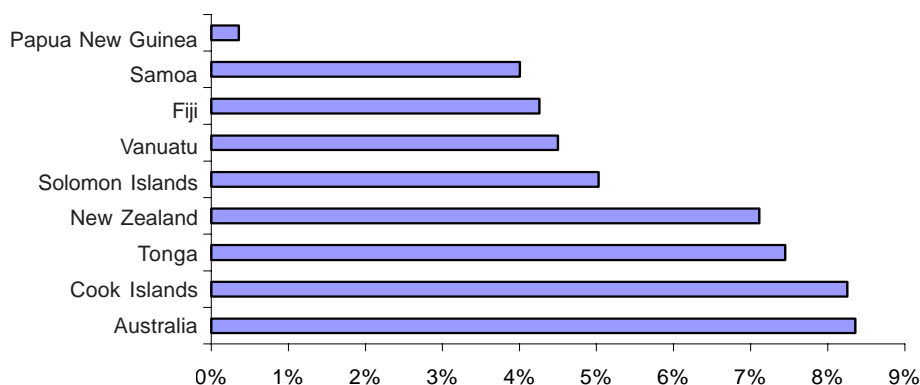
Figure 1 Number of visitors to Pacific island nations, 1993



Source: South Pacific Economic and Social Database, National Centre for Development Studies, The Australian National University, Canberra.



Figure 2 **Tourism trends in the Pacific region: average visitor growth per annum, 1970–94** (per cent)



Source: South Pacific Economic and Social Database, National Centre for Development Studies, The Australian National University, Canberra and *United Nations Statistical Yearbook* (various issues).

even Fiji's low rate of growth in tourism, the number of visitors in 1994 would have been more than 110,000.

Why is it that Papua New Guinea has performed so badly in attracting a tourism industry? It is obviously not for lack of attractions, and it is not for lack of government will for a tourism industry. After all, Papua New Guinea established the Tourism Promotion Authority for the sole purpose of fostering the tourist industry and addressing the needs of such an industry. Obtaining an entry visa is relatively straightforward and infrastructure and services for tourists are no less developed than that of the other island nations, Fiji excepted. Tourist services are certainly available—hotels, taxis, hire cars, restaurants—the shortage of available organised tours is only a reflection of lack of demand. Duncan and Lawson (1997) mention the cost of tourist services as being a hindrance to tourism, particularly air travel, hire car and accommodation services, but they also note

this to be partly a symptom of low tourist volumes—increased tourist volumes would bring improved economies of scale. For example, Duncan and Lawson (1997) note that 70 per cent of Air Niugini's costs are fixed costs.

That leaves Papua New Guinea's colossal crime problem as the main cause of the paralysis in tourism industry development. Safety considerations are of utmost importance to potential tourists. Travel guides, whether they are available on the internet or publications such as the *Lonely Planet* series, will invariably pay particular attention to safety issues. For its discussion under the heading 'safety', the *Lonely Planet* guide for Papua New Guinea begins: 'This section on safety is much larger than is usual in Lonely Planet guides...' (Wheeler and Murray 1993:64). Tourists and, importantly, tour operators will shun a destination known to be unsafe, and Papua New Guinea has a widespread and well earned reputation as being a dangerous place to visit.



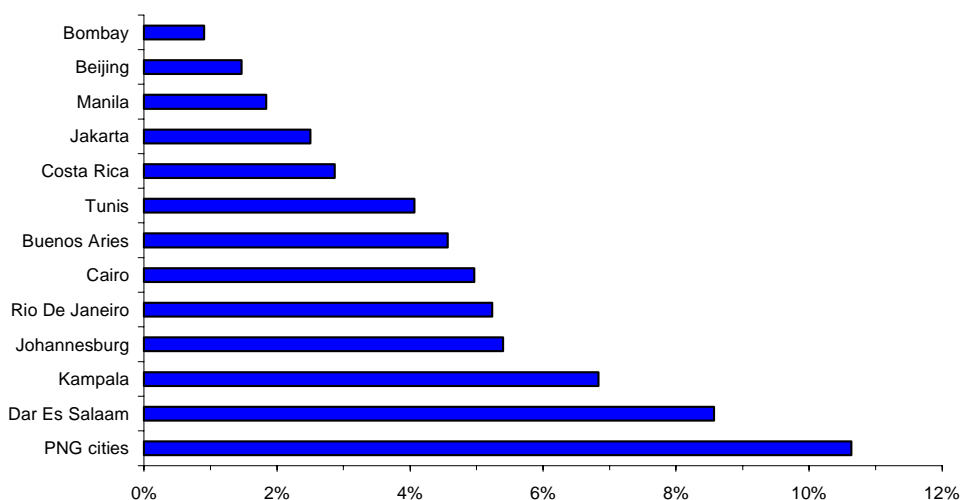
The crime problem in Papua New Guinea

The law and order situation in Papua New Guinea is in a disastrous state. The free rein of illegal elements in the community is such that more than 18 per cent of people who consider themselves to be part of the labour force in fact rely on crime or prostitution as their main source of income (Levantis 1997b:Table 3:78). Crime in Papua New Guinea matches or even surpasses the worst seen anywhere in the world. In a recent victimisation survey carried out by the United Nations across cities of 13 developing nations, only Kampala (Uganda) and Dar Es Salaam (Tanzania) were in the same league as the Papua New Guinea cities (Port Moresby,

Lae, Goroka). Papua New Guinea fared much worse, however, when it came to violent and sexually related crimes, and it is the serious nature of these crimes that forms the greatest deterrent to visitors and tour operators. The media in Papua New Guinea are unconstrained and particularly active in reporting crimes of a serious nature.

The average of the victimisation rates for robbery, assault/intent, and sexual crimes is shown in Figure 3. In all three of these categories, the cities of Papua New Guinea fared the worst. It is extraordinary to find that the incidence of violent crime in Papua New Guinea cities is double that of notorious cities such as Johannesburg and Rio De Janeiro, and more than four times the rate of Manila and six times that of

Figure 3 Victimisation rate (average for violent crimes)



Notes: 1. The victimisation surveys were carried out between 1991 and 1993 for those aged 16 and over.
2. Papua New Guinea cities include Port Moresby, Lae and Goroka.
3. The violent crimes are robbery, sexual crimes, and assault/intent, and this chart averages the results of these three.

Source: Derived from Zvekic, U. and Alvazzi, A., 1995. 'Criminal victimisation in the developing world', Interregional Crime And Justice Research Institute, New York, accessed from the internet: <http://www.unicri.it/publicat/pub/nss/victim.htm>.



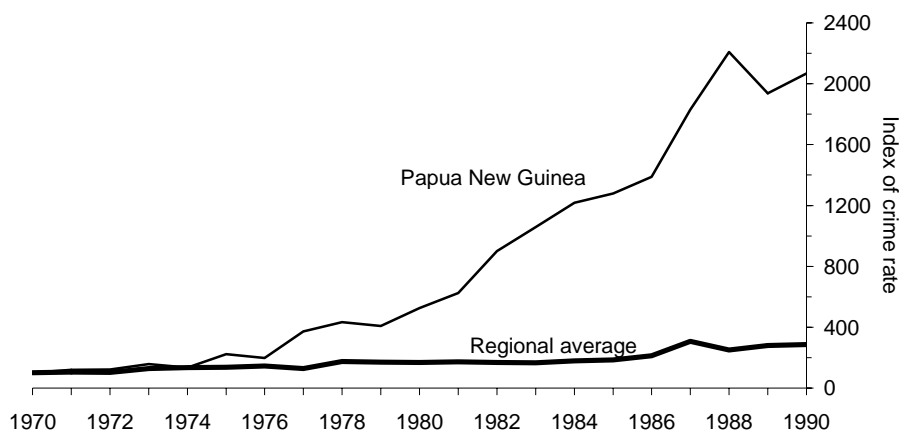
other neighbouring East Asian cities. Of particular note is that the victimisation rate for sexually related crimes was an extraordinary 11.8 per cent—assuming the victims are normally female, this translates to around one in five females over the age of 16 having been victim to a sexually related crime. The findings of the United Nations survey are consistent with that of Levantis (1997a) where the violent crime rate in Papua New Guinea's urban centres was found to be 10 times that in Australia.

Papua New Guinea's severe crime problem, and in particular, its violent crime problem, is a phenomenon that has only emerged in the last quarter of a century. An index of the violent crime rate in Papua New Guinea shows the incidence of crime to be more than 20 times in 1990 what it was in 1970 (Figure 4). It is extraordinary that the rate of increase in the crime rate, at least until 1988, has not tapered from an average of around 20 per cent per annum.

The violent crime rate across the other island nations in the region (data only available for Fiji, Tonga and Solomon Islands) recorded an increase between 1970 and 1990 of 2.8 times on average, Fiji being the worst with an increase of nearly five times (Figure 5) but still far better than Papua New Guinea's performance.

The evidence highlights the merit of the hypothesis that increased crime leads to reduced tourism. Of the countries studied, Papua New Guinea had by far the highest growth in violent crime and the worst tourism growth performance, while Tonga easily performed best, with violent crimes actually lower in 1990 than 1970, and also performed better in terms of tourism growth (Figures 2 and 5). This hypothesis is confirmed by Levantis and Gani (1998) who estimated the impact of crime on tourism across 11 developing nations of the Caribbean, the Mediterranean, and the South Pacific, including Papua New

Figure 4 Index of crime rates, Papua New Guinea and the South Pacific region (1977 = 100)

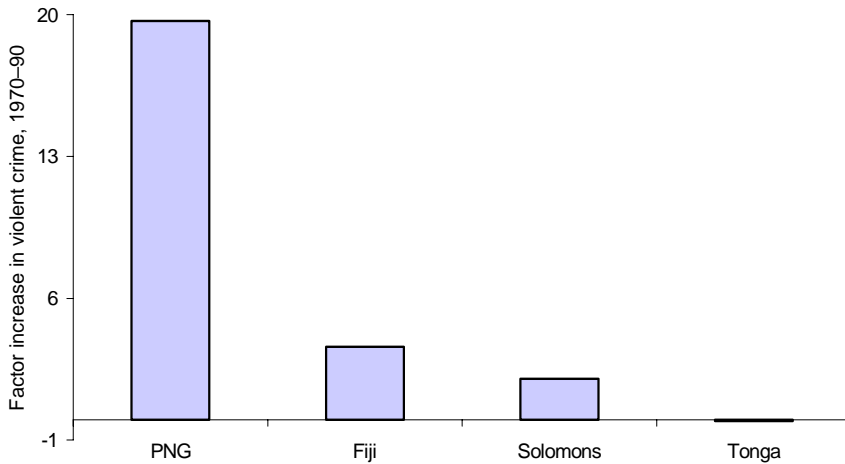


Note: The regional average index is calculated as an average of the crime indices of Fiji, Tonga and Solomon Islands.

Source: Levantis, T. and Gani, A., 1998. Tourism and the nuisance of crime: an empirical investigation, National Centre for Development Studies, The Australian National University, Canberra (unpublished).



Figure 5 Increase in violent crime, 1970–90



Source: Levantis, T. and Gani, A., 1998. *Tourism and the nuisance of crime: an empirical investigation*, National Centre for Development Studies, The Australian National University, Canberra (unpublished).

Guinea. It was found that, on average across the sample nations, a 1 per cent increase in crime (relative to other nations) will cause a 0.6 per cent decrease in tourism (relative to other nations). For Papua New Guinea, the coefficient was 0.63 per cent. To give an example, suppose that over a year, tourism to the region increases by 10 per cent, and crime in Papua New Guinea increases by 20 per cent but does not increase in other Pacific nations, tourism to Papua New Guinea will then fall by approximately 12 per cent compared to the other nations of the region, translating to an absolute fall of around 2 per cent—Papua New Guinea misses out on the increased demand for tourism.

Tourism for economic development

Given the right conditions, the tourism industry has the potential to become Papua New Guinea's biggest export earner.

Australia attracts over 4 million visitors annually, New Zealand nearly 1 million and Fiji, over 300,000 per annum—yet these nations are more distant from the major markets. Papua New Guinea is a short flight from most major East Asian sources of tourism, including Japan. Duncan and Lawson (1997) suggest that had Papua New Guinea realised its tourism potential it would be attracting 1 million visitors per annum. This figure is still less than that achieved by the tiny island nations of Jamaica and Bahamas. In fact, the basic conditions for tourism in Papua New Guinea are strikingly similar to these Caribbean nations. They too are developing island nations adjacent to an enormous market and have beautiful tropical settings. Papua New Guinea offers a richer and more diverse culture—but Jamaica and the Bahamas are not cursed with Papua New Guinea's severe crime problem. Duncan and Lawson (1997) do



note that in order to tap into this potential, Papua New Guinea's infrastructure would have to be improved. They also note that the cost of tourist services, particularly air travel, hotels, and hire cars, would need to fall, but that this would be a natural consequence of increased tourist volumes.

Foreign exchange earnings per tourist average close to US\$900 for Fiji and Papua New Guinea (derived from United Nations Statistical Yearbook). Each additional tourist therefore earns as much foreign exchange as exports of 300kg of coffee, 1 tonne of cocoa, or 10 cubic metres of logs. If Papua New Guinea attracted 1 million tourists, foreign exchange earnings would be K1,800 million—double the earnings from exports of gold and oil, and double the value of exports of the entire agricultural sector. Tourism exports would then reach around one-quarter of GDP. This compares with tourist earnings for Bahamas of 40 per cent of GDP, Barbados at 30 per cent, and Jamaica, 28 per cent.

Further, a tourism industry provides a more viable avenue for economic development than the mineral sector. Since independence, and particularly in the 1990s, Papua New Guinea has pinned its hopes for economic development on its extractive sector, but seemingly to no avail. The industry is highly capital intensive and enclave in nature. Unlike the extractive sector, tourism provides strong and diverse links and feedbacks with other sectors of the economy. It is an industry intensive in its use of unskilled and semi-skilled labour, particularly in restaurants and fast food outlets, accommodation, taxis and retail activities. Further, tourism would benefit a great cross section of Papua New Guineans as it can reach most regions, urban and rural.

Importantly, unlike minerals and to a lesser extent, forestry products, tourism also provides for a stable and consistent source of export earnings. Minerals are

non-renewable, and there is a constraint on the extent to which forestry operations are renewable. In any case, forestry operations raise questions of environmental degradation. Earnings of mineral and forestry products are unstable and unreliable both because the ability to sustain output is known only for the short to medium term, and the price of output fluctuates wildly on world markets. With more than three-quarters of Papua New Guinea's exports coming from just four commodities, gold, copper, oil and logs, Papua New Guinea is highly vulnerable to shocks in any of these markets. Export crops such as coffee and cocoa also provide unstable sources of income being at the mercy of fluctuating prices on the world market and the weather.

A development opportunity lost to the raskols

It is clear that the efforts to earn vast export earnings from minerals and forestry products have not been the solution to Papua New Guinea's development needs. Employment has changed little, even since labour market deregulation in 1992, and the surplus labour problem in urban centres is still enormous. Tourism provides Papua New Guinea with an outstanding opportunity for development. But in order to realise the enormous potential, the crime problem needs to be addressed.

Government expenditure on law enforcement, at around K100 million per annum pales into insignificance compared to the potential of tourism. Despite the extent of law and order problem, the Royal Papua New Guinea Constabulary is desperately undermanned and is less than half that of the state of New South Wales which has a similar population and area (Dinnen 1998). With tourism just one of the potential windfall economic gains for



Papua New Guinea, it is imperative that resources to address the law and order problem be dramatically increased.

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