

**SENATE FOREIGN AFFAIRS, DEFENCE AND TRADE
REFERENCES COMMITTEE
INQUIRY INTO PAPUA NEW GUINEA AND THE
ISLAND STATES OF THE SOUTH-WEST PACIFIC
SUBMISSION**

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SENATE

INQUIRY INTO AUSTRALIA'S RELATIONSHIP WITH PAPUA NEW GUINEA

AND OTHER PACIFIC ISLAND COUNTRIES

INTRODUCTION:

I am a self-employed sole director of my own tourism consultancy business, IAN KENNEDY +ASSOCIATES. My background is in tourism, having worked for the Australian Tourist Commission from 1961 to 1981 and then for the Pacific Asia Travel Association (PATA) as Vice President, Pacific Division from '81 through 1997. In that position I was a frequent visitor to the South Pacific islands and spent much of my time and energy working with their tourism interests , both public and private sectors. Since 1997 I have keep in touch with the personalities and the state of the tourism industry in the islands, particularly in Papua New Guinea

I am pleased to have the opportunity to submit to you on these issues as I believe this to be a most important area for Australia and our neighbours. While my comments are logically related to matters of the industry that I know best, tourism does impact many areas of a nation's activity and if properly managed can be of great benefit socially and environmentally as well as being an earner of foreign exchange.

THE PREMISE:

- The Island nations of the Pacific have become 'the hole in the donut' of the Pacific rim since the end of the cold war. Aid has retreated. Destructive/ extractive industries are rampant and unsustainable. Populations are declining more quickly. The 'brain drain' is in full flow. Corruption is endemic. Foreign investment is nervous. Economies are over reliant on aid and money repatriated from relatives living abroad.
- In so far as tourism is concerned, the Island nations produce no / very little outbound traffic. Their inbound visitor traffic is +80 % captured by Tahiti and Fiji. When measured over the past twenty years, tourism to the other islands is a long way below average world growth despite the establishment of the EU financed Tourism Council of the South Pacific currently known as the South Pacific Tourism Organisation (SPTO) in the early 1980's
- Cooperative support of an appropriate tourism industry for the region and in each of the islands is an effective and efficient way of generating a sense of pride among all the people. It can also foster a 'can do' attitude among a core of leaders who are to be found in each of the islands and will of course contribute to Foreign Exchange (F/X) earnings.

TOURISM IN PROFILE:

- The industry of tourism, while made up of many interrelated parts is often best reviewed in terms of classic 'Demand and Supply'. It is I believe instructive to look at the industry in the South Pacific in this way for the purposes of this submission.

Demand for the Pacific as a destination for tourist visitors is essentially *regional*. That is, would be travelers in long haul, northern hemisphere markets are more likely to have a vision of the Pacific, particularly the South Pacific, as one region rather than any one of its islands separately. This is not so in the short haul markets of New Zealand and Australia where populations are more familiar with the geography and product of the region. Marketing and promotion to stimulate demand in these long haul markets is therefore logically most effective when it responds to the vision and presents a regional image. (Again, this would not be so in Australia or New Zealand where the individual Islands are best advised to market their products separately.)

The Island nations have attempted some work along these lines over the past thirty or so years. Two outstanding examples of success were the Destination South Pacific promotions in the USA in the late 60's and their presence as a region at The International Tourism Exchange known as ITB, Berlin, the industry's major trade show. On both occasions a sponsor / coordinator was necessary - Australia & New Zealand in the first instance and the EU through the Tourism Council of the South Pacific in the case of Berlin. There are no such activities - no such sponsors - in the current era.

When considering matters of tourism **supply** - infrastructure, product and human development, the situation is reversed. The "South Pacific" for example is an artificial construct and is seen as such by those who buy and sell the tourism products of the SIN's (small island nations). The Island nations are at vastly different stages of development and they see themselves as competitive; that is competing for tourists, investment dollars, airline services, skilled labour etc.

VALUING TOURISM:

- Given the dramatic lack of options the SIN's have in terms of productive industries it is surprising that support for tourism is not higher on the agenda of aid requests/support. Tonga is an exception to what appears to be the rule and there is currently some technical advice provided in PNG.
- One can only surmise that either the national planners within island bureaucracies and / or aid agency officials regard tourism as an exclusively private sector function and therefore unattractive to support through the usual aid funding channels. Such a perception is demonstrably incorrect when one reviews successful tourism destinations - Australia itself for example, or at another level, the Cook Islands. There is clearly a fundamental role for the public sector in creating platforms for

- private sector activity, among other matters. Indeed in the case of the SIN's, without public sector leadership there is little chance the private sector in the industry will prosper or survive.
- Foreign Exchange earnings from visitor spending can be a major source of revenue for all the SIN treasuries and matters of destination life cycles and (tourism dollar) leakage, which can be significant in island economies are now well recognised, understood and dealt with by tourism planners.
 - Strategically developed, tourism will also spread benefits directly into communities thus mitigating key social issues such as unemployment and it can be a stimulus for environmental protection of natural assets of an area, particularly as any new tourism would be based on the environment and cultures of the islands – so called eco tourism
 - The negative influences of tourism, particularly in fragile social communities must certainly not be discounted. The fact is that these negatives are now so well understood and documented that protection from them can be built into a development scenario. A key to this is community consultation and involvement and an appreciation of local community values

ROLES FOR AUSTRALIA:

IN DEMAND:

It has been noted above that the South Pacific is most salable as a region particularly in long haul markets. One suggestion is that Australia buy into that regional perception by establishing a small, targeted, marketing program in key Northern markets (Europe, USA etc.) which feature *Australia and its Island neighbours*. Funding for such a program could come from AusAid and the vehicle to implement the program would logically be the Australian Tourist Commission perhaps in conjunction with PATA, the Pacific Asia Travel Association. There should be a minimum three year commitment to such a program for it to be effective. This has been done in the past as noted above and the ATC is currently sponsoring a small initiative in the US featuring Australia, Fiji and New Zealand.

The potential benefits of such a program to the Pacific Islands and Papua New Guinea is obvious and there is no down side for Australia if the campaign is carefully researched and executed.

IN SUPPLY:

The supply of tourism product (infrastructure, tourism product, human resources) as we have noted is different in that it is nation specific. The ideal situation would be for Australia to commission a case by case study of the tourism supply needs of the Island Nations – again working with organisations such as the PATA and (SPPF) The South Pacific Project Facility. Assistance in this area could only be assessed after such a study is made. It is likely that there would be 'common problems' which might be addressed institutionally,

for example in the area of tourism training. Given a professional and planned business approach to this aspect, it is likely that other Governments and institutions would be interested in coming on board with support of their own. One could foresee considerable benefit flowing to Australian industry in providing some of the support identified.

THE CASE OF PAPUA NEW GUINEA:

Papua New Guinea is a 'special case' in the context of this submission and in many other ways.

From a tourism perspective it has more to offer the sophisticated travelers of the world than any other destination in the region. The paradox is that the tourism product of the country is totally inadequate (with a few notable exceptions) and its international marketing has not been effective for decades. From the viewpoint of Australian tourism, PNG is compatible in that it can add an exotic extension to our image.

A development model for tourism in PNG was created by Dr. Dick Braithwaite, when he was with CSIRO, he is now with Southern Cross University. The model created great interest among politicians and the travel industry in PNG and was strongly encouraged by potential investors in Australia. Details of the proposal are available if required.

Given the political importance of PNG to Australia an all out effort to establish a viable, community based, tourism industry is highly desirable for, as Braithwaite's model clearly demonstrates the positive spin off benefits would be disproportionate to the effort we would need to put in.

OUTCOMES:

Sensitive development of viable tourism industries in the South Pacific and Papua New Guinea will deliver:

- an increase in foreign exchange earnings
- incremental improvement in employment and relative gains in wealth at community level
- A sense of pride among communities which will lead them to the protection of their own environments

While these suggested outcomes may sound like the classic 'triple bottom line' scenario all business aspire to achieve, I would not suggest that tourism is a panacea for the SIN's. Nor would its proper development be an easy task. It calls for a coordinated approach which is strategic, systematic, well funded and determined to succeed. Good will is a key component. The beneficiaries of such an approach will be not only our Island neighbours, but Australia as well.

