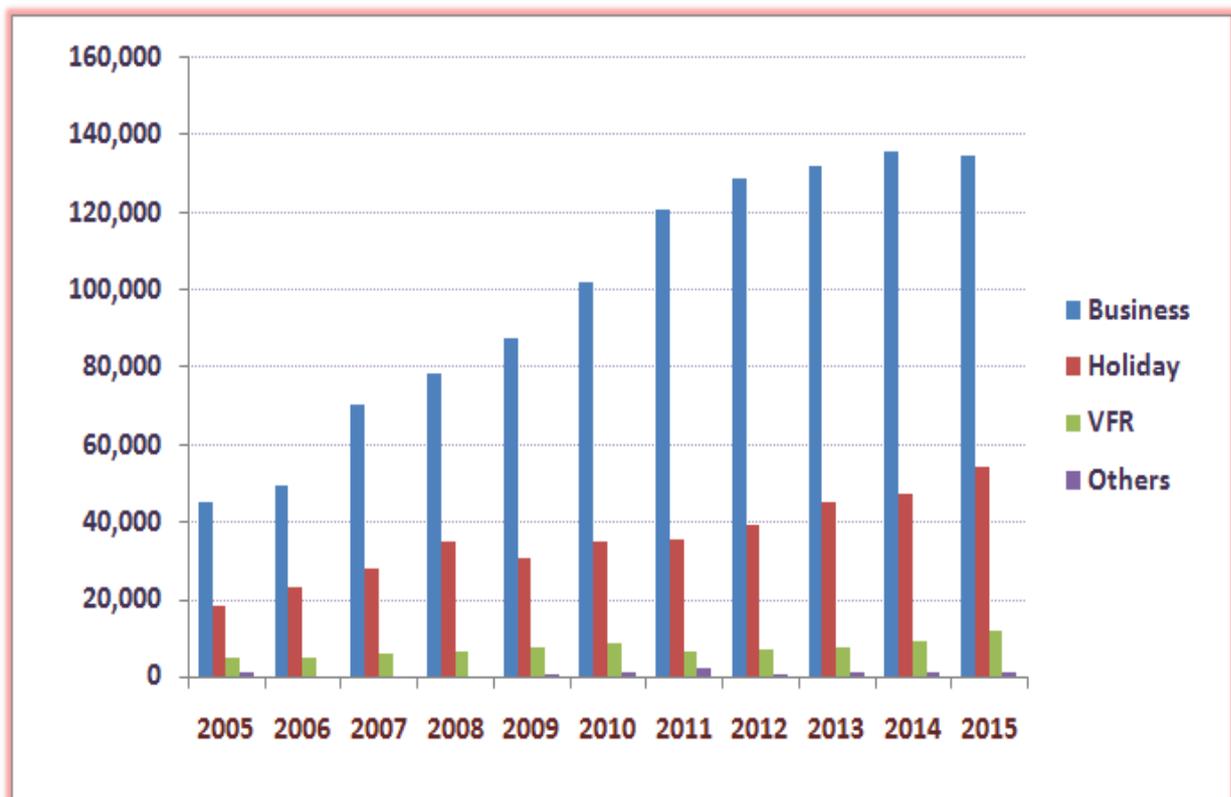
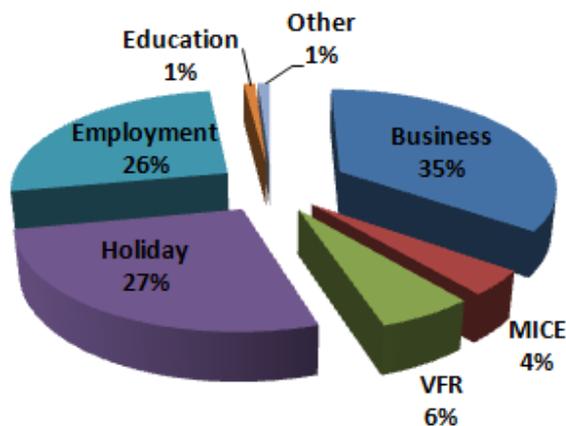


2015 VISITOR ARRIVALS SUMMARY

1. Arrivals Summary:

- Despite some challenges, Papua New Guinea received over 198,685 international visitors in 2015, an increase of 4% or additional 7,000 arrivals compared to the 191,442 international arrivals recorded in 2014. This was slightly below TPA's forecast to record 200,000 international arrivals in 2015, and the result of performing below expectation was due to a huge drop in arrivals for employment.
- Out of the total arrivals in 2015, 35% came for business, 33% were on holiday including those visiting friends and relatives, 26% came for employment, 4% MICE and the remaining 2% visited the country for other reasons.

Arrivals Distribution by Purpose



- Strong growth was seen from the MICE and VFR segments with 130% and 19% respectively. Holiday and business arrivals also increased by 6% and 5%, while visitors coming to the country for employment reasons dropped in the year.

- The strong growth from MICE was a result of the Pacific Games and lead up APEC meetings held in the country in 2015, while the drop in employment was due to winding down of the PNG-LNG construction phase and the closure of OK Tedi and Pogera Gold Mines last year (for some times).
- The healthy trend in holiday arrivals to Papua New Guinea was attributed by more cruise ship visitation to the country.
- In 2015, about 30 luxurious cruise ships carrying over 14,000 tourists visited PNG. The cruise ships visited 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 upward trend in holiday arrivals marked the ninth 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 2015.

Below is the 2015 Arrivals Statistics by Country and Purpose of Visit to PNG

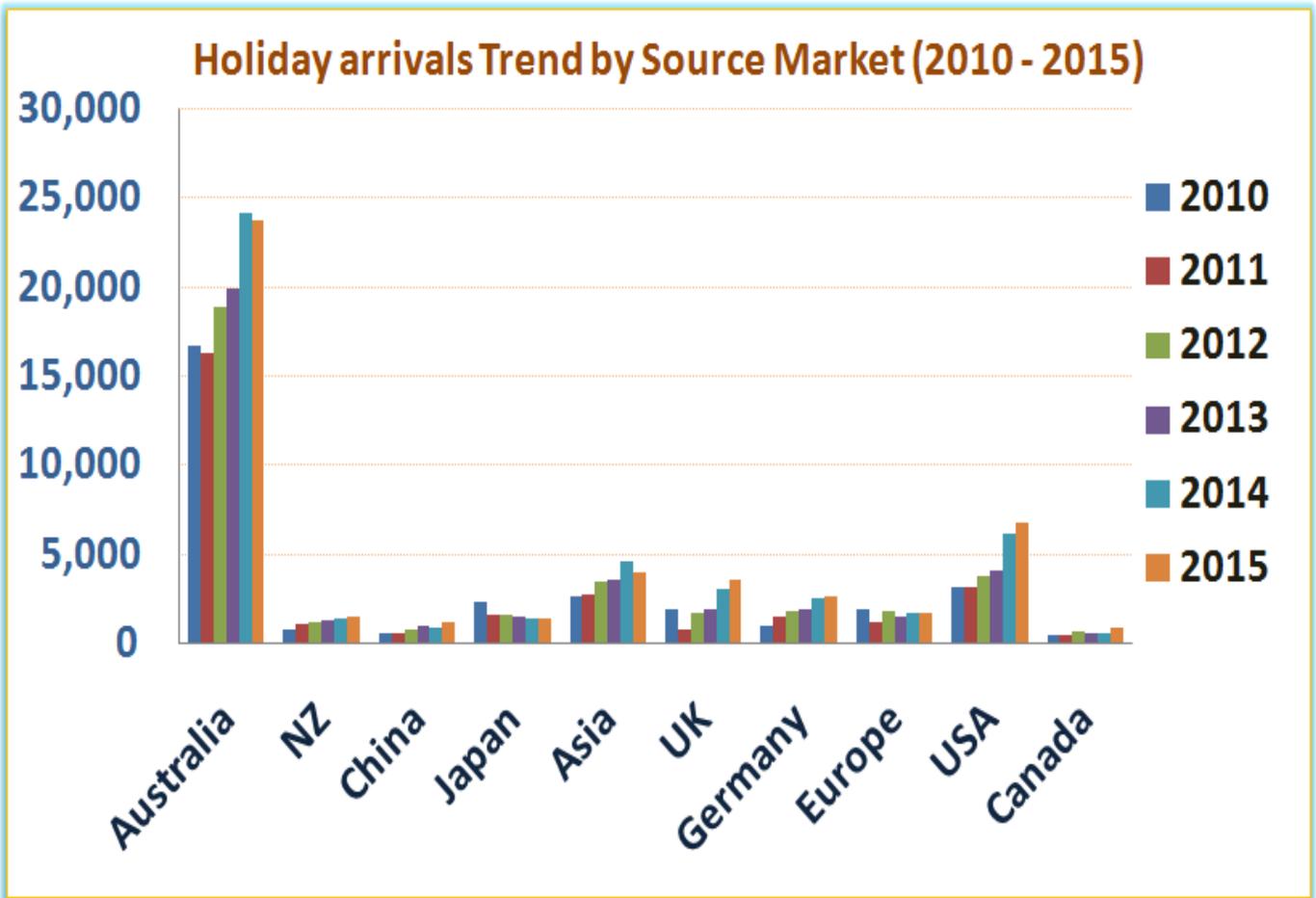
Visitors Arrival Analysis		Total - 2015						January - December		Total	Total	Chnge	% +/-
Country	Busins	MICE	VFR	Holiday	Emplynt	Educatn	Other	2015	2014				
Australia	36059	1258	6839	23749	22799	502	162	91368	93433	-2065	-2.2		
New Zealand	4740	412	495	1572	2847	45	38	10149	10698	-549	-5.1		
Oceania	1628	4634	522	1159	1007	593	38	9581	5818	3763	64.7		
China	4304	78	357	1286	4152	33	45	10255	8970	1285	14.3		
Japan	1183	81	47	1473	195	8	51	3038	3117	-79	-2.5		
Korea	845	50	63	596	176	8	12	1750	1649	101	6.1		
Malaysia	1861	65	233	849	2231	18	49	5306	4759	547	11.5		
Singapore	1253	44	30	601	189	14	35	2166	1860	306	16.5		
Philippines	2822	114	681	728	9091	96	37	13569	13745	-176	-1.3		
Indonesia	2898	143	1160	882	1580	45	55	6763	5896	867	14.7		
India	1494	76	164	412	1748	47	71	4012	3476	536	15.4		
Other Asia	1554	66	85	3872	610	13	56	6256	5620	636	11.3		
United Kingdom	2157	87	182	3581	1309	19	64	7399	6994	405	5.8		
Germany	430	20	59	2740	254	26	28	3557	3300	257	7.8		
France	425	163	26	691	152	2	14	1473	1435	38	2.6		
Netherlands	258	12	30	269	93	3	14	679	694	-15	-2.2		
Other Europe	970	71	79	827	518	20	58	2543	2588	-45	-1.7		
USA	3129	350	509	6830	1426	321	197	12762	11668	1094	9.4		
Canada	772	28	53	928	554	20	48	2403	2097	306	14.6		
Other America	203	29	15	102	253	5	19	626	710	-84	-11.8		
Africa	446	28	52	82	549	12	30	1199	1138	61	5.4		
Russia	109	8	16	94	193	1	5	426	415	11	2.7		
Italy	128	15	20	193	68	6	9	439	418	21	5.0		
Scandinavia	159	10	18	358	54	1	8	608	643	-35	-5.4		
Chile	14	4	0	42	8	0	2	70	54	16	29.6		
Israel	136	3	7	107	32	1	2	288	247	41	16.6		
Total 2015	69977	7849	11742	54023	52088	1859	1147	198685	191442	7243	4.0		
Total 2014	66639	3408	9904	50815	58278	1613	785	191442					
Change	3338	4441	1838	3208	-6190	246	362	7243					
% +/-	5.0	130.3	18.6	6.3	-10.6	15.3	46.1	4.0					

2. Source Market Performance

- Holiday arrivals from most of our key source markets performed well in 2015, except for Australia, Japan, France and other America and Asian markets 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.
- The Australian market had seen a downward trend in the first and third quarters of 2015, but slowly improved with more cruise tourists coming to the country from the market in the second quarter. The drop in air arrivals from Australia was partly contributed by the cancellation of ‘visa on arrival policy’ for Australians and other factors.
- USA, New Zealand, UK, Germany, China and Oceania markets performed extremely well in 2015 by recording positive growth compared to the previous year. The healthy growth in holiday arrivals from these 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.
- 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 2015, which is expected to continue in 2016 due to TPA’s extended presence in these markets.

Holiday Arrivals by Market – 2015/2014

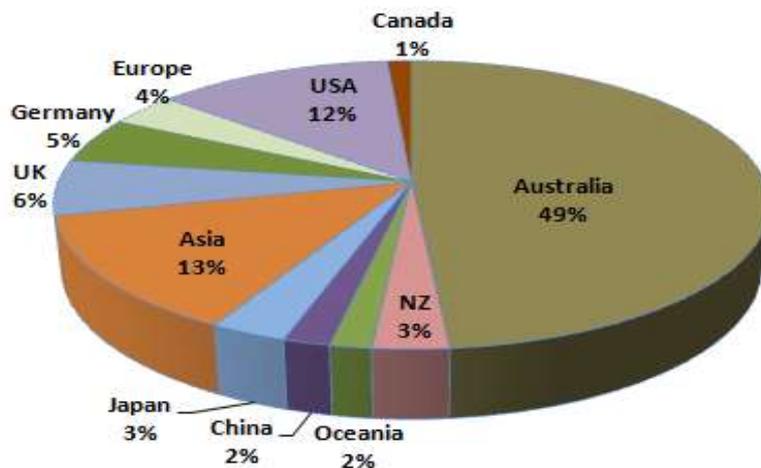
Country	% Change (+/-)
<i>Australia</i>	<i>-2%</i>
<i>New Zealand</i>	<i>5%</i>
<i>Oceania</i>	<i>34%</i>
<i>China</i>	<i>20%</i>
<i>Japan</i>	<i>-4%</i>
<i>Korea</i>	<i>22%</i>
<i>Malaysia</i>	<i>11%</i>
<i>Singapore</i>	<i>18%</i>
<i>Philippines</i>	<i>-15%</i>
<i>Indonesia</i>	<i>12%</i>
<i>India</i>	<i>16%</i>
<i>Other Asia</i>	<i>-8%</i>
<i>United Kingdom</i>	<i>16%</i>
<i>Germany</i>	<i>7%</i>
<i>France</i>	<i>-5%</i>
<i>Netherlands</i>	<i>2%</i>
<i>Other Europe</i>	<i>1%</i>
<i>USA</i>	<i>10%</i>
<i>Canada</i>	<i>18%</i>
<i>Other America</i>	<i>-16%</i>
<i>Africa</i>	<i>-7%</i>
<i>Russia</i>	<i>16%</i>
<i>Italy</i>	<i>18</i>
<i>Scandinavia</i>	<i>-6</i>
<i>Chile</i>	<i>-7</i>
<i>Israel</i>	<i>32</i>



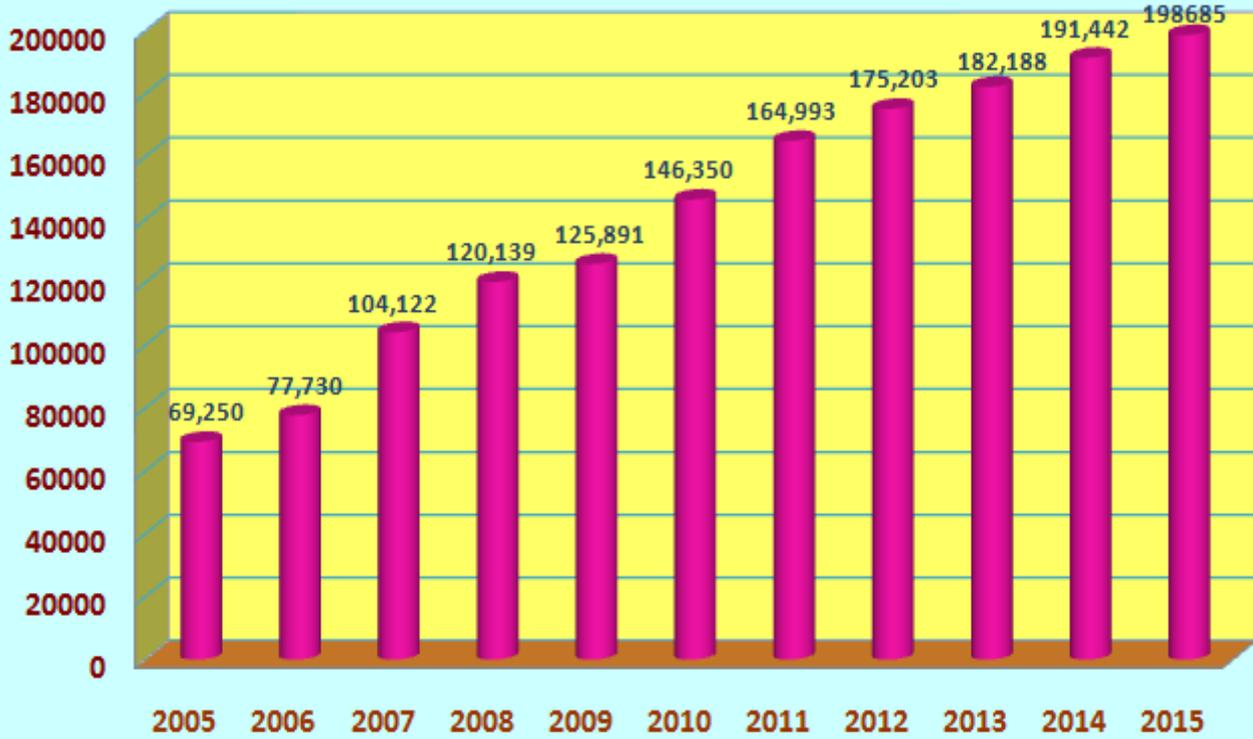
3. Arrivals Distribution:

- Australia remains Papua New Guinea’s largest inbound tourism market making up 50% of the total holiday arrivals to the country, followed by USA (12%), UK (6%), Germany (5%), Japan, NZ, China and other smaller markets.
-

Holiday Arrivals Distribution by Market - 2015



Annual Visitor Arrivals Trend (2005 - 2015)

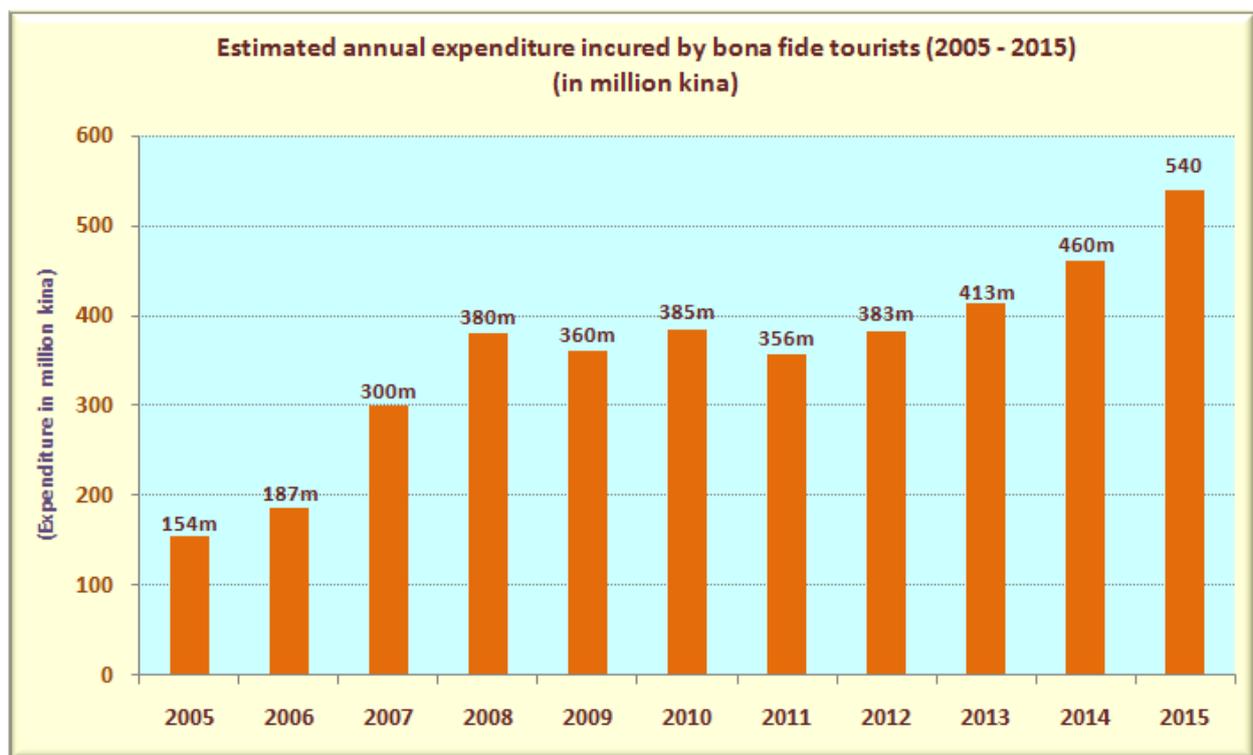


Annual Holiday Arrivals Trend (2005-2015)



4. Tourism Expenditure:

- In terms of total expenditure, an estimated K2 billion was spent by visitors in the country in 2015, an increase of 6% compared to the amount spent by international visitors in the previous year. Out of the total expenditure, an estimated K540 million was spent by genuine tourists in the country last year, which was an increase of 17% compared to the previous year.



Areas Visited by International Visitors in 2015

Main Area	2015	2014	Change	% +/-
Western Prov	4807	4330	477	11%
Gulf Prov	397	406	-9	-2%
Central Prov	4552	3250	1302	40%
NCD (POM)	100793	92950	7843	8%
Milne Bay Prov	8254	6201	2053	33%
Oro Prov	899	933	-34	-4%
SHP Mendi	8690	12543	-3853	-31%
Enga Prov	2274	2543	-269	-11%
WHP Mt. Hagen	5641	4984	657	13%
Simbu Prov	155	138	17	12%
EHP Goroka	4810	4778	32	1%
Morobe Prov	14609	14186	423	3%
Madang Prov	8419	9715	-1296	-13%
ESP Wewak	3357	2949	408	14%
WSP Vanimo	725	603	122	20%
Manus Prov	4603	4767	-164	-3%
NIP Kavieng	7028	7180	-152	-2%
ENBP Rabaul	9837	9684	153	2%
WNBP Kimbe	2477	2757	-280	-10%
NSP Buka	921	871	50	6%
Hela	1761	2430	-669	-28%
Jiwaka	95	77	18	23%
Kokoda	3581	3167	414	13%

5. 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 and law and order issues, and other services in the country must be improved to meet the demand of Australian tourists.
- 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 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.

6. Conclusion:

- The first half of last year came with many challenges and arrivals to PNG was lower than expected, but most markets picked up in the second half of the year. The healthy trend seen last year is expected to continue in 2016 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 tourism growth in the country.
- Further, the proposed 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 10 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.