



Review of the Tourism Master Plan Outcomes, 1991-1997

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Cook Islands Tourism Master Plan
Implementation Assistance Programme

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1 INTRODUCTION

It is six years since the Asian Development Bank sponsored “Cook Islands Tourism Master Plan” was published and one year since the end of the first planning period for which a detailed programme was set out. This paper reviews the outcomes of the past six years against the intentions of the Plan.

2 COMMENTARY ON THE CONCLUSIONS AND RECOMMENDATIONS OF THE TOURISM MASTER PLAN

The conclusions and recommendations of the Tourism Master Plan are set out below in italics with a commentary following each section:

1. *For the past 15 years the tourism sector in the Cook Islands has developed in a largely unplanned, unsystematic and uncontrolled fashion. This has led to fluctuating patterns in tourism growth, variable standards of tourist operation and unreliable profit performance. There is, thus an urgent need for a long term strategic plan with a short-to-medium term action programme to bring these strategies to fruition.*

The underlying structure of the industry has not materially changed over the last six years. Development controls have not been applied in a systematic manner, either in the tourism sector (although the General Licensing Authority did seek to impose its agenda), or in the wider context of land use and environmental planning. The construction of new accommodation has occurred on a piecemeal basis with extensions to existing properties and small budget properties predominating. Visitor numbers surged in 1992-94 but have since fallen back and stabilised at just under 50,000/year. The TMPIAP has implemented aspects of the Tourism Master Plan, but many of the broader infrastructural issues in the five year action programme have yet to be addressed.

2. *Tourism in the Cook Islands is on the verge of a major growth period: Air New Zealand has recently introduced a direct US-Rarotonga air service and will double the frequency in October 1992; there will be a first five star resort (the Sheraton) opening on Rarotonga in mid-1993, serving to increase the country's room stock by over a quarter. These developments will ensure strong arrivals growth over the next five years, and serve to heighten the urgency of the need for clear strategies and implementation mechanisms for the overall development of the country's tourism sector.*

Major growth in visitor numbers indeed did occur between 1992 and 1994 when it peaked at 57,321. However, there was a sharp reverse in 1995 to 48,500, and 1996 was only slightly higher at 48,819. Air New Zealand does not have a direct flight between Rarotonga and the US, and other air links have stopped, such as the Rarotonga-Hawaii flights operated by Hawaiian Airlines. The Vaimaanga Hotel (formerly known as the “Sheraton”) is still incomplete, so the country remains without four or five star accommodation.

3. *The Cook Islands have all the natural and socio-cultural features which make tropical islands attractive to visitors from industrialised countries. Its land mass and population, however, is small compared with countries like Fiji. It cannot provide (or realistically obtain) the scale of human, financial and technical resources to absorb, manage and control either large volume (mass) tourism, or sustained high levels of growth in tourism.*

The fundamental opportunities and constraints identified in the Tourism Master Plan are unchanged.

4. *In seeking to identify the optimal tourism development strategy for the Cook Islands which is socially acceptable, environmentally sustainable and economically viable, the Consultants envisage a tourism product development founded on the full range of the country's attractions and appealing to a wide range of both general and special interest markets, but with necessary planning and other controls to determine the pace, form and location of growth (i.e. balanced and controlled development).*

The notion of "balanced development" has merit but the presumption that the "necessary planning and controls to determine the pace...." would be put in place in the way they might be in some industrialised countries may have been misguided. The Cook Islands have a long tradition of social controls which bear no resemblance to zoning or other practices, and which in many respects run counter to deep-seated aspects of the culture in relation to the use of land.

5. *Tourist accommodation room stock should increase by more than one-and-a-half times over the 1990s, from 700 to 1,100 by 2000. This growth is made up of the Sheraton (189 rooms), an accommodation establishment on Manihiki (12 to 15 rooms) for official/business/ 'traveller' type traffic, small-mid scale Polynesian-style resorts (i.e. three properties adding a total of 120 rooms) on Aitutaki, and a further up to 100 rooms over the decade comprising additions to existing properties or new small scale developments (any location).*

To-date the increase in the accommodation stock bears little relationship to that forecast in the Tourism Master Plan. The Vaimaanga Hotel has yet to be completed, and there has been only a modest extension of the Aitutaki Lagoon Hotel. The main expansion of accommodation has been at the bottom end of the market, although there has been some growth in the hotels, such as at the Pacific Resort.

6. *Rarotonga has over 620 tourist rooms and will add a further 189 in 1993. Emphasis during the 1990s should be on upgrading and improving performance of existing properties, rather than seeking further expansion.*

The desired emphasis on "upgrading and improving performance of existing properties" has to some extent been realised but this upgrading has been accompanied by the expansion of the budget sector, and, until recently, the deterioration of the Rarotongan Hotel. The recent upgrade of the Rarotongan ahead of the South Pacific Forum meeting has reversed this trend.

7. *By virtue of its airport, other infrastructure, existing tourist facilities and outstanding natural resources for tourism, the Consultants recommend*

Aitutaki as the main focus for tourism development during the remainder of this century. However, much improvement of the tourism product of Aitutaki will be needed before the basis will exist for significant expansion.

Tourism on Aitutaki has grown since the Tourism Master Plan was written but probably not at the rate or standard anticipated. The sale of the Aitutaki Lagoon Resort after some upgrading has opened the way for further development of this hotel. Plans for rebuilding the Rapae Hotel have yet to come to fruition and development beyond the five new units on Akitua has been restricted to budget and motel accommodation.

8. *General multi-purpose infrastructure which tourism needs (e.g. road networks, water, sewage disposal and power supply systems) is either inadequate or lacking altogether on any island other than Rarotonga or Aitutaki. The people of these 'outer islands' have minimal knowledge of tourism or how to go about developing it on their islands. Considerable technical and business guidance and assistance will need to be available (through CITA) to the outer islands, where tourism should be encouraged only on the basis of 'for the islands, by the islands, as they want it'.*

Very modest progress has been achieved in upgrading the “general multi-purpose infrastructure” on either the Southern or Northern Group islands since the Tourism Master Plan was prepared. There have been some improvements in electricity supply, and the airport terminals at Aitutaki and Mangaia have been upgraded. There has been some awareness work through the TMPIAP in the Southern Group and more is planned. Assistance to small businesses in the Southern Group is also being provided through the TMPIAP. Implementation committees have functioned sporadically in the Southern Group but attention is now shifting to working more with the Island Councils and individual villages. The downsizing of the Public Service and new MOID initiatives to prepare development plans for the Islands may provide more impetus for the development of tourism off Rarotonga. Apart from the visits of cruise ships to Atiu, however, there is still only modest promotion of the alternate tourism opportunities in the Cook Islands away from Rarotonga and Aitutaki.

9. *Tourist arrivals targets set for this Plan are for the 1990 level of 34,200 arrivals to grow to 57,800 by 1995 and to 69,900 by 2000, representing growth rates of 11.1 percent and 3.9 percent respectively for the two halves of the decade. Major growth markets are likely to be the USA (up from 4,400 in 1990 to 13,300 in 2000), Canada (up from 2,400 in 1990 to 6,700 in 2000) and UK/Europe (up from 6,000 in 1990 to 18,600 in 2000). New Zealand will, however, remain the main tourist generating country (up from 11,000 in 1990 to 24,300 in 2000 - excluding Cook Islanders resident in New Zealand).*

Growth in visitor numbers reached the target for 1995 in 1994 with 57,321. Since then, however, numbers have fallen back to 48,500 in 1995 and 48,819 in 1996. Currently visitor numbers are running a little ahead of 1996, with 37,509 arriving in the country by the end of September compared with 35,894 at the same time last year.

Expectations about market share of the various origins for visitors have not yet been realised. The New Zealand market, in particular, has had very modest

growth with 12,821 in 1996 visiting on vacation (of whom only 9,631 stayed in tourist accommodation). This compares with Europe with 18,019 visitors; Australia with 2,879; USA with 5,462; and Canada with 2,487 visitors who stayed in tourist accommodation.

10. *The Cook Islands should seek to achieve two aims through its marketing and promotion strategy. First, to differentiate the Cook Islands in terms of the tourist attractions, facilities and services from its neighbours in the Pacific (and particularly from French Polynesia and Fiji with which it shares an air route and is most commonly associated); and, secondly, to build up in major tourist generating markets, the perception of the Cook Islands as a destination providing quality attractions, facilities and experiences. The essential first step in the realisation of these strategic aims will be the identification of the appropriate image (i.e. visual, slogan(s), logo(s)) to serve as the platform for all marketing and promotional activities.*

It is questionable whether either of these marketing objectives have been achieved. There is no research to establish the perception of the Cook Islands in various markets or any evidence that the Cook Islands is perceived as a destination with quality attractions, facilities, and experiences. Indeed, the general tendency to sell on price in the New Zealand market, for one, runs counter to the second of these objectives. The notion that development of an “appropriate image” is the basis for a differentiation strategy and developing a perception of a quality destination is open to question. The Tourism Master Plan did not address the core issue of the strategic intent of the sector which precedes any consideration of logos, slogans and the like. Indeed, it could be argued that the current branding of “*Special Place, Special People, Special Magic*” is similarly deficient as it fails to articulate benefits in the visitors’ terms. In many ways the previous slogan of “*Visit Heaven while you are still on earth*” and the way this concept was developed, was a much better campaign in terms of customer-focus (for example, the occupation-based advertisements), and it may have been dropped prematurely.

The TMPIAP is currently funding a review of the marketing strategy which will shift the focus from visitor numbers to yield and concentrate the marketing effort on higher yielding visitors. Detailed analysis is being undertaken as part of this work of customer preferences and perceptions, industry views, and visitor statistics.

11. *The move towards higher quality has both marketing and product implications, with the objective of attracting additional high 'value-adding' tourists to the Cook Islands (i.e. those with one or more of high daily expenditure, reduced demand for imported goods/ service, extended length of stay, complementarity with existing natural attractions and resources, behavioural patterns acceptable to Cook Islanders, moderate demands on tourism infrastructure).*

The segmentation of the industry in terms of types of accommodation has, if anything, strengthened over the past six years. While some accommodation may have built up a higher yielding component of their clientele, there is also now a strong budget traveller segment in the market, particularly among

European visitors. There has not been the overall shift towards the “high ‘value-adding’” visitors proposed in the Tourism Master Plan.

12. To sustain the central tourism development strategy proposed in the Plan, the following sub-sectoral, and support, strategies will be vital:

- *high targeted, cost effective marketing and promotion;*

There have been wide-ranging efforts by the private sector to promote tourism development in the Cook Islands over the last six years supported by CITA/ Tourism Cook Islands. It is questionable whether these various activities could be considered to have been highly targeted and there are only limited data upon which to assess cost effectiveness, especially considering the range of factors which can mitigate against the Cook Islands’ marketing efforts. These include a range of factors which are out of the control of the sector, including international issues such as the nuclear testing at Mururoa which undoubtedly had an impact on tourism in the South Pacific; the outbreak of dengue fever in 1995 which probably could have been handled better in public relations terms; and losses of airlines services. Preliminary analyses undertaken as part of the development of a new marketing strategy highlight the very high rates of return on investment of marketing in Europe, and the comparatively modest returns on investment in the US, although these do not yet include the full range of expenditure.

- *sale of Government tourist accommodation properties to private sector, and major refurbishment; expansion and upgrading of tourist attractions and activities;*

The sale of Government properties has happened rather more slowly than desired but the Aitutaki Lagoon Hotel and the Rarotongan Hotel have now passed into private hands. The transfer of the Vaimaanga Hotel has still to be achieved.

- *Government assistance to existing low and mid grade operations to upgrade their plant to full service hotels;*

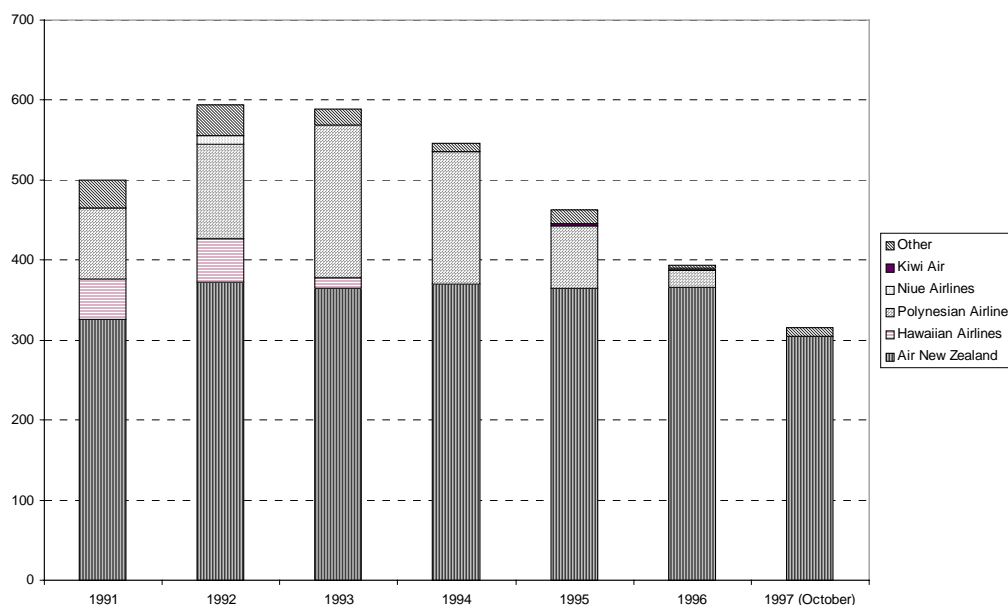
There have, quite rightly, been no subsidies from the hard-pressed Government Treasury to the private sector for expenses which are appropriately the cost of doing business. The Government has, however, recently facilitated the upgrade of the Rarotongan Hotel as part of the sale process at a cost of \$3.2 million, which is to be repaid at a later date.

- *encouragement of international air services in line with tourist arrivals targets;*

The Government has a proactive aviation policy in terms of encouraging new international air services while maintaining good relations with Air New Zealand. Since 1991, Air New Zealand has marginally increased its number of flights, but the most dramatic feature is the reduction in the number of carriers with the loss of services by Polynesian and Hawaiian Airlines, Figure 1.

Tourism development could well be enhanced by more frequent flights, especially across the Coral Route to both provide alternates to the current three north and southbound flights a week and greater options for travellers visiting a number of South Pacific countries.

Figure 1 Flights to the Cook Islands, 1991- October 1997



- *decreasing the leakage from tourism expenditure and increasing linkages between tourism and other sectors, though appropriate incentives, financing, training and promotional measures;*

The last time the economics of the tourism sector was assessed was in 1991 as in the Tourism Master Plan. Even then, the Plan did not do much more than try to update the work of Milne in 1984. A new visitor expenditure survey is currently underway and a new economic analysis is included in this year's programme for the TMPIAP.

- *undertaking environmental awareness programmes for the people of the Cook Islands, and ensuring that development projects are fully evaluated in terms of their socio-environmental consequences;*

A project to introduce environmental impact assessment was included in early planning of the TMPIAP, but then subsumed under NZODA assistance to the Cook Islands Environment Service and more recently to MOWEPP. Environmental issues have been canvassed in the TMPIAP through the "Kia Orana" television programmes and specific projects such as the fish reserves and taramea projects in Aitutaki lagoon, and the tourism industry solid waste pilot project.

- *upgrading infrastructure, most urgently in respect of sewage and solid waste disposal on the two principal islands;*

The main infrastructure upgrade by the public sector has been in the electricity sector on Rarotonga where generation and distribution have been substantially improved. Plans for upgrading of water supply, sewerage, and solid waste disposal prepared as part of an Asian Development Bank funded infrastructure assessment have not been implemented and were arguably mis-directed.

These issues remain major concerns for the development of tourism in the Cook Islands.

- *developing more positive attitudes towards tourism on the part of the people of the Cook Islands through the introduction of tourism in the schools' curriculum and undertaking an extensive range of public education activities;*

Hospitality training and tourism awareness are now part of the school curriculum. The "Kia Orana" programmes funded by the TMPIAP are the main vehicle for tourism awareness for the wider community at present. Tourism Cook Islands has also run a number of workshops and courses on various aspects of tourism both on Rarotonga and on Southern Group islands.

- *conducting a full range of human resource development programmes to ensure both that the need for expatriate personnel is kept to a minimum and that high standards of service are provided;*

The Hospitality and Tourism Training Centre (HTTC) was established at Ngatangia in 1994 under UNDP funding. The Centre has provided a range of courses over the last three years designed to upgrade the capabilities of people working in tourism and to provide introduction to the sector for potential new entrants. WTO support for the HTTC has now ended. The Centre continues to operate a limited curriculum but is under some financial difficulties. Options for future governance and operation are currently being explored.

- *strengthen the capabilities of the Cook Islands Tourist Authority and the General Licensing Authority, and establish a Master Plan Implementation Committee.*

The Cook Islands Tourist Authority was reconstituted as Tourism Cook Islands in 1996. Three joint industry/Tourism Cook Islands committees have been established as part of a more consultative approach to managing the joint inputs of the public and private sectors. These committees have significantly strengthened the capabilities of the National Tourism Organisation. The TMPIAP has recently funded a consultancy which will include the preparation of a Corporate Plan for the NTO. While there have been discussions about privatising Tourism Cook Islands or returning to a Board structure similar to CITA, there are a number of strong arguments in favour of the present structure, in particular:

- ◇ a level of independence from the influence of individual industry members which is otherwise difficult in a small industry as in the Cook Islands;
- ◇ benefits of government status in terms of inter-governmental contacts at Prime Ministerial and Ministerial level as well as NTO level, and affiliation with regional and international agencies;

The General Licensing Authority had a chequered career, managing to alienate a significant number of people in the industry. The GLA was terminated in 1996 and its liquor licensing functions transferred to the Ministry of Tourism and Transport. The GLA's tourism licensing system has been abandoned and replaced with a voluntary accreditation scheme through a TMPIAP project. The scheme is designed to progressively upgrade standards in the industry and

includes strong links to training. The shift to a voluntary, more proactive, scheme has been accompanied by a significant reduction in fees.

An Implementation Committee was set up to monitor the implementation of the Tourism Master Plan. Between February 1994 and mid-1996 it provided guidance in the implementation of the TMPIAP. It does not appear to have undertaken the more directive role proposed in the Tourism Master Plan at any stage. The TMPIC went into abeyance about the time of the restructuring of CITA and it has not met since. The oversight role for the TMPIAP has been performed by the programme's Joint Management Group. This committee comprises New Zealand and Cook Islands government members. The industry is represented by Ewan Smith, the Chairman of the TMPIC.

13. *13.A development programme is proposed for the first five year period (1992-1996) to realise these strategies. Total costs of the investment for this programme are NZ\$65.1 million. Within this total programme, a number of high priority projects have been identified which require immediate action. The costs of these high priority projects amount to NZ\$16.7 million between 1992-1996. They include institutional, public awareness and education, training, environmental, product development, marketing and market implementation and infrastructure projects.*

The summary of the development programme for 1992-1996 is attached. In some respects the Plan could be considered rather ambitious with its proposed pattern of spending. Considering the seven proposed areas of expenditure:

- (1) Very little of the proposed spending related to institutional strengthening has eventuated. The proposed \$300,000 capital spending on a new building for CITA did not occur, nor the \$3.5 million on CITA headquarters support;
- (2) Schools hospitality training has been addressed in part through the TMPIAP with projects on an awareness unit for Social Sciences and English developed at Araura College; new fifth and sixth form curricula; and the supply of equipment to Southern Group schools. Expenditure to-date has been \$51,232. Awareness programmes in the media have also be undertaken under the TMPIAP with nine "Kia Orana" programmes produced to-date and more planned;
- (3) Training issues have been addressed through the HTTC at Ngatangiia. The UNDP project spent \$1.80 million (in a projected total project cost of \$2.33 million) in establishing the Centre and on the courses provided by the overseas trainers. Issues exist over the viability of the Centre now that the aid project has finished and the commitment of some of the industry to training. The latter is being partly addressed through the Accreditation Scheme;
- (4) The Cook Islands Environment Service was quite active in promoting environmental awareness before it was absorbed into MOWEPP, while MOWEPP is currently implementing environmental impact assessment procedures with support from NZODA. There has been no specific work on environmental planning for tourism or on rehabilitation on Rarotonga. The Aitutaki lagoon has been the subject of a number of TMPIAP projects including a coral monitoring programme; a fisheries survey; a Taramea control programme; and a project to establish three fish

reserves and control the ownership and use of nets; there have been no projects for conservation on either the makatea islands or in the Northern Group as envisaged in the TMP;

- (5) The general area of product development is one which has been a significant focus of TMPIAP activity. Over 20 projects related to tourism amenities have been undertaken including the development of the Orongo Centre on Aitutaki, a women's craft centre on Atiu, and the installation of safety upgrades on the more difficult tracks of central Rarotonga. Track maintenance is an issue on the Cross Island Walk but not on the other six main tracks at present because of the low number of people walking the tracks. To support the use of these tracks the TMPIAP funded the publication of a guide to the mountain tracks and plants prepared by Gerald McCormack and Judith Künzle. The "war canoe" referred to under the product development proposals is probably the canoe built by Ngati Uritaua which is currently housed in a large shed at Avatiu as none of the other vaka at the South Pacific Festival would be termed "war canoes". This does not, however, constitute the "museum" suggested in the Plan to which it was suggested \$125,000 be allocated. Unfortunately the prow of the vaka is exposed to the weather and it is deteriorating;
- (6) A budget of \$10.43 million was proposed for marketing and a further \$765,000 related to market information. The funds available for marketing have unfortunately fallen far short of the \$10.43 million, despite a TMPIAP contribution of \$1.26 million over the past four years¹. The TMPIAP has purchased a computer and software for the analysis of market data and has provided some technical assistance;
- (7) The Master Plan identified a range of infrastructure projects which support tourism development valued at \$41 million in capital cost and a further \$24 million in recurrent costs over the five year period. These projects and their current status are listed below:

Rarotonga Sewage and Dry Waste	\$8.5ADB study, no new landfill, serious issue remains
Aitutaki Sewage and Dry Waste \$5.8	Old dump closed, more active can collection; no other change, serious problem remains;

¹ Planned support for marketing over this period was only \$650,000. Contributions were planned to reduce each year in line with the New Zealand-Australia policy on recurrent funding. However, the planned annual support has been augmented several times to support the efforts of CITA and Tourism Cook Islands. In FY1996/97 an additional \$500,000 was provided in response to a request for support in the face of static visitor numbers. These funds have still to be fully expended.

Rarotonga Water Supply	\$24.4	No significant change, serious quality and quantity problems remain, treated water now available in casks;
Aitutaki Water Supply	\$0.3	AusAid project, yet to start, serious outstanding issues of water quality and quantity;
Aitutaki Electricity Supply	\$1.4	AusAid and NZODA projects;
Rarotonga Roads	\$0.4	No significant change, suggestion for re-linking of Are Metua have not been followed up;
Aitutaki Roads	\$0.3	Seal on main road extended to Amuri, but other roads require significant improvement;
Rarotonga Airport	\$2.6	Modest upgrade of arrivals hall baggage handling, significant congestion remains at times;
Aitutaki Airport	\$0.7	New terminal part-funded by TMPIAP opened September 1997;
Rarotonga Harbour	\$0.9	Pontoon constructed for cruise ship lighters, no other significant change;
Aitutaki Harbour	\$0.3	No change; small jetty for lighter cruise ships planned under TMPIAP for 1997/98.

14. *Over the first five years of the Plan, the Cook Islands' net earnings from the tourism sector will amount to NZ\$125.7 million (constant 1990 prices); while Government revenue from tourism over this period is estimated at NZ\$85.6 million. Growth will be sustained in the following five year period, despite a slowdown in arrivals increases, as a result of attracting higher spending tourists and retaining a higher proportion of their expenditure.*

There is no information upon which to assess the extent to which the consultants' estimates of net earnings from tourism have been realised. As noted earlier, a new visitor expenditure survey is underway and a new economic analysis is included in this year's programme for the TMPIAP.

14. *Employment of the Cook Islands in the tourism sector will show significant growth, as: skilled staff; supervisors/managers; and entrepreneurs/investors*

The last time there was a survey of skill levels in the industry was in 1993 so it is not possible at present to demonstrate that there has been "significant growth" in employment for Cook Islanders as skilled staff, supervisor/managers, or entrepreneur/investors. Anecdotal evidence suggests that there may have

been a modest increase, but a definitive answer must await the training needs analysis which is planned for the sector this year under the TMPIAP.

3 OVERVIEW

Over the last six years, there has only been partial implementation of the Tourism Master Plan. A number of the core tourism issues, such as accreditation/quality assurance have been addressed, but many of the broader aspects of infrastructure which support tourism development have yet to be tackled.

The TMPIAP has made contributions in a number of areas including awareness, training, amenities, environmental protection, implementation planning, information, statistics, small business development and marketing. The work programme for 1997/98 also includes the development of a marketing strategy, a visitor expenditure survey, and an economic analysis of the impact of tourism. A significant amount of work, however, still remains to be done in the project areas under the umbrella of the TMPIAP.

3.1 Shortcomings

There are clearly a number of reasons why the objectives of the Tourism Master Plan have not been achieved to-date, not the least of them being financial and economic constraints. It has clearly been difficult to address some of the significant infrastructure issues in the face of a very trying economic situation. The steps which have now been put in place to restructure the public service and reform economic management, including the tax package, provide a strong platform on which to build sustainable economic growth.

Unrealistic expectations about the nature of the development process in the Cook Islands may have contributed to the under-performance. The Tourism Master Plan and the Infrastructure Reports for Rarotonga and Aitutaki², also funded by the ADB, presume the implementation of planning and management practices which, while common in industrial nations, have not previously been adopted in the Cook Islands. In particular, there is an assumption that the bureaucracy (either Central Government or Island Council level) will be able to regulate land use. Serious reservations must be held at the moment as to whether such an approach is viable, given the attitudes of many Cook Islanders to the use of their land.

This raises the more fundamental question of whether a central planning, regulatory approach to tourism industry development and development planning has any validity in the Cook Islands. The lack of progress on a number of aspects of the Tourism Master Plan suggests that it does not. Issues as diverse as the development of parks and reserves to the improvement of quality

² Barrett Consulting Group, EDU International, (1995), *"Draft Final Report for the Integrated Urban Infrastructure Project"*, Asian Development Bank T.A No. 2070-COO, 471pp + Apps.

standards in visitor accommodation may better be addressed through a bottom-up, consultative approach rather than the top-down mentality of central planning. Such an approach has already been adopted for the quality assurance scheme and was endorsed at a recent TMPIAP meeting to discuss a report on possible parks and reserves for Rarotonga.

3.2 The Need for a Strategic Intent

Implementation of a bottom-up approach which integrates into a meaningful whole, however, must be informed by a clearly articulated *strategic intent*. Such a vision of where the tourism sector is aiming is, at present, sadly lacking. Without this overarching view, the things that detract from the industry, ranging from building styles for accommodation which typically have not a trace of Polynesian style, through the sale of “Tangaroas” imported from Asia, to resource use and waste disposal practices which are environmentally damaging, will continue.

An example of a strategic intent was given at the Tourism Retreat in April 1997. In 1987, the then newly-privatised British Airways stated its intention to be “*the World’s favourite airline*”. Within five years it was voted number one on trans-Atlantic routes and number two world-wide (behind Singapore Airlines). Given the lamentable record of the company prior to the change of ownership, this was a remarkable transformation.

What a strategic intent does is provide a benchmark against which to check any initiative. The test is simple: does the proposal/action support or detract from the vision? If the strategic intent is understood and shared by industry participants, it provides the appropriate basis for self-regulation.

The Retreat was not able to formulate a strategic intent for the industry and this task remains to be completed. It did, however, develop a positioning statement based on what it saw as the basis of tourism development. The value proposition for the sector was defined as “*A unique, living Polynesian culture in a natural South Pacific Island setting*”.

Such a statement goes part of the way to providing the basis for industry development, in terms of developing a range of policies and practices which influence matters as wide ranging as architectural style and environmental protection. It is, however, a “supply side” statement rather than one with a customer focus and expressed in terms of customer values. It is also sadly lacking as a basis for differentiation from competing destinations in the South Pacific. While in the past there has been a lot of rhetoric about “target marketing” different visitor groups, in practice much of the promotional activity has been on a “catch-as-catch-can” basis. There has, for instance, been no survey of visitors since the TCSP survey in 1991 so it is difficult to argue that there has been much targeting beyond the crude data in the visitor statistics at the national strategy level. This is disappointing given the knowledge of certain members of the industry which has not been appropriately tapped.

The joint Tourism Cook Islands/Tourism Industry Council marketing committee now provides a suitable vehicle for inputting this expertise into the national

marketing plan. The development of a new strategic marketing plan and the introduction of regular monitoring of visitor opinion through the accreditation survey will also go some way to redress this issue. There is still, however, an outstanding need for better understanding of the source markets so that product development in the Cook Islands can be appropriately focused. Till then, a predominantly producer rather than customer-focus will remain.

The review of the Tourism Cook Islands marketing strategy currently underway funded by the TMPIAP is due to report at the beginning of December. When it does, it may be appropriate for interested parties to return to the issue of the strategic intent and seek to define where the industry and the wider community wants to head in terms of tourism development.

3.3 Outstanding Issues From the Retreat

Irrespective of the strategic direction which is chosen, it is clear that a number of outstanding issues, discussed at the Retreat, need to be resolved. The agenda includes:

- the formalisation of the relationship between the industry and Tourism Cook Islands;
- delivery on Government commitments to provide marketing funds;
- follow-up on the recognition by industry of its responsibilities in terms of the minimisation, mitigation and remedy the effects of development on the environment and government participation in the resolution of key infrastructure issues including potable drinking water, liquid waste disposal, solid waste disposal, and lagoon pollution;
- improved communication of research and statistics and the development of new statistics products for the industry;
- securing the long-term future of tourism training and education; and
- an increase in frequency of international flights, particularly between Tahiti-Rarotonga-Nadi which may require competition in international air carriers servicing the Cook Islands.

3.4 The Relationship between Tourism Cook Islands and the Industry

Formalisation of the relationship between Tourism Cook Islands and the industry may be the best way to address outstanding governance issues. In a small economy such as the Cook Islands with a minute tourism industry by international standards, it is important to utilise the full range of resources to foster industry growth rather than let the sector be captured by a few players. The current fledgling government-industry partnership, through a joint committee structure, provides the opportunity to engage a range of players within the committees rather than rely on a few individuals who inevitably have both high personal workloads and individual interests.

What has been lacking up till now is the research and policy development to take decision-making out of the constraints of existing knowledge and past policies and programmes. These deficiencies are being addressed in terms of market information, marketing and accreditation, although the work still needs to

be done for training. The consultative approach being adopted for the marketing strategy and the accreditation scheme represent a significant shift away from past practice to a more open process.

The next step to develop this structure is a charter for the operation of the partnership which formalises the relationship. The working practice needs also to be augmented by:

- plenary sessions involving all the committee members to review the overall progress of industry development, perhaps on a six-monthly basis; and
- regular information from Tourism Cook Islands about developments in the sector including analysis of marketing information.

3.5 Government Investment in Tourism Marketing

Delivery of Government commitments to funding of Tourism Cook Islands and participation in marketing programmes remains a critical issue. Such funding represents an investment in the economic development of the country on the part of Government. While the financial difficulties faced by the Government are acknowledged, timely and appropriate investment by the Government in marketing is an essential complement to the industry's own contributions. The strategic marketing plan currently under preparation will provide the necessary analysis and direction to maximise the return on this investment.

3.6 Environmental/infrastructural Issues

Environmental and infrastructural issues are inextricably bound up in the Cook Islands. Current practices in terms of the management of solid and liquid wastes, and other environment related issues such as land use patterns, fishing practices, and beach protection, pose a significant challenge to the long term viability of the tourism sector (as well as the intrinsic environmental and cultural values).

Up till now there has not been an effective mechanism for addressing the country's environmental management issues. The Cook Islands are far from being alone in this and many countries have struggled to deal with these issues. The challenge for the Cook Islands is to resolve the issues in a way which is effective, culturally appropriate, and financially viable. In terms of liquid waste disposal, the analysis in the ADB report is telling.³ However, it is unlikely that the Cook Islands could afford expensive centralised solutions such as that proposed in the ABD Infrastructure Report. The alternative, as discussed in the Rarotonga Task Force Report, is for the industry to take responsibility for treating its own wastes to an appropriate standard as part of the cost of doing business and for any Government initiatives to be directed to improving

³ Barrett Consulting Group, *op.cit.*

household discharges.⁴ Underpinning such a move would be the establishment of an appropriate set of discharge or receiving water standards.

3.7 Research and Statistics

Research and statistical functions are currently appropriately split between the Statistics Office and Tourism Cook Islands. Statistics is responsible for data collection, processing and primary analysis, providing a service function to Tourism Cook Islands as one of a number of Government agencies. The task for Tourism Cook Islands is the more detailed analysis and interpretation, and ad hoc surveys specifically related to tourism. This arrangement works well. Refinements could usefully be in the form of more detailed coding and comprehensive data entry by Statistics, as useful information is lost when full names and addresses, for instance, are not recorded for visitors. Given that the marketing strategy is likely to take a much more direct consumer focus than in the past, building up a database of visitors will be very important.

TMPIAP projects to improve the research capacity of Tourism Cook Islands are currently underway and a team of interviewers was recently recruited for an on-going series of visitor expenditure surveys.

3.8 Tourism Training

Tourism training received a major boost in 1993 when the UNDP funded the refurbishment of the Ngatangia School as a hospitality and tourism training centre. Some concerns were expressed at the time by the TMPIAP about the economics of the HTTC, but it has managed to sustain quite a significant level of service since it has become financially self-supporting.

There are a number of governance options for the HTTC, ranging from continued operation under Tourism Cook Islands, through to privatisation. The choice for the future of the Centre has to recognise the importance of a local facility in the development of the industry, and the potential synergies with tourism and hospitality training in the secondary schools. While there is opportunity in expanding the ambit of training at the HTTC there also has to be a measure of caution in the extent to which the HTTC should or could provide a regional training facility in the face of existing competition in Fiji and New Zealand.

The future of the HTTC should not be simply decided in isolation based on the various governance options and ideological preferences for public or private sector provision of services. Rather, an appropriate starting point is an in-depth analysis of the current and potential future needs of hospitality and tourism training in the Cook Islands and a realistic assessment of the potential for breaking into the international market.

⁴ Rarotonga Tourism Task Force, (1995), *Strategic Guidelines for Tourism Development on Rarotonga, 1995-2000*.

It may be after these analyses are undertaken that some form of private sector participation of training services is appropriate. It seems unlikely, however, that this would entail full privatisation of the facility. A preferable model may be a franchise with the Government retaining ownership of the facility. This would provide it with a sanction (removal of the franchisee), if a private sector provider did not perform adequately – something which is absolutely essential given the importance of training to tourism and the importance of tourism to the national economy. Any franchise agreement would need to include provisions for the maintenance of the facility and its return in equivalent condition at the end of the franchise.

4 CONCLUSIONS

The principal conclusions of this analysis of the conclusions and recommendations of the Tourism Master Plan are that:

- implementation has only been partial;
- a major contributing factor in a number of areas where little progress has been made may have been a cultural mismatch between the recommended approach and methods and the appropriate processes and cultural values of the Cook Islands;
- alternative approaches involving a mixture of high level assessment and “bottom-up” implementation used by the TMPIAP potentially offer a more creative and collaborative approach to resolving outstanding issues and project development;
- significant progress has been made in a number of areas targeted by the Tourism Master Plan, including some specific environmental issues, accreditation, information, awareness, amenities, training in schools, publications, and small business development;
- the TMPIAP is now targeting a number of key areas including the preparation of a strategic market plan, an economic analysis of the impact of tourism, and a corporate plan for Tourism Cook Islands;
- given the evolving state of the industry at the policy and strategic level and in terms of its development on the various islands of the Cook Islands, there is still a significant agenda in terms of tourism development activities;
- the particular characteristics of the tourism industry in the Cook Islands (including its small size and composition), and the dependence of the economy on tourism, require a collaborative approach to tourism development by all the various stakeholders, and appropriate investments by the various parties; and
- there is still an urgent need to develop a mechanism whereby actions across the spectrum can be focussed to deliver an agreed strategic intent for the industry. All the various stakeholders, which at one level means everyone, need to understand where they can contribute: from not dropping litter, through providing local goods and services, to building design which evokes Polynesia, and the way the locals interact with the visitors. The first task in this process is to agree on a strategic intent.

Table 4.24

SUMMARY LIST OF TOURISM MASTER PLAN DEVELOPMENT PROGRAMME PROJECTS, 1992-1996
(NZ\$ '000s)

Type of Project/ Sub-Project	Cumulative Costs (5 Year Capital)		Cumulative Costs (5 Year Recurrent)		Benefits Strategic Objectives and Targets			Priority	Comments
	Actual	F. Exchange	Actual	F. Exchange					
1. INSTITUTIONAL									
(i) Master Plan Implementation	-	-	500	25	(a)	(b)	(c)	High/Immediate	
(ii) CITA HQ Support	-	-	3,500	350	(a)			Continuation (d)	
(iii) New CITA HQ Building	300	60	15	2	(a)			High	
(iv) General Licensing Authority	-	-	200	150	(a)	(b)	(c)	High/Immediate	
Sub-Total	300	60	4,215	527					
2. PUBLIC AWARENESS									
(i) Schools' Hospitality Programme	70	30	30	20	(a)	(c)		High/Immediate	
(ii) Media	-	-	600	60	(a)	(c)		High/Immediate	
Sub-Total	70	30	630	80					
3. TRAINING									
(i) Overseas Trainer	13	12	200	100	(a)			Continuation (d)	Counterpart trainer is contained within CITA budget
(ii) Owners/Managers/(Workshops)	5	4	55	50	(a)			High/Immediate	
(iii) Front of House	3	2	7	3	(a)			High/Immediate	
(iv) Housekeeping	8	6	33	16	(a)			High/Immediate	
(v) Food Preparation	7	6	80	40	(a)			High/Immediate	
(vi) Food and Beverage Service	5	4	45	22	(a)			High/Immediate	
(vii) Other	5	4	20	10	(a)			High/Immediate	
Sub-Total	46	38	440	241					

Type of Project/ Sub-Project		Cumulative Costs		Cumulative Costs		Benefits Strategic Objectives		Priority	Comments
		(5 Year Capital)		(5 Year Recurrent)					
		Actual	F. Exchange	Actual	F. Exchange	and Targets			
4.	ENVIRONMENTAL								
(i)	Environmental Education	-	-	151	67	(a)	(b)	High/Immediate	
(ii)	Socio-Environmental Evaluation	-	-	78	44	(a)	(b)	High/Immediate	
(iii)	Environmental Planning for Tourism	-	-	734	210	(a)	(b)	High	
(iv)	Rarotonga Rehabilitation	125	25	340	85	(a)	(b)	Second Level	
(v)	Aitutaki Rehabilitation	100	30	95	24	(a)	(b)	Second Level	
(vii)	Conservation - Makatea Islands	65	52.5	506	150	(a)	(b)	Third Level	
(vii)	Conservation - Northern Group	30	15	44	11	(a)	(b)	Third Level	
	Sub-Total	320	122.5	1,948	591				
5.	PRODUCT DEVELOPMENT								
(i)	Interpretative Signs and Maintenance of Trekking Routes	50	5	40	10	(a)	(b)	High/Immediate	
(ii)	CITA Initiated Tourist Attractions and Facility Development	100	10	400	50	(a)	(b)	Second Level	
(iii)	War Canoe Museum	100	15	125	10	(a)		Second Level	
	Sub-Total	250	30	565	70				
6.	MARKETING AND MARKET INFORMATION								
(i)	Marketing and Promotion	-	-	10,430	8,705	(a)		Continuation	
(ii)	Computer Equipment, Training, programmes etc. Statistics Office/CITA	50	50	180	60	(a)		High/Immediate	
	Sub-Total	250	30	565	70				

Type of Project/ Sub-Project	Cumulative Costs (5 Year Capital)		Cumulative Costs (5 Year Recurrent)		Benefits Strategic Objectives and Targets		Priority	Comments
	Actual	F. Exchange	Actual	F. Exchange				
7. INFRASTRUCTURE								
(i) Rarotonga Sewage and Dry Waste	8,000	4,894	531	125	(a)	(b)	High/Immediate	
(ii) Aitutaki Sewage and Dry Waste	5,410	3,306	364	86	(a)	(b)	High/Immediate	
Sub-Total	13,410	8,200	895	211				
SUB TOTALS - Projects 1 to 7	15,246	9,030.5	20,303	10,585				
(iii) Other Projects								
(a) Rarotonga Water Supply	20,861	12,949	3,578	2,399	(a)	(b)	Pipeline	'Other' projects include those that are already in the pipeline or have funding committed (either by donors or Government). See detailed project list
(b) Aitutaki Water Supply	312	180	8	2	(a)	(b)	Pipeline	
(c) Electricity Supply	1,350	1,010	96	50	(a)	(b)	Pipeline	
(d) Rarotonga Roads	312	68	49	17	(a)	(b)	Pipeline	
(e) Aitutaki Roads	201	62	78	42	(a)	(b)	Pipeline	
(f) Rarotonga Airport	2,200	1,390	358	221	(a)	(b)	High/Immediate	
(g) Aitutaki Airport	600	360	114	68	(a)	(b)	High/Immediate	
(h) Rarotonga Harbour	800	510	94	19	(a)	(b)	Pipeline	
(i) Aitutaki Harbour	200	140	105	51	(a)	(b)	Pipeline	
Sub-Total	250	30	565	70				
TOTALS ALL PROJECTS/SUB PROJECTS	41,282	25,199.5	23,783	13,354				
High/Immediate Priority projects only	16,713	10,121	4,135	1,289				

Notes: (a) Economic viability and benefits; (b) Environment sustainability (c) Social acceptability
(d) Continuation of activities already being undertaken by CITA

