BACKGROUND

The New Zealand Aid Programme provides a Grant Funding Agreement (GFA) to help the Cook Islands tourism sector to ‘achieve sustainable economic growth for the tourism industry without compromising the Cook Islands’ unique qualities’. This funding enables the Cook Islands Tourism Corporation (CITC) to invest in destination development and destination marketing activities.

The evaluation of Tourism Sector Support was completed 17 months into a 24 month programme. Findings will be used by the Cook Islands Government (CIG) and the New Zealand Aid Programme to assess the effectiveness of this investment, and to inform decisions about future support for this sector.

WHAT IS WORKING WELL?

The tourism support programme is generally well-managed and is achieving (or is on-track to achieve) around half of its intended outcomes. There is also a logical flow between programme outputs and outcomes.

Tourism Sector Support activities were considered to be closely aligned with both CIG and industry priorities.

Stakeholders considered the events programme and development of industry standards to be the most effective destination development activities. They thought the marketing campaigns targeting airline underwrite markets and New Zealand visitors were the most effective destination marketing activities.

Overall, the tourism support programme operates efficiently. Barriers to greater efficiency are attributed to evolving CIG systems (e.g. procurement) and broader challenges such as land ownership/customary title, the investment climate, and the lack of an integrated approach to developing the tourism sector.

A positive unintended consequence of the programme was the improvement of governance, accountability and decision-making processes by CITC Board and staff, and subsequent adoption of similar improvements by other government agencies. Good systems are also in place for measuring the return on investment for destination marketing, based on ‘cost of acquisition’ (COA) targets. While some of the short term COA output targets have not been met, new marketing activities have been generating good results, growing shoulder and off-season visitors.

WHAT IMPROVEMENTS COULD BE MADE?

Though closely aligned with CIG and industry priorities, the evaluation considered that other matters of relevance should be taken into account for this programme. This includes addressing the private sector investment climate and monitoring the social impacts of tourism. The evaluation found that causal links between the destination marketing and destination development activities and intended outcomes are sometimes difficult to prove. This was
What improvements could be made?

because of a wide range of other factors at play in the tourism industry including:

- attractive pricing from other Pacific destinations
- currency fluctuations
- difficult economic conditions in source markets and
- internal land tenure and procurement issues.

While there are better management systems in place, some of the planned outputs for 2013/2014 have not been met. This includes events (12 planned, 6 delivered) and major infrastructure projects (6 planned by 2014/15 and 5 delivered). With the exception of airline emissions, the support programme was not directly linked to specific adverse environmental effects.

Over the short to medium term, continued improvements to the standard of sewerage systems used by the accommodation sector is needed. There should also be more systematic monitoring of social and environmental impacts, particularly the health of lagoons used for tourism. The evaluation recommended that the programme consider these needs if it extends beyond 2015.

Both destination development and marketing activities are highly dependent on New Zealand’s support. Without this support, it is likely that some activities would be substantially reduced or curtailed. This would likely have a flow on effect resulting in reduced revenue from tourism.

Recommendations

The evaluation considered that the Tourism Sector Support could be extended to 2017/2018 incorporating changes. These changes include increasing the focus on attracting higher spending visitors from USA, Europe, Australia and emerging Asian markets.

Another recommendation suggested revising targets in the results measurement table to better reflect current market realities and using more specific targets for future results measurement tables.

Recommendations on sustainability considered the application of practical approaches to better monitor social and environmental effects associated with tourism.

Our response

MFAT is using evaluation findings to inform the development of a new Performance Based Budget Support arrangement with the CIG. Under the arrangement, New Zealand will provide the CIG with funding to advance the delivery of its education, health, tourism and public service strategies and plans.

The CIG will have full ownership over allocation of funding to these sectors. New Zealand will use high level policy dialogues to encourage the CIG to utilise its resources efficiently, and provide technical assistance, where appropriate, to help ensure effective outcomes are achieved (including in the tourism sector).

Details about the Evaluation

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Year published: March 2015

Read the full report by clicking on this link