



**NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Aid Programme**

Evaluation Report for Cook Islands Tourism Sector Support

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1

Abstract

An evaluation of the Tourism Sector Support programme in the Cook Islands was undertaken between December 2014 and January 2015. It covered a 17 month period from July 2013 to December 2014. The full Tourism Sector Support programme runs from July 2013 to 30 June 2015. A three-person evaluation team analysed progress on the programme Outputs, Short and Medium-Term Outcomes specified in the Grant Funding Agreement between the Cook Islands and New Zealand governments. The evaluation involved analysis of secondary data from the Cook Islands Tourism Corporation (implementing agency), data from other relevant agencies as well as interviews with 22 stakeholders drawn from staff and Board members of the Cook Islands Tourism Corporation, other government agencies, local tourism operators and offshore travel wholesalers. The evaluation finds the tourism support programme to align closely with the tourism sector priorities of the Cook Islands government and industry. Relevance could be improved with more attention in the sector support programme to improving the investment climate and environmental performance of accommodation businesses, solving the constraints associated with the land tenure system and better monitoring of social and environmental impacts. In terms of effectiveness, the programme is on track to achieving most of its intended Outputs and Short-Term Outcomes. Events have been used successfully to drive off-peak travel to Rarotonga and Aitutaki. Lower than expected growth rates have occurred in the numbers of visitor arrivals, expenditure and visits to outer islands. Intense competition from other Pacific and Asian destinations, coupled with a strong New Zealand dollar and sluggish economic recovery in New Zealand, Australian, US and European markets are thought to be the main reasons for this. Programme funds are being managed efficiently and responsibly, although more sustainable financing mechanisms will be required for marketing and destination development activities should the New Zealand support programme terminate. Destination development activities are highly dependent on aid support. Marketing activities that directly seek to reduce the cost of an airline underwrite agreement linking Rarotonga with Australia and the US/Europe, are also highly dependent on aid assistance. No significant adverse social or environmental effects related to the programme have been identified.



2

Executive Summary

This evaluation of the Cook Islands Tourism Sector Support has been completed after 17 months of a 24 month programme so that findings can be used by the Cook Islands Government (CIG) and the New Zealand Aid Programme (NZAP) to inform their thinking about whether to continue the Tourism Sector Support post 30 June 2015 and if so, whether changes are required.

The overarching goal of the Grant Funding Agreement (GFA) is to enable the Cook Islands to 'achieve sustainable economic growth for the tourism industry without compromising the Cook Islands' unique qualities'. The Tourism Sector Support seeks to achieve this goal by increasing the ability of the Cook Islands Tourism Corporation (CITC) to invest in destination development (DD) and destination marketing (DM) activities.

The Cook Islands tourism support programme is generally well-managed and is achieving, or is on track to achieving around half of its intended outcomes. Key findings for each of the evaluation criteria are:

Relevance

The activities of Tourism Sector Support are considered by industry and government to be closely aligned with Cook Islands government and industry priorities. However other matters of relevance should be taken into account including addressing the private sector investment climate and monitoring the social impacts of tourism.

Effectiveness

There is a relatively logical flow between the outputs and outcomes of the GFA however the causal links between the DM and DD activities and intended outcomes are sometimes difficult to prove, not because there is no link but because there are many other factors at play including external competition and attractive pricing from other Pacific destinations, difficult economic conditions in source markets and internal land tenure and procurement issues.

Stakeholders consider the tourism events programme, destination marketing projects and establishing industry standards as being the most effective activities implemented to date.

Efficiency

Delivery of the tourism support programme is operating in a moderately efficient mode. This is a bilateral budget support model and subject to CI government processes, laws and the constraints of land ownership / customary title. Results are positive given this operating environment. As a result of the tourism support programme, the CITC Board and staff have adopted governance, accountability and decision-making processes that are now being adopted by other government agencies. While better management systems are 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). Good systems are in place for measuring the return on destination marketing



investments via 'cost of acquisition' (COA) targets. While some of the short term COA output targets have not been met, the new marketing activities completed in the past 17 months have been generating good results in growing shoulder and off-season visitation.

Sustainability

DD activities are highly dependent on the tourism sector support programme. Marketing activities to support an airline underwrite agreement for the US/Europe and Australia markets are also moderately to highly dependent on the support from the New Zealand government. Without the tourism support programme, it is highly likely that DD activities will be substantially reduced and some marketing activities curtailed. That may affect the Air New Zealand underwrite due to a reduction in marketing activities in the Australian, US and European markets. There are opportunities for increased contribution towards marketing from industry although this is likely to be limited to larger businesses. Stakeholders suggest that any new joint venture funding from government will help leverage more funding from the industry.

While no adverse environmental effects from the support programme were identified, more attention will be required in the short to medium-term to improve the standard of sewerage systems used by the accommodation sector. More systematic monitoring of social and environmental impacts and particularly the health of lagoons used for tourism are also required. The tourism sector support programme should consider these needs if it is to be extended beyond 2015.

Recommendations

There is a reasonable case for extending Tourism Sector Support through to 2017 / 2018 – incorporating, where possible, the following recommendations:

Relevance

1. Refocus DD funding to projects that are important for the destination and protection of the local culture and environment
2. Focus marketing and product development activities on attracting higher spending visitors from USA, Europe and Australia
3. Work with other CI government agencies to improve the current investment climate, environmental performance of the accommodation sector and reduce the constraints caused by the land tenure system.

Effectiveness

4. Revise targets in the results measurement table to better reflect current market realities
5. Use more specific targets for any future results measurement tables e.g. increase in visitor satisfaction from European visitors, rather than all visitors
6. Enable private businesses to be eligible for DD funding.

Efficiency

7. Explore how to leverage greater funding from industry and other sources
8. Request a review to the cap on CITC's revenue earning ability
9. Develop a national tourism plan or infrastructure investment strategy



10. Add criteria to the DD selection process that would enable other important projects to be funded that may not meet existing return on investment criteria
11. Provide higher levels of delegated financial authority for CITC senior managers.

Sustainability

12. Develop a sustainable financing mechanism to support marketing activities associated with the arrival of larger aircraft in 2016
13. If Tourism Sector Support is extended, ensure that no more than 10% of the funding for DD activities can be transferred into DM activities
14. Apply practical approaches to better monitor social and environmental effects (particularly lagoon health) associated with tourism
15. Consider extending the current GFA to 2017 / 2018 and assess options for establishing an ongoing Tourism Sector Support fund to counter any potential end to the current tourism sector support from NZ.

Cross-cutting:

16. Investigate updating the accreditation scheme to ensure workers are aware of their rights.



3

Background

This evaluation of Cook Islands Tourism Sector Support was completed in December 2014 alongside a broader Country Aid Programme evaluation.

3.1 THE ACTIVITY

Tourism Sector Support is a grant funding arrangement (GFA) between the Cook Islands Tourism Corporation (CITC), the Cook Islands Ministry of Finance and Economic Management (MFEM) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT). The GFA was signed in July of 2013 and makes available to the CITC a total of NZD\$ 6,440,000 until June 2015.

The overarching goal of the GFA is to enable the Cook Islands to 'achieve sustainable economic growth for the tourism industry without compromising the Cook Islands' unique qualities'. The tourism sector support seeks to achieve this goal by increasing CITC's ability to invest in destination development (DD) and destination marketing (DM).

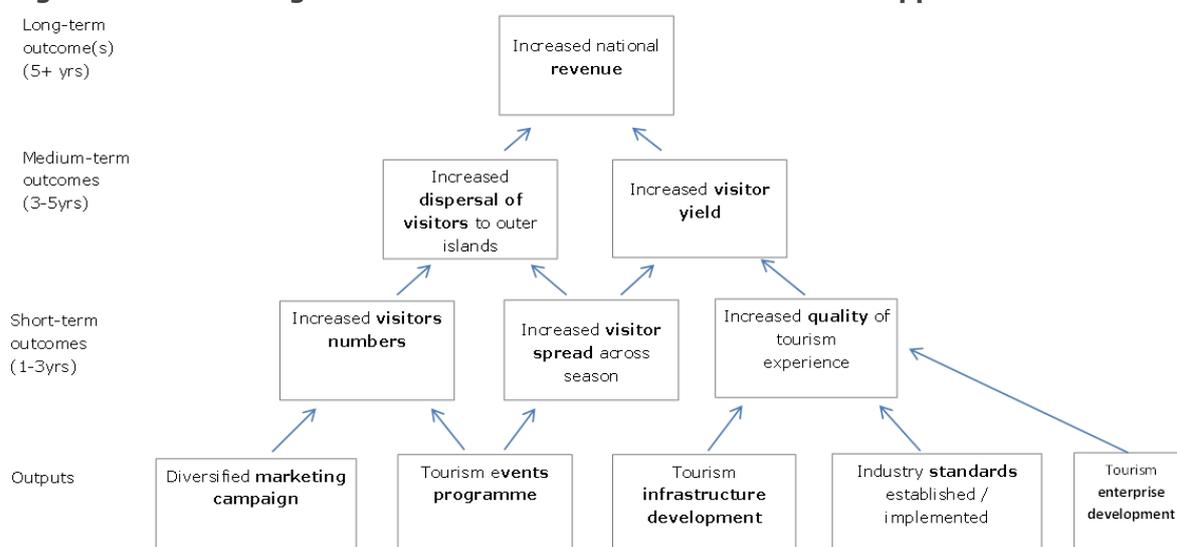
The original GFA for the Cook Islands Tourism Sector Support commenced on 1 July 2013. A Letter of Variation (No. 1) became effective on 8 January 2014. This letter of variation was fiscally neutral and contained the same five outputs and inputs. The main changes were to the layout of the results framework and inter-relationships between the outputs and the short, medium and long term outcomes – essentially simplifying the structure to clarify how the outputs relate to the outcomes. The Letter of Variation (No. 1) also reduced the number of results and focused on targets that were more straight forward to measure e.g. increases in average daily spend and length of visitor stay instead of increases in business owner satisfaction levels.

Changes to the "activities to deliver outputs" were made in only one output: the diversified marketing campaign. References to tourism tradeshows, missions and advertising strategy were replaced with a more integrated set of activities: "Joint marketing campaigns conducted in all traditional and emerging markets to increase sales and bookings to the Cook Islands."

The results diagram for the Tourism Sector Support activity includes five outputs – please see below:



Figure 1. Results diagram for the Cook Islands Tourism Sector Support



The number and type of activities that have been implemented over the 17 months of the programme include:

1. Diversified destination marketing

a. Business to Business

- i. Visiting Trade Programme – Travel agent/wholesaler familiarisation visits
- ii. In Market visits and training – In-country training and regular meetings
- iii. Kia Orana Cook Islands – Annual trade forum
- iv. CI Tradeshow Series – China cultural visit and VIP familiarisation trip

b. Business to Consumer

- i. Cooperative Activity – Tactical campaigns promoting price points and packages with Flight Centre, Our Pacific, Omniche, House of Travel etc.
- ii. Airline Joint Venture – Air New Zealand partnership programme in Australia
- iii. Summer Season Strategy – Promoting shoulder season (November-May)

c. Public Relations and Brand Awareness

- i. Visiting Media Programme – Travel writers and journalist visits
- ii. Brand Advertising & Design – Tactical brand advertising e.g. bus backs
- iii. Market & PR Support – PR representation in major markets / countries
- iv. Consumer Collateral – Support material and general information
- v. Air New Zealand Safety Video – Featuring famous models on Rarotonga’s beaches
- vi. The Big Bang Event – A music event to generate PR in NZ
- vii. Digital Advertising & Support – Multi media programme to promote CI.

2. Tourism event development

- a. Netball in Paradise (2013) saw over 500 visitors at the start of the shoulder and low season (December).
- b. The annual Manureva kitesurfing competition (September 2014) was again supported under this allocation.



3. Tourism infrastructure development
 - a. Vaka Eiva Event Centre: Application declined by CI government so this project has stalled although it may be reinitiated should land tenure issue be resolved
 - b. 15 new canoes for CICA to support Vaka Eiva
 - c. Trails and Cycleways: improving signage and mapping of the southern group of islands for improved exploring, cycling and trekking by visitors.
 - d. Extra reinforcement work and the purchase of conference facility equipment was approved for the Aitutaki Game Fishing Club.
 - e. A Golf Course Scoping study was commissioned with Greg Turner Golf to assess the feasibility of establishing a world class golf course on Rarotonga.

4. Industry Standards (Quality Assurance)
 - a. Accreditation Programme: Initial seed funding was provided in previous GFA. This GFA has seen further development via new standards for sectors such as Diving, fishing, weddings cultural activities and food & beverage.
 - b. An extension to the Cook Islands Taxi Association project begun in 2013 an additional 3 taxis being upgraded (Neon- Green Paint) as part of the fleet.
 - c. An unplanned allocation was quickly made towards combatting a rising dog problem on the island of Rarotonga.

5. Tourism Enterprise Development (Education and Training)
 - a. Customer Service Refresher Course was developed in conjunction with the Ministry of Education - Tertiary Training Institute and rolled out in 2014.
 - b. A Port Preparedness Workshop held in conjunction with SPTO was developed and executed over two days in October 2013.
 - c. A further half day cruise seminar 'Measuring Cruise Tourism in the Cook Islands' was held in January 2014.

3.2 EVALUATION PURPOSE AND DESIGN

3.2.1 PURPOSE

The findings of the evaluation will be used by the Cook Islands Government (CIG) and the NZAP to inform their thinking about whether to continue the Tourism Sector Support post 30 June 2015 and if so, whether changes are required.

Evaluation questions will:

- Assess the relevance of the Cook Islands Tourism Sector Support.
- Assess how effective CITC has been at achieving DD and DM outputs and to determine to what extent these have resulted in sought outcomes.
- Assess the overall efficiency of the tourism sector support.
- Assess the contribution New Zealand's support to the sector has made to a sustainable tourism industry in the Cook Islands.

Lessons learned from the evaluation could be applied by CITC whether Tourism Sector Support continues or not.



3.2.2 SCOPE

This evaluation applies only to the Tourism Sector Support activities carried out by the CITC under the GFA 2013 – 2015. This arrangement includes destination development and destination marketing outputs and related outcomes.

3.2.3 DESIGN AND METHODOLOGY

An Evaluation Plan is attached to this report. It outlines the methodology and rationale for the evaluation process. Given the evaluation is taking place before the end of the GFA, the long term outcomes of 'increased national revenue' have been more difficult to determine.

Evaluation of the Tourism Sector Support programme was structured around four critical areas of performance:

- **Relevance:** the extent to which development interventions are suited to the current and emerging priorities and policies of the target group, partner and donor
- **Effectiveness:** whether and to what extent development interventions (outputs) have been implemented, and whether and to what extent the desired results (outcomes) have been achieved
- **Efficiency:** a measure of how resources/inputs (both financial and non-financial) are converted into results; in other words, the extent to which the cost of a development intervention can be justified by its results, acknowledging potential opportunity costs
- **Sustainability:** whether and to what extent the benefits can be sustained after the end of the current GFA.

In summary, the evaluation method consisted of:

- (1) Mid – late November 2014: Background review of relevant plans, reports and research. Meeting with MFAT Wellington and teleconference with the NZ High Commission in the Cook Islands. Preparation and external review of the Evaluation Plan.
- (2) 1 – 8 December 2014: The two-person evaluation team undertook stakeholder interviews and a debrief workshop on Rarotonga. Further analysis of secondary data was carried out (CITC budgets and internal reports as well as reports from other agencies). Stakeholder interviews were guided by set questions that had been agreed to as part of the Evaluation Plan. Three out of 13 questions had scores of 1 to 5 associated with them. This enabled respondents to provide both a qualitative open-ended response and a sum-up assessment score ranging from 1 (low performance) to 5 (high performance).
- (3) January 2015: Online and phone interviews with Air New Zealand and eight travel wholesalers from the New Zealand, Australia and US markets.
- (4) December 2014 – 12 January 2015: Write up of the Draft Evaluation Report.
- (5) 12 January – 25 January 2015: Review of the Draft Evaluation Report by MFAT and CITC.
- (6) 26 January - 5 February 2015 – Preparation and submission of the Final Evaluation Report.



4

Overarching Findings

The findings in this section are centered on four Development Assistance Committee (DAC) criteria used in the evaluation: relevance, effectiveness, efficiency and sustainability. A final section on cross-cutting issues considers gender, environment and human rights.

4.1 RELEVANCE

The focus of this section is on questions relating to the extent to which the Tourism Sector Support for destination development and marketing activities, outputs and outcomes align with CI and NZ government development priorities and tourism sector needs.

4.1.1 THE COOK ISLANDS TOURISM SECTOR

It is important to understand the wider South Pacific context in terms of international visitor arrivals before considering the Cook Islands in isolation. The high New Zealand dollar and attractive offers from destinations such as Hawaii, Vietnam and Bali have seen double digit growth into these destinations out of New Zealand (the major source of visitors to the Cook Islands). This trend is impacting most South Pacific destinations with annual visitor arrivals greater than 100,000 p.a. - the only destination growing visitor numbers in 2013 being Vanuatu (growing its visitor arrivals from Australia, New Zealand, North America and other Pacific Islands). The Cook Islands has performed relatively well in retaining visitor arrivals above 120,000 during 2013.

Table 1. Visitor arrivals across Pacific Islands Countries

	2011	2012	2013
Cook Islands	113,114	122,384	121,158
Fiji	675,050	660,590	657,706
French Polynesia	162,776	168,978	164,393
New Caledonia	111,857	112,204	107,753
Palau	109,057	118,754	105,066
Papua New Guinea	159,590	167,149	146,155
Samoa	127,420	134,687	124,444
Vanuatu	93,960	108,161	110,109

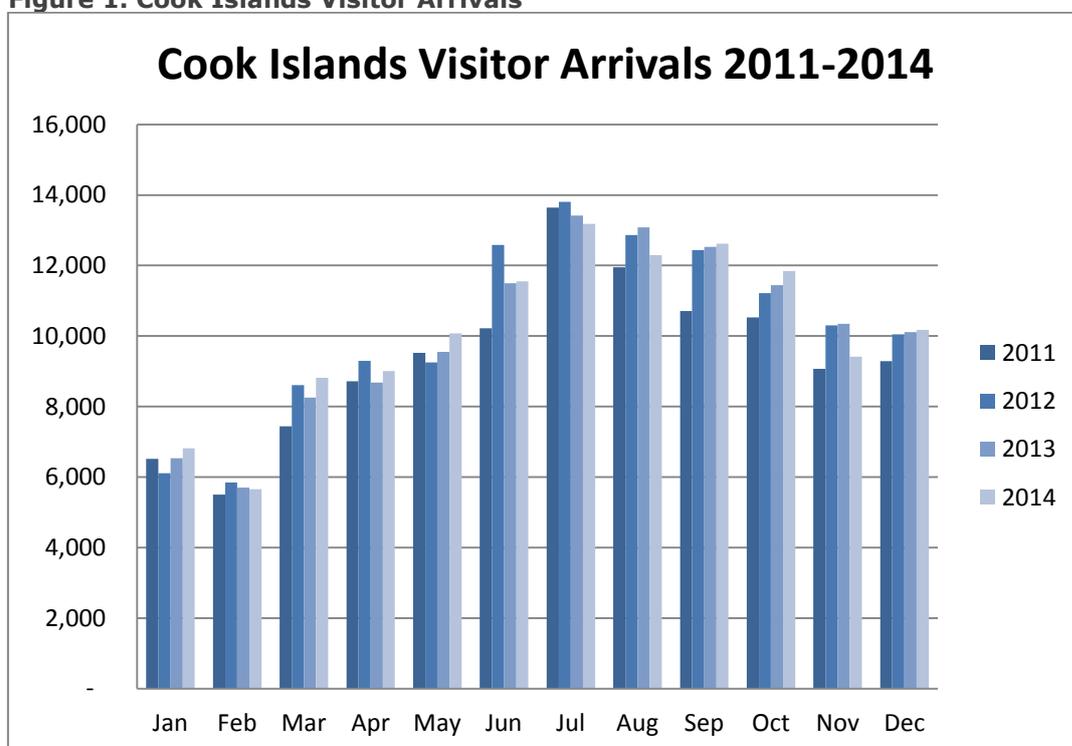
Source: South Pacific Tourism Organisation, Visitor Arrivals Statistics



The CIG 2014/15 Budget Policy Statement (BPS)¹ provides forecasts for visitor arrivals showing expectations of arrivals growing from 120,691 in 2012/13 to 134,100 in 2016/17. Accompanying these arrivals forecasts are forecasts of accommodation capacity and levels of utilisation in order to highlight potential constraints. It is expected that accommodation capacity issues will occur during July and August from this year (2014/15) with full accommodation capacity also being reached in the month of June from 2016/17. So additional private sector investment in accommodation will be required to sustain industry growth in the peak season.

Visitor arrivals peak in the winter months of July, August and September followed by relatively strong arrivals during the late shoulder season of October and November helped by events such as Vaka Eiva and Netball in Paradise. The shoulder and off-peak seasons are areas of focus for the CITC in growing visitor arrivals.

Figure 1. Cook Islands Visitor Arrivals



Source: Migration Statistics, Ministry of Finance and Economic Management

New Zealanders represented 65.8% of the 121,458 visitor arrivals to the Cook Islands in 2014 with Australians making up 18.1%. European visitors were the third largest source of visitors at 7.8% of arrivals and the USA and Canada contributing a further 5.6%. Visitors from Asia made up only 1% of total visitor arrivals in 2014.

¹ 2014/15 Budget Policy Statement, Cook Islands Ministry of Finance and Economic Management (2013).



Figure 2. Cook Islands Origin of Visitors



Source: Migration Statistics, Ministry of Finance and Economic Management

The CIG supports air services between Australia and North America / Europe via two underwrite agreements (Rarotonga – Los Angeles & Rarotonga - Sydney air services). The Cook Island’s Government is required to compensate Air New Zealand for any shortfall between revenue generated and total operational costs including a margin, associated with the operation of the two routes. Visitors from the USA, Canada and Europe tend to spend more during their stay and also travel outside the traditional peak season.

4.1.2 ALIGNMENT WITH GOVERNMENT PRIORITIES

The Joint Commitment for Development between the CI and NZ governments has seen tourism sector support since 2010/11 of \$3m per annum. The grant funding arrangement for 2013/14 and 2014/15 totals \$6.4m.

Government Priorities

The CIG’s priorities for tourism are contained in the National Sustainable Development Plan (NSDP) 2011-2015. “Ensuring our Tourism Destination Excellence” is the first strategy within Priority Area 1: Economic Development. NSDP actions relating to tourism are summarised in the table below:



Table 2: Alignment between the NSDP 2011-2015 and Tourism Sector Support

NSDP 2011-2015 Tourism Actions ²	Tourism Sector Support Activities
Underwrite key airline routes to Sydney and Los Angeles	<ul style="list-style-type: none"> • Joint venture with Air New Zealand in Australia to support the SYD/RAR service • Cooperative marketing campaigns in North America and Europe partnering with airlines and wholesalers/travel agents
Explore other options for connecting the Cook Islands with key markets	(Outside scope of Tourism Sector Support)
Improve promotion and marketing in key markets to ensure growth in market share, yield and dispersal to Pa Enea	<ul style="list-style-type: none"> • Business to consumer and business to business campaigns targeting growth outside the peak summer season • Setting targets for then seeking to improve the ROI and COA of each DM and DD activity • Visiting media programme including attracting travel writers to outer islands
Implement the Destination Development Strategy that underpins our green image and makes tourism `everybody's business	<ul style="list-style-type: none"> • Improving signage and mapping of trails / cycleways • Upgrades to taxi fleet • Rubbish / recycling facilities for major events • Customer service refresher course (half-day training) and longer training courses
Develop an alternative port for cruise ships in Rarotonga	(Completed outside scope of Tourism Sector Support)
Provide places for our people to showcase their creativity, innovation and entrepreneurship while adding to the distinctive character of the Cook Islands	<ul style="list-style-type: none"> • Consumer marketing collateral • Digital advertising to support campaigns
Promote our cultural and sports events targeting sports and cultural clientele	<ul style="list-style-type: none"> • New canoes for CICA to support Vaka Eiva • Event support including Netball in Paradise, Manerva Kitesurfing and Vaka Eiva
Promote our educational and cultural facilities and services to target those who want to learn in the Cook Islands	
Establish green standards for our accreditation scheme	<ul style="list-style-type: none"> • Development of 7 new accreditation standards and specific responsible environmental standards are in progress
Ensure integration of tourism and infrastructure development	<ul style="list-style-type: none"> • Proposed Vaka Eiva Centre (did not proceed) • Reinforcement work and conference equipment at the Aitutaki Fishing Club

² Tourism strategies and actions contained in the National Sustainable Development Plan 2011-2015, pp 52-53.



The Tourism Sector Support Programme is very closely aligned to the tourism strategies and actions of the NSDP 2011-2015.

CITC's Business Plan 2014/15 contains the following strategic objectives that reinforce the specific actions of the NSDP (listed in the table above) and the BPS:

- National Objectives from the NSDP 2011-2015:
 - Embark on strategies to ensure that the Cook Islands achieves its full potential as a leading sustainable tourism destination
 - Achieve long term sustainable growth for the tourism industry without compromising the Cook Islands' unique qualities (cultural, environment and community integrity)
 - Deliver an optimal Cook Islands experience to all visitors and ensure our tourism 'Destination Excellence'
- CIG priorities from the BPS 2014/15:
 - Maximise the social and economic benefits of infrastructure investment in our communities
 - Facilitate greater income generation opportunities and economic growth in the Cook Islands
 - Explore options to incentivise the growth of eco-friendly and green initiatives, industries and business.

Alignment between these higher level objectives (that are also reflected in the actions of the NSDP) and the Tourism Sector Support Programme is very high as these national objectives focus on both destination marketing and destination development.

Relevance between the activities of the Tourism Sector Support Programme and priorities of the BPS is slightly harder to establish in two areas: social benefits to the community and incentivising eco-friendly and green initiatives.

Stakeholder interviews with government and CITC consistently revealed a strong alignment between the goals of the Tourism Sector Support programme and the NSDP. All stakeholders interviewed rated relevance as five out of five (1= not relevant and 5 = highly relevant). The fact that tourism accounts for 60%³ of the Cook Islands economy was highlighted by many stakeholders as the reason for this high alignment rating.

The CIG has an ongoing and substantial investment in its tourism sector. This includes an approximate \$6 million annual funding arrangement with the CITC and an estimated \$12m underwrite arrangement⁴ with Air New Zealand to provide once-weekly return air services between Rarotonga and Los Angeles and Rarotonga and Sydney respectively. These underwrite arrangements are estimated to generate \$19.5m per annum in incremental expenditure within the Cook Island's economy. In net terms, this reduces to approximately

³ 2014/15 Budget Policy Statement, Cook Islands Ministry of Finance and Economic Management (2013).

⁴ Under the two underwrite agreements (associated with Rarotonga – Los Angeles & Rarotonga Sydney air services) the Cook Island's Government is required to compensate Air New Zealand for any shortfall between revenue generated and total operational costs including a margin, associated with the operation of the two routes.



\$5.3 million in additional economic activity once the cost of the Air New Zealand underwrite is deducted⁵.

4.1.3 ALIGNMENT WITH THE NEEDS OF THE COOK ISLANDS TOURISM SECTOR

Industry Priorities

The Cook Islands Tourism Industry Council (CITIC) is a membership body representing over 80 private sector businesses. The objectives of the CITIC as they relate to the needs of the CI tourism industry span both DM and DD including:

- The promotion, protection, encouragement and advancement of tourism activities throughout the Cook Islands.
- The promotion and protection of the general welfare of the Cook Islands tourism.
- To research and disseminate information relating to the tourism industry.
- To take steps from time to time as the CITIC may consider necessary to give publicity to the Cook Islands.
- To actively pursue dialogue with government agencies on tourism policy and to ensure, to the fullest extent possible, that there is representation of CITIC in all decision making relating to tourism in the Cook Islands.

The first two objectives above are sufficiently broad to enable tourism sector growth while ensuring the health or general welfare of the Cook Islands tourism industry. Given such broad objectives all the DD and DM activities of the Tourism Sector Support Programme can be considered relevant to the needs of the industry.

Alignment between the Tourism Sector Support programme and the needs of the tourism sector was also thought to be very strong scoring an average of 4.3 out of 5 across the tourism (private sector) and government sector stakeholders interviewed – with the lowest score (by only one stakeholder) being 3 due to perceived unclear goals with some aspects of the programme..

DD Activity Relevance

DD activities are considered relevant because they contribute to longer term viability of the tourism sector. It is an area that stakeholders agree has been neglected in the past. To the industry, DD activities enable improvement to service quality through training, and facilitate investment in events, attractions and activities. These activities are very relevant because they underpin / strengthen the quality of the Cook Islands experience and overall competitiveness of the destination. However, the current DD activities stop short of encouraging private sector investment in attraction, activities and accommodation as the GFA focuses instead on supporting public infrastructure development and established events. Support for private sector businesses is provided via industry standards (used for the accreditation scheme) and training within the enterprise development activity.

⁵ Economic Analysis of Cook Islands Air Route Underwrite Agreements, Covec (2013)



The majority of stakeholders interviewed highlighted that event development initiatives (such as support for Vaka Eiva and Netball in Paradise) were relevant to CIG / industry priorities although this was possibly because interviews were carried out in the week immediately following the festival. Support for major events are relevant to tourism sector for two reasons: the generation of off-peak visitation and generating international media interest in the event and the destination.

Comments from stakeholders on other DD activities that were relevant due to their ability to improve visitor perceptions of the destination included:

- The Cook Islands and Quality Assurance and Accreditation Programme
- Infrastructure improvement in general
- Taxi project (green painted taxi's and standard fares)
- Industry support e.g. workshops
- Cycle trail signage on outer islands
- Destination development in general.

DM Activity Relevance

The DM activities of the support programme are considered relevant to the industry as they generate greater visitation and have contributed to 'smoothing' visitation to months outside the traditional peak season. Cooperative business to consumer campaigns with airlines and travel agent chains that generate visitation and media visits that generate awareness and provide the platform for future visitation are relevant to the tourism sector. Private sector businesses appear strongly aligned to the cooperative marketing campaigns funded via the Tourism Sector Support Programme. Although businesses are not generally required to contribute financially, they contribute special prices or deals in support of campaigns and also host visiting trade of media on a free of charge (FOC) basis.

Eight of the 17 Cook Island government and industry stakeholders interviewed highlighted that DM campaigns aimed at businesses (agents) and consumers including PR campaigns were very relevant to the sector and two mentioned that training travel trade / agents (e.g. Kia Orana events) was well aligned with industry needs.



Case Study: Cook Islands Tourism Accreditation Scheme and Quality Assurance Programme

The CITIC operates the Accreditation Scheme using standards developed in conjunction with the CITC. These standards are then applied via a self-assessment and declaration by tourism businesses that choose to join the scheme and pay between \$75+VAT and \$175+VAT per annum.

Accreditation standards currently consist of minimum requirements rather than a more complex star grading scheme that would require additional "nice to have" standards over and above the minimum requirements allowing a quality score to be calculated.

An independent assessor visits each business to ensure adherence to standards as well as identifying opportunities for improvement. Stakeholder interviews highlighted that these assessor visits have resulted in an average of four improvements being identified per business suggesting hundreds of improvements occurring across the sector. Improvements range from simple practices and equipment such as how businesses dispose of rubbish and the provision of first aid kits through to investments in better kitchen facilities enabling safer food preparation.

Table 1 shows a total of 217 tourism businesses now accredited under the scheme that is jointly managed by the CITC and the Cook Islands Tourism Industry Council (CITIC). These accredited businesses represent over a quarter of the 818 businesses registered for VAT in the Cook Islands⁶.

Table 3. Accredited tourism businesses as at 30 November 2014

Category	Businesses
Hotels with 35 or more rooms	7
Hotels and self-catering	41
Holiday homes	30
Aitutaki accommodation	17
Diving, Fishing and Marine activities	26
Weddings, photographers, hair and beauty	23
Retail sales and service	25
Land-based tours and activities	10
Transport sector	10
Food and beverage	28
Total	217

⁶ Table of VAT Registered Businesses active in 2013, Statistics Office, Ministry of Finance and Economic Management.

Stakeholders interviewed outside of CITC and CI government had some difficulty in differentiating the destination marketing and destination development activities of the Tourism Sector Support Programme from the wider activities of the CITC simply because they were unaware of the activities of the programme.

4.1.4 IMPROVING RELEVANCE

Overall DD and DM activities were considered relevant by all respondents interviewed. Most stakeholders were able to raise 1 to 3 areas for improvement within the DD and DM work streams. There were no suggestions for major change. Senior management of the CITC were perhaps the most critical of the activities where performance could be improved under DD and DM work streams.

The CITC has identified a number of challenges facing the Cook Islands tourism sector in their Activity Progress Report (Jul 13 – Jun 14). Some of the challenges, such as workforce development and using events to counter seasonality are being addressed within current work plans. However there are four issues in particular that need to be addressed in the short to medium term that impinge on the relevancy of tourism sector support. These are (i) a lacklustre investment climate (ii) a constraining land tenure system which impacts on the investment climate (iii) new sanitation standards and (iv) monitoring social impacts related to the tourism sector. Issues (i) to (iii) are affecting the value and risk exposure of the destination's capital assets, in particular accommodation where capacity issues are predicted during future peak seasons.

The need to improve these capital assets comes at the same time as the need to increase passenger volumes on routes that will likely see larger aircraft flying between Rarotonga and Los Angeles plus Rarotonga and Sydney from late 2016⁷. Facing all of these challenges at once could create something of a 'perfect storm' for the Cook Island's tourism sector. The main implication of these factors is that the Cook Islands will need to continue with, if not increase, its investment in marketing and destination development activities.

Private Sector Investment

Improving relevance to better meet the current needs of the tourism sector would occur if improvements to the investment climate for businesses in the Cook Islands could be made. Clarifying and / or streamlining investment processes would benefit the tourism sector along with other sectors and would encourage greater private sector investment or reinvestment in accommodation to address issues of aging facilities and insufficient room stock to meet future peak season demand.

⁷ Air New Zealand's fleet plan assumes that the last two remaining B767-300 aircraft (230 seating capacity) will exit the fleet by October 2016. From November 2016, the smallest aircraft available within the Air New Zealand fleet to operate long-haul services from Rarotonga will be the Boeing 787-9 or Boeing 777-200, with a seating capacity of up to 300 passengers. For the purposes of this report the Boeing 777-200 has been assumed as the most likely aircraft to operate underwritten services.



The CITC's Activity Progress Report (Jul 13 – Jun 14) also emphasizes the lacklustre investment climate for tourism resulting in only one major accommodation development in the past decade. An investment strategy is to be developed by the CITC in conjunction with other government departments and will prove relevant for any future tourism sector support.

Land Tenure

Land tenure issues were mentioned by many stakeholders interviewed. While it is unlikely that the tourism sector alone could lead a land reform programme, the tourism sector could be a driving force behind a programme to improve land management systems. It is currently not part of the tourism sector support programme, but is very relevant, particularly in terms of attracting new investment in accommodation, tours and attractions.

Sanitation Standards

Related to this need for greater private sector investment is the pressing need for many accommodation businesses to invest in upgrading their septic tank systems in order to meet new water and sanitation (WATSAN) regulations. These new standards came into force in 2014 and are very relevant to the future economic viability and environmental sustainability of the tourism sector ensuring negative impacts for recreational fishing and human health (particularly when swimming in lagoons) are minimised. At the time of writing this report, many accommodation properties would not meet the new regulations. One of the overseas travel agents interviewed during this evaluation commented on the need for the Cook Islands tourism sector to improve lagoon water quality.

Monitoring Social Impacts

Four stakeholders interviewed pointed out the importance of balancing the economic benefits offered by tourism with the social impacts on local communities created by the relatively large number of visitors. Monitoring local attitudes towards tourism is highly relevant to industry sustainability so adding social indicators to the results measurement table of any future tourism sector support would be prudent.



4.2 EFFECTIVENESS

This section of the evaluation focuses on the effectiveness of the DD and DM activities in terms of achieving agreed short and medium term outcomes. The timing of this evaluation, after 17 months of a 24 month programme, means that many of the short and medium term outcomes cannot be observed. For instance visitor arrivals and expenditure data for the whole of 2014/15 are not yet available. However, estimates of the likelihood that these outcomes will be achieved by the end of the GFA have been made by the evaluation team in order to provide useful information for MFAT and CITC.

4.2.1 EFFECTIVENESS IN ACHIEVING RESULTS

Medium Term Outcomes

There are only four targets for measuring the effectiveness of the programme's two medium term outcomes: 1) increased visitor yield, and 2) increased dispersal of visitors to outer islands. Of the four targets, two cannot be measured until 2015/16. The final target of 5% increase in average daily spend of visitors in the Cook Islands in 2014/15 has been broken down into the four key source markets.

These targets for increased daily visitor spend appear very optimistic, particularly given the strength of the New Zealand dollar and ongoing competition from other Pacific destinations.

Medium Term Outcome 1: Increased visitor yield. There are some encouraging average daily spend figures (in-country spend not including pre-purchased air travel and accommodation) from European visitors and visitors from North America. It is unlikely that any destination can generate increased visitor daily spend when the exchange rate pressure results in visitors having less local currency to spend. Even New Zealand has reduced its forecast daily visitor spend from \$128 per day in 2013 to \$124 per day in 2020⁸.

Medium Term Outcome 2: Increased dispersal of visitors to outer islands. Travel to outer islands by visitors has been reducing rather than increasing. This is likely due to a combination of high costs of inter-island travel combined with the relatively high local currency.

⁸ New Zealand Tourism Sector Outlook 2014 to 2020, Ministry of Business Innovation and Employment, 2014



Table 4. Medium-term outcomes

OUTCOME / INDICATOR	JUL – NOV 2014	JUL 2013 to JUN 2014	LIKELIHOOD OF ACHIEVEMENT
Number of visitors to outer islands (Pa Enuua)	N/A	31,974 in 2013/14 or 3.3% below 2011/12. Target is 5% above 2011/12 baseline:33,085	Very Low
Increased visitor yield:			
Length of visitor stay	N/A	8.6 days in 2013/14 or 1.1% below 2012/13. Target is 10% increase by 2015/16 above 2012/13 baseline of 8.7 days	Very Low
Average daily spend of visitors (pre and post arrival spend)	N/A	\$201 p.d. in 2013/14 or 7.8% below 2012/13. Target is \$250 p.d. by 2015/16 above 2012/13 estimate of \$218 p.d.	Very Low
Average daily spend of visitors in the Cook Islands by major markets (in-country spend only):			
North America	N/A	Target in 2014/15 \$145 Actual in 2013/14 \$136	Medium
Australia	N/A	Target in 2014/15 \$143 Actual in 2013/14 \$125	Low
New Zealand	N/A	Target in 2014/15 \$126 Actual in 2013/14 \$103	Very Low
Europe	N/A	Target in 2014/15 \$123 Actual in 2013/14 \$138	Very High

Short Term Outcomes

There are 10 targets to be met in order to deliver the programme's three short term outcome: 1) increased visitor spread across seasons, 2) increased visitor numbers, and 3) increased quality of tourism experience. Five of these targets have been achieved or have a high likelihood of being achieved. One is considered to have a medium chance of achievement and the remaining four have a low likelihood of achievement by 30 June 2015.

These outcomes and related targets are set out in the tables below with an analysis of each outcome following each table.



Table 5. Short Term Outcome 1: Increased visitor spread across seasons

OUTCOME / INDICATOR⁹	JUL – NOV 2014	JUL 2013 to JUN 2014	LIKELIHOOD OF ACHIEVEMENT
Number of visitor arrivals in shoulder season (Oct-Nov, Apr-Jun)	Oct-Nov 2014 is 21,259 or 2.5% below Oct-Nov 2013 of 21,794 ¹⁰	52,421 in 2013/14 or 2.1% above 2012/13. Target is 5% above 2012/13 baseline:51,331	Medium
Number of visitor arrivals in low season (Dec-Mar)	N/A	31,402 in 2013/14 or 2.8% above 2012/13. Target is 5% above 2012/13 baseline: 30,544	High

Short Term Outcome 1: increased visitor spread across seasons. The results for increasing visitor arrivals outside the peak season of July to September have been encouraging. However, given the high currency exchange rate and strong competition from other South Pacific destinations, achieving growth in visitor numbers across the year will be an achievement in itself – let alone achieving the target of 5% growth in 2014/15 over 2012/13 (i.e. over two years).

Table 6. Short Term Outcome 2: Increased visitor numbers

OUTCOME / INDICATOR	JUL – NOV 2014	JUL 2013 to JUN 2014	LIKELIHOOD OF ACHIEVEMENT
Total number of visitors	Jul-Nov 2014 is 59,361 or 2.4% below Jul-Nov 2013 of 60,825	122,854 in 2013/14 or 1.6% above 2012/13. Target is 5% above baseline of 120,909	Low
Total visitors from traditional markets NZ, AUS, NAmerica, UK, EU	Jul-Nov 2014 is 57,419 or 2.1% below Jul-Nov 2013 of 58,666	119,316 in 2013/14 or 1.0% above 2012/13. Target is 5% above baseline of 118,055	Low
Total visitors from emerging markets (Asia)	Jul-Nov 2014 is 602 or 10.7% above Jul-Nov 2013 of 544	1,199 in 2013/14 or 34% above 2012/13. Target is 5% above baseline of 895	Very High
Total cruise ship visits	No arrivals ashore in Jul-Nov 2014 due to rough seas (2 vessels did not disembark)	10 in 2013/14 or 43% above 2012/13 Target is 10% above baseline of 3 visits	Achieved
Total cruise ship visitors	No visitors in Jul-Nov 2014 due to rough seas	4938 in 2013/14 or 90% above 2012/13. Target is 10% above baseline of 2596 visits	Achieved

⁹ Targets were set for 2014/15 compared to a baseline of 2012/13 i.e. two years.

¹⁰ Vaka Eiva 2014 was a smaller event than the 10 year celebration held in 2013 and also due to many paddlers attending another international waka event that is held every two years.



Short Term Outcome 2: Increased visitor arrivals: While overall visitor arrivals have struggled to grow over the past 17 months (of the GFA) there have been some encouraging signs in the growth of shoulder and off-peak months. The combination of the events development programme, especially the support for Vaka Eiva, and additional destination marketing campaigns are possible reasons for the growth outside the peak season.

Visitors from SE Asia and cruise ship arrivals have been growing strongly albeit off small bases. There have also been instances of smaller cruise ships visiting outer islands creating opportunities for these communities to benefit from tourism. Efforts to record outer island cruise ship arrivals and expenditure require new recording systems as official statistics do not appear to include these.

Table 7. Short Term Outcome 3: Increased quality of tourism experience

OUTCOME / INDICATOR	JUL – NOV 2014	JUL 2013 to JUN 2014	LIKELIHOOD OF ACHIEVEMENT
Number of businesses meeting standards	217 Accredited businesses as at November 2014	Target is 20% to 30% above baseline of 252 in 2011	Low
Visitor satisfaction	N/A	94% satisfied or very satisfied which is the same as 2012/13 (Target was for an increase)	Low
Propensity to recommend Cook Islands	N/A	98% propensity to recommend which is the same as 2012/13 (Target to be equal to or improve)	High

Short Term Outcome 3: Increased quality of tourism experience: Businesses attaining accreditation can be viewed as a contributing factor in increasing the quality of the visitor experience. Despite the target for the number of businesses accredited not being reached there appears to be strong support for the programme by industry. Anecdotal evidence from the programme coordinator suggests a significant number of improvements across all participating businesses as a result of the accreditation system. It is estimated that an average of four service or facility-related improvements have been carried out by each newly accredited business. This equates to over 800 improvements since the scheme commenced.

Visitor satisfaction and propensity to recommend the CI were already both high at 94% and 98% respectively and these levels have been maintained. These high levels will be hard to improve on so the target to improve satisfaction may be better focused on reducing dissatisfaction levels or increasing satisfaction in different visitor markets. For instance, European visitors appear to have lower satisfaction levels than North American visitors.



Outputs

Progress against the targets for the agreed outputs of the Tourism Sector Support Programme are shown in Table 8 below.

Table 8. Achievement of outputs against targets

OUTCOME / INDICATOR	JUL – NOV 2014	JUL 2013 to JUN 2014	LIKELIHOOD OF ACHIEVEMENT
Tourism events programme (Number of events supported)	N/A	6 events funded in 2013/14. Target was 12 events by 2013/14 and 14 by 2014/15	Very Low
Tourism infrastructure development (Number of new facilities)	Aitutaki Lagoonarium Complex has been given priority but approvals process likely to be long	5 new projects undertaken including signage on outer islands. Target is 6 new facilities by 2014/15	Uncertain
Industry standards established (Number of new industry standards)	Responsible environmental practices and safety for water based activities still required	7 new standards in 2013/14 Target was for 2 new standards by 2014	Exceeded Target
Diversified marketing campaign - Cost of acquisition per visitor (COA)			
New Zealand	N/A	Target less than or equal to \$NZ56.12 Actual in 2013/14: \$77.41	Very Low
Australia	N/A	Target 5% below \$AU111 Actual in 2013/14: \$NZ238.74	Very Low
North America	N/A	Target 5% below \$US173 Actual in 2013/14: \$NA	Uncertain
Europe	N/A	Target 5% below €150 Actual in 2013/14 €161	Low
Tourism enterprise development (Number of individuals trained)	Target of 144 long courses deferred to 2014/15	542 (302 female / 185 male) attendees in customer service training	High for short courses Low for long courses

In summary:

1. The number of planned events is 50% achieved over the reporting period
2. Most infrastructure projects have been achieved although one significant project (Vaka Eiva building) was cancelled late in the 2013 – 2014 financial year
3. More industry standards (7) were completed than planned (2)
4. The cost of acquisition appears to be increasing for some New Zealand and Australian marketing campaigns
5. More trainees participated in short customer service training activities on Rarotonga, Mauke, Atiu & Aitutaki than expected.



Explanation for the results

1. Events – the main reason for not meeting targets is that there has been a shortage of quality, well-managed events capable of attracting visitors to the Cook Islands. The CITC Board focused their funding decisions on events with a high ROI. Many local events that applied for funding were declined. On reflection, the target of 12 events was probably too high.

2. Infrastructure Developments – five out of six planned facilities have been achieved. Over the last 17 months it is apparent that major facilities or new attractions are the most difficult to complete due to (i) time and complexity in gaining government planning approvals and (ii) time and complexity involved with gaining community and land owner agreements.

3. Industry standards – these have exceeded targets due to the lack of controversy, competent management of the accreditation system and strong industry support. However, more difficult standards for responsible environmental practices and safety for water based activities have yet to be developed and may prove more difficult given they must supply to a wide variety of tourism businesses.

4. Marketing campaigns – the cost of acquisition (COA) has been above targets due to the higher than average cost of campaigns that target off-peak travel (the smaller volume of visitors in off-peak months has the effect of increasing the average COA).

5. Workforce development – although there is reluctance by many businesses to release staff for longer-term training, there has been higher levels of support for short-term training in customer service. Reasons for this are not entirely clear, other than business owners are likely to consider customer service as vital for their commercial bottom line and the time requirement is low.

4.2.2 CAUSAL LINK BETWEEN OUTPUTS AND OUTCOMES

The results framework of the Tourism Sector Support Programme (please refer to page 8 above) provides a reasonably logical flow between outputs and short, medium and long term outcomes. The attribution from outputs to short, medium and long term outcomes are correct in the sense of how the tourism sector functions. Further links could be made in the results framework between output: tourism infrastructure development and the short-term outcome: increased visitor numbers. This is because improved infrastructure tends to provide a platform for increased investment in products and services which in-turn attracts more visitors. There is also a causal link between output: tourism enterprise development and the outcomes: increased visitor numbers and increased visitor spread across seasons. Successful enterprise development will contribute towards visitor arrivals (on the back of improved infrastructure) and can assist in spreading the seasonal pattern of arrivals – assuming the enterprise targets off-peak travellers.

External and internal factors appear to be having an adverse influence on the effectiveness of the outputs in achieving the outcomes. For instance, the medium-term outcome of 'increased dispersal of visitors to outer islands' does not necessarily result from an increase in visitor numbers and spreading visitor arrivals across seasons. This is because there is tension between maintaining and growing visitor arrivals to Rarotonga and doing the same for the outer islands, where only a small proportion of total visitors can afford or have the time to travel. This tension is described in the tourism literature as 'Centre Periphery Conflict'



and is a global phenomenon also found throughout the Pacific. The diversified marketing campaign can have a positive impact on increasing visitor arrivals yet can be undermined by competition from other destinations (in this case Fiji and Hawaii) and from local prices being perceived by trade partners and consumers as too high. More detailed discussion on the causal links between outputs and outcomes follows.

Diversified Marketing Campaign

ROI, COA and outer island dispersal targets are being set for promotions to consumers via travel trade (agents and airlines). However there are still wide variations in results against these targets ranging from 110% over achievement in terms of ROI to 75% under achievement. This range in results in marketing campaign success is not just determined by the effectiveness of the marketing campaigns being operated – many other factors must be considered including:

- Macro-economic conditions of visitor source markets
- Competition from other destinations
- Airline access (i.e. the need for connecting flights if not direct) and pricing
- Currency exchange rates
- Relative appeal of holiday packages and accommodation costs
- Weather patterns or seasons.

Given the many other variables that influence visitor arrivals and the fact that there are campaigns or offers in the market year round (i.e. no times where there is no marketing influence) it is difficult to estimate just how much of an influence destination marketing has on growing or maintaining visitor arrivals numbers.

Further insight into the effectiveness of the diversified marketing campaigns (and hence the causal link with increased arrivals) was provided by the five overseas travel agents interviewed during the evaluation. There was a unanimous response from all agents/wholesalers and Air New Zealand that the Cook Islands is not as competitive on price as Fiji, Hawaii or Vanuatu. Three agents compared it to Tahiti in terms of being over-priced for what it offers. This factor alone is likely to be acting against the effectiveness of Cook Islands marketing activities. Agents rated the effectiveness of CITC marketing with scores between 3.5 and 4 (out of 5) and then commented that the industry was letting CITC and the destination down by not offering competitive or innovative prices for accommodation, food and tours.

Tourism Events Programme

Reporting of event activities provides detail of the investment taking place for each event rather than the growth in visitor numbers coming to the event so it is difficult to establish a link between event support and growth in visitor arrivals. However the support of events to grow the shoulder seasons (with the exception of November 2014 when Vaka Eiva was a smaller festival due to a competing international event) was highlighted by over half the stakeholders interviewed as an effective activity. Establishing targets for growth in visitors arriving for events would assist in linking event activities to visitor arrivals growth outcomes.

Tourism Infrastructure Development

While the process for assessing the potential ROI of an infrastructure project is robust, it could be argued that the process for deciding which infrastructure projects to invest in is less effective. It is not possible to measure the causal impact of infrastructure projects that never



progress beyond feasibility stage e.g. assessing potential hiking and cycling trails, golf course and vaka shed investments. CITC's reluctance to own and maintain assets and to invest in private businesses would also seem to limit the number of potential projects.

A land tenure issue (the lack of suitable land tenure) that halted progress on the Vaka Eiva event centre in Avarua was highlighted by three stakeholders as an example of the difficulty in developing or improving the built facilities required to support events. The time required to find a replacement infrastructure project, then go through the stages of feasibility, approvals and implementation suggests a two year GFA will always be too short.

Industry Standards

The relationship between industry standards at an activity level and improved visitor experience depends on three pre-conditions. The standards must:

- Be relevant to visitor needs
- Recognise quality that is at a high enough standard as to generate improved experiences rather than just reward what is already in place, and
- Be enforced so that the majority of businesses actually commit to improving the visitor experience being offered.

So standards alone are just one tool in improving visitor experiences and satisfaction. And they tend to work best at a prescriptive level of putting in place basic standards as these are easiest to measure. The need for higher standards within the accreditation scheme was mentioned by three stakeholders as an area of improvement – particularly now that the programme has been operating for two years.

Customer feedback by way of online reviews (on websites such as www.tripadvisor.com) generates more immediate impact on the industry as operators need to respond quickly to news of their property/service online. Industry standards can also be effectively used to drive uptake of minimum legal requirements for operating in accordance with regulations e.g. sanitation, food handling and safety or to highlight where a business might improve its service.

In conclusion, there is a link between industry standards and overall levels of visitor satisfaction. This varies depending on consumer expectations and how well these are being met.

Tourism Enterprise Development

The activities of the GFA involve tourism business owner and staff training rather than broader enterprise development (such as mentoring, access to finance and incentives to invest). Industry training has worked well in delivering high numbers of trainees in a half day customer service course but it is too soon to assess the strength of the causal link between this activity and increased quality of the visitor experience.

Industry training was mentioned by five stakeholders as not working as well as it could. Reasons for this included the lack of private sector support for training staff and the lack of subsidies for training to enable companies to release staff for training.



4.2.3 FACTORS THAT ENHANCE OR CONSTRAIN OUTCOMES

Enhancing Factors

The working relationships between the CITC and the CIG as well as with the local tourism industry are strong and there is evidence of successful delivery of destination marketing activities and event support initiatives from the majority of stakeholders interviewed. Positive achievements are also evident in the short and medium term outcomes detailed in the sections above.

CITC's success in delivering is underpinned by its focus on measuring the return on every investment made by the organisation as evidenced by the ongoing DM and DD reporting to the CITC Board. There are sophisticated targets and actual measures for the "cost of acquisition" of a new visitor used in both DM and DD. Targets for average length of stay and outer island dispersal are also considered before significant marketing investments are made.

Other enhancers include:

- The historic ties between the Cook Islands and New Zealand
- Use of the New Zealand currency
- Strong relationship with airlines
- Ongoing and significant support and investment in tourism by the CIG
- Well established tourism operators
- Positive relationships with the travel trade in major visitor source markets of NZ, Australia, North America and Northern Europe.

Constraints

External constraints such as the high New Zealand currency and strong competitive pressures from other South Pacific destinations have created something of a headwind for the Tourism Sector Support Programme over the 17 months it has been operating.

One significant infrastructure project that failed to proceed was the planned Vaka Eiva Event Centre in Avarua. After initially being supportive, Cabinet declined the lease request by the project partner Cook Islands Canoeing Association (CICA). Cabinet cited the real-estate value of the land in question and the lack of an overall town plan into which this facility would fit. The CITC Board has recently resolved to reconsider this project for funding should land tenure be secured in the near future, but has directed that a planned Tranche 4 infrastructure project – the Aitutaki Lagoonarium Complex – be moved up to replace this project.

Three stakeholders interviewed said that a more proactive, strategic and entrepreneurial approach to Destination Development projects would provide more impact in the longer term. In short, better quality projects able to deliver longer term benefits. Some DD projects have failed to proceed beyond an initial report into its feasibility such as building and upgrading hiking / cycle trails and developing a new golf course suggesting a reluctance to undertake larger scale projects due to uncertainties around land tenure and asset ownership. One DD project designed to address the issue of roaming dogs on Rarotonga in response to public pressure has proceeded only to fail in its implementation.



Focusing DD activities on projects that will create the largest impacts in terms of visitor enjoyment or supporting growth in visitor numbers or yield will require a reprioritisation of potential projects based on each project's ability to deliver the greatest gains to the destination. For example, prioritising improvements to the 'main visitor corridor' around islands may result in the majority of visitors being presented with a refreshed set of experiences such as business frontages and signage as they travel on main roads.

Time pressure has impacted some DD and DM activities. For instance, not enough time to gain land approvals in the case of some DD activities and not enough time to leverage big opportunities such as the Air NZ safety video for the DM team. Aiming to complete fewer large DD projects combined with a more robust process for assessing project feasibility and risk may reduce the chances of a project stalling.

The return on investment (**ROI**) or cost of acquisition (**COA**) requirement that have enhanced the effectiveness and efficiency of the more commercial activities of CITC have also made it difficult to justify less commercial projects. It appears far easier to calculate the ROI on an advertising campaign than it is for upgrading public toilets or dealing with roaming animals. Reviewing the ROI / COA decision-making framework for DD projects may result in a better mix of commercially-oriented and destination management projects being selected.

Other constraints include:

- Geographic isolation of Rarotonga and other islands
- Isolation also makes it difficult for cruise companies to include the Cook Islands in their itineraries
- Lack of large port facilities for cruise ships
- Difficulty in addressing the investment environment and land tenure issues
- CITC is vulnerable to public opinion leading to criticism when activities are not supported and / or pressure to engage in projects that are not within its mandate e.g. dog control project
- Neglect of built structures once they have been completed and CITC not wishing to own assets
- Slow government procurement processes,
- Tensions with unsuccessful applicants for DD funding.



4.3 EFFICIENCY

This section examines the efficacy of the delivery mechanisms for the tourism support programme. Its focus is on *how* the outputs have been delivered and whether these could have been achieved via other means of delivery with the same budget.

4.3.1 OVERALL BUDGET

A total sector support budget of \$6.4M forms the basis of the GFA with the Cook Islands covering 2012-2013 to 2014-2015 financial years (Table 9). At the time of writing this report, total expenditure amounts to \$4,803,492. There is \$1,696,508 left to spend between February and June 30, 2015. According to CITC, this budget will be spent by June 30, 2015, primarily on DM activities.

Table 9: Budget summary for Tourism Sector Support

Item	2012-2013 Budget	2012-2013 Actual	2013 - 2014 Budget	2013-2014 Actual	2014 - 2015 Budget	Actual YTD Feb 2015
Destination Development	0	0	\$1.24M	\$572,466	\$0.826M	\$270,028
Destination Marketing	\$1.5M	\$1,388,766	\$2.2M	\$1,913,352	\$0.674M	\$658,880
Totals	\$1.5M	\$1,388,766	\$3.44M	\$2,485,818	\$1.560M	\$928,908

Although the total budget is expected to be expended by the end of the current GFA, considerable under-spend has occurred with DD activities and reallocation of these funds into DM activities. Approximately \$720,000 of under-spend in 2013/14 was due to the Vaka Eiva building upgrade project not going ahead and the Mitiaro components of the Trails and Cycleways project being deferred to 2014/15.

Looking at the current budget status for 2014/15, it is quite possible that the DD budget will be further under-spent by 30 June 2015. The biggest single item of expenditure under this work stream is the Aitutaki Lagoonarium (\$400,000). At the time of writing, it is very unlikely to be completed by June 30, 2015.

Reasons for budget variances

As a general observation, DD activities are more vulnerable to being disrupted than DM activities. This is due to land tenure complexities, government approval processes, procurement, travel logistics and community-related issues. It is not surprising that under expenditure in the DD work stream has been reallocated to DM activities over the last three years. This can be seen as purely expedient because DD activities, while often difficult to deliver, are essential for long-term sustainability of the destination.

The evaluation team consider the main constraints affecting efficiency are:

1. A cautious but at times ambitious approach by the CITC Board towards the use of Destination Development funds



2. A crown revenue cap on CITC activities making it hard to collect marketing contributions from the private sector
3. Land tenure, transport and other logistics involved with development projects in the outer islands
4. New CIG procurement processes and rules.

CITC Board

The CITC Board makes all the key decisions on use of aid funds. DD activities that involve grant funding to applicants from NGOs/community groups and industry associations are decided by the Board. The Board is taking a responsible, cautious and due diligence approach to the distribution of funds.

Over the last 18 months, the Board has also embarked on some relatively big projects. These were justified based on the potential to generate high rates of return on the investment. Examples include the Vaka Eiva building in Avarua, mountain bike trails, golf course feasibility study, Aitutaki Game Fishing Club facility improvement and the Aitutaki Lagoonarium. In hindsight it could be argued that many of these were high risk projects. While the potential ROI was no doubt appealing, the challenges involved may have been under-estimated.

Return on investment is a key consideration in the Board's decision-making. Some interviewees commented that the Board's application of ROI has been too narrow in some areas and as a result, many applications for funding assistance have been declined. Examples include research projects, some small-scale community facilities, community education/awareness activities and cycle trails.

Overall, the decision-making processes and procedures are a lot more strict, transparent and thought-out compared to processes used in the past. The Board is mindful of setting a good example and is prepared to decline applications that do not meet selection criteria. This is a responsible approach to governance although arguably has its limitations. Not investing in projects that contribute to the broader management of the destination poses a risk to long-term sustainability.

In light of these observations, three areas could be considered to improve efficiency:

1. Adding criteria to the DD selection process that would enable other important projects to be funded but which do not in themselves show a strong commercial ROI – such as improved public toilets, shelters, pathways, signs, visitor information / storytelling, monitoring social and environmental impacts
2. Having a national tourism plan or infrastructure investment strategy to guide Board decisions. The assumption here is that such a plan would generate stakeholder buy-in and prioritise projects, thereby making the task of the CITC Board a lot easier – particularly with some of the larger more challenging projects
3. Providing higher levels of delegated financial authority for CITC senior managers. This could improve efficiency by enabling the quick processing of projects that are below a specified funding level and that have more social and environmental outcomes than those where a commercial ROI is required.



Crown Revenue Cap

CITC has a \$300,000 cap on the use of revenue that it generates. Above that, CITC is required to direct excess revenue back to government for use in other sectors. This can create two issues (i) a disincentive to leverage more partner funding from the industry (ii) additional administrative load to manage the revenue cap.

Land Tenure and Community Engagement

Land tenure is generally recognised as a constraint on development in the Cook Islands. Engaging with local communities particularly in the outer islands can also extend the timeframes for most projects. Examples of projects delayed or cancelled due to these factors include the Vaka Eiva building in Avarua, development of cycle trails on Rarotonga, Atiu and Aitutaki, enhancement of heritage sites and improvement to public facilities such as toilets, markets, shelters and picnic areas. From a preliminary scan of this area, the nub of the issue seems to entail heritage attractions that lie on family-owned land or where communities are not in agreement with the type of public facilities (toilets, shelters and potential trails) that have been proposed. In these cases, more time is required to work through differences in viewpoints, build community support and gain landowner approval for a tourism development to proceed.

Government Procurement

All other New Zealand aid funded tourism programmes in the Pacific (Samoa, Tonga and Vanuatu) follow a budget support model. This means delivery of project outputs must comply with the respective country procurement rules. In almost all cases, the rules governing tenders and purchase of equipment and materials lead to delays. On average it takes 2 to 3 months to issue a tender (from the time the Terms of Reference is drafted to the time it is released to market) and another 1 to 2 months to select a successful supplier. CITC tenders must be approved by MFEM and Crown Law before being advertised. While CITC have tried to comply with new CIG procurement rules and processes, stakeholder interviews with private and public sector representatives indicate that there is room for improvement in the way that CITC manage procurement processes. Further training and awareness in this area for CITC staff would seem appropriate, specifically in drafting TOR and structuring funding agreements that hold successful DD applicants to account. In conclusion two forces are at play – slow and cumbersome government processes and CITC’s management of those processes.

4.3.2 VALUE FOR MONEY

Value for money is assessed by this evaluation in terms of return on investment (ROI) and leverage.

Return on investment

Return on investment is tracked for each DD and DM activity. This shows the difference between the cost of each activity and the direct visitor spend that can be attributed to each activity, against targets. A 10% variation above or below the target ROI is considered to have achieved the target.



The following table provides an example of CITC's monitoring of ROI (extracted from CITC's Destination Development Results Matrix):

Table 10: Example of CITC's cost of acquisition and return on investment calculations

FY 2013/14		Targets				Actuals			
Project	CITC	Pax #	LOS	COA	ROI	Pax #	LOS	COA	ROI
Vaka Eiva	\$196,788	1000	8.6	\$196.79	\$1.96M	1,213	8.6	\$162.23	\$2.4M
Netball in Paradise	\$23,855	380	6	\$62.78	\$519,840	377	6	\$63.28	\$515,736
Manureva Kitesurfing	\$17,000	40	6	\$425.00	\$50,160	32	6	\$531.25	\$43,776

Pax # = number of people

LOS = Length of Stay (nights)

COA = Cost of Acquisition

ROI = Return on Investment

Of 18 DD activities that were planned for 2013/14 and 2014/15, 11 have been completed and 7 are due to be completed by 30 June, 2015.¹¹ Approximately 75% of the completed projects show positive ROIs, based on CITC's DD results matrix. Some projects, such as the golf scoping study, customer service refresher course and outer islands trail signage have not been subject to quantitative ROI analysis. Projects that have not achieved the expected results include the dog control strategy (consensus not achieved with stakeholders); Vaka Eiva venue in Avarua (Cabinet reluctance to allocate the land); trails and cycleways (still underway but scaled back due to concerns over ROI and timeframe to complete being beyond the current GFA) and Aitutaki Lagoonarium (still underway but taking longer than expected).

Of 105 DM activities, 37 have met ROI targets, 19 did not and 49 are considered not relevant for ROI analysis. These consist mainly of PR, brochure publication, training and trade awareness activities in the US and Australian markets. When these are excluded from analysis, it suggests a 66% success rate of achieving ROI targets. When included in the analysis, it shows a 35% success rate in achieving ROI targets. This analysis is based on the DM results matrix provided by CITC.

CITC has the organisational infrastructure and capacity to cover essential overheads through core CIG funding. This means that virtually 100% of the tourism sector support funds are directed at producing outputs. It is difficult to imagine that any other delivery mechanism in the Cook Islands context would be as cost effective as the current arrangement.

Despite the limitations of using a strict ROI approach to decision-making (previously discussed); this type of activity planning and reporting demonstrates a decision-making

¹¹ These include: The Aitutaki Lagoonarium, cruise ship facilities in Avarua, Rarotonga signs, tour guide training, full customer service course, Vaka Pride and Cook Islands values projects.



process that is more sophisticated and systematic than most other systems used by National Tourism Organisations in the Pacific.

Leveraging industry and government resources

Stakeholder interviews showed divergent opinions over the programme's influence on leveraging further resources from government and industry. Four out of nine industry interviews mentioned that the industry could contribute more towards tourism marketing and destination development although all were unsure this could amount to much given the small size of most businesses. Three out of seven government interviews suggested that the private sector was contributing more in terms of in-kind and cash contributions, although there is no firm evidence to back up these claims.

The main area where industry has and continues to contribute – influenced in part by the aid programme – is in marketing. The bulk of this is in the form of free-of-charge (FOC) accommodation for visiting media and travel agents. The first event where industry contributed a higher percentage of direct cash occurred in the 2014 New Zealand Road Show. CITC report that 80% of costs were funded by industry including flights, accommodation, meals and exhibition / booth costs at the venues.

Figures below show the significant level of industry contribution towards the marketing activities of the CITC during 2013/14 – essentially the industry provides \$2 in “contra” or free of charge product for every \$1 CITC invests in hosting visiting media and trade (travel agents):

Table 11: Level of tourism industry contributions to marketing

CITC Cost	Tourism Industry FOC	Participant Contribution
\$ 311,072	\$ 565,157	\$ 80,910

Events were most often mentioned in the interviews as the area where industry is stepping up its contribution, partly in response to the additional funds available through the aid programme. For example, the Vaka Eiva, Motu to Motu and Netball in Paradise events were all cited as examples of where the industry and wider community made contributions in response to the assistance provided by the aid programme. While this may be true, there is a lack of data on what that level of FOC or contra-contribution amounts to.

It is worth noting that the support provided through the aid programme does not require a minimum contribution from the grant recipient. Other NZAP-funded industry assistance schemes in Tonga and Samoa have a 50:50 matching dollar requirement that has the effect of leveraging industry and other funds. Grant funding under the current Destination Development programme is directed at clubs, NGOs/community groups and industry associations but not private businesses. This limits the range of Destination Development activities that can be funded.



4.3.3 PLANNING AND REPORTING

Planning

At a strategic level, CITC staff and Board members note the need for ongoing justification for the level of funding directed at the tourism sector by the Cook Islands and New Zealand governments. The need for ongoing advocacy for tourism in an economy so heavily reliant on it could be considered an inefficient use of time. However, it is somewhat inevitable when government funding of a commercial sector reaches or surpasses similar levels to government funding of social development, welfare, education and health.

Interviews with CITC revealed that since establishing a Destination Development Manager's role there has been greater efficiency achieved in integrating tourism sector priorities with central government planning. This is particularly the case with management of marine resources, conservation and historic heritage, infrastructure and tertiary training. The CITC Director of Destination Development is regularly engaged with the planning and policy activities of other government agencies. Interviews undertaken with government officials indicate that inter-agency collaboration is occurring but could be a lot more effective and efficient. For instance, monthly meetings of agency CEOs are said to occur but CITC staff indicated that, to date, these '*do not achieve much*'.

Part of the Destination Development programme involves providing assistance to three priority areas (i) Infrastructure (ii) Events and (iii) Training and Standards. Assistance has been initiated by CITC (particularly for events) and given in response to funding applications (via Expressions of Interest) from NGOs, community organisations and industry associations. Application Guidelines have been prepared for each priority area. These are clear on the objectives, selection criteria and obligations required for each. The Destination Development Strategy 2010 guides the activities funded under this work stream.

Many applications have been declined because of an inadequate ROI, weak concept or were considered too expensive. Overall the expression of interest / application process has not generated as many good proposals as CITC was expecting. Some assistance to the industry in helping to prepare good business plans seems warranted. A more pro-active approach may be required to identify a set of national priority development projects before undertaking the associated feasibility studies, event funding, investment brokering services, infrastructure development or training activities to advance these projects. To a large extent, the current Destination Development Strategy already does this – it just needs updating.

Reporting

CITC provide six-monthly and annual reports to MFAT. These report on activities and progress against the Results Framework, Annual Work Plan and Budget.

The evaluation found that CITC reporting is generally good in terms of content, accuracy and relevance. Reports have been delivered to MFAT on average 2 to 3 months after the end of the reporting period. For instance, the *Activity Report* to 30 June 2012 was delivered on 12 October 2012. The same report to 30 June 2014 was delivered on 8 September 2014.

Variations to the budget over the reporting period July 2013 – December 2014 have been substantial. The variations are all noted in CITC's reporting and explanations appear quite



reasonable. Having said that, it can be argued that the longer-term implications associated with expending the DD budget (as mentioned earlier) has to some extent been downplayed.

4.3.4 OPPORTUNITIES TO IMPROVE EFFICIENCY

The main opportunities to improve efficiency include:

1. Quicker turn-around times for government tenders
2. Higher levels of delegated authority to CITC senior managers for smaller projects
3. Having a national tourism plan or infrastructure investment strategy to guide CITC Board decisions for DD activities.
4. Adding criteria to the DD selection process that would enable other important projects to be funded but which do not in themselves show a strong commercial ROI – such as improved public toilets, shelters, pathways, signs, visitor information / storytelling, monitoring social and environmental impacts
5. Including assistance to private businesses under DD activities (as is the case with MFAT assistance for tourism programmes in Samoa, Tonga and Vanuatu).



4.4 SUSTAINABILITY

This section examines the contribution New Zealand's support to the sector has made to a sustainable tourism industry in the Cook Islands. The lines of enquiry covered in this part of the evaluation include:

- The level of dependency on New Zealand support
- Ability for CITC and or industry to absorb some or all activities currently funded through the support programme.

4.4.1 LEVEL OF DEPENDENCY ON SUPPORT

When asked what would happen if the Tourism Sector Support ended, all the private sector tourism businesses interviewed commented that they would expect a reduction in levels of business. This reduction ranged from a slight decrease for one through to "a steady decline in business over 18 months" for a larger business to "our business would go down the gurgler" in the case of one smaller business. The smaller businesses expressed more vulnerability than the larger businesses.

Four private sector stakeholders interviewed commented that visitor arrival numbers would reduce and three said they would have to downsize their organisation if Tourism Sector Support ended. Two government stakeholders expressed concern that DD activities may have to be removed from CITC due to lack of funding. One private sector stakeholder also highlighted that discontinuing Tourism Sector Support could threaten the viability of the Air New Zealand underwrite. A selection of feedback comments follow from government and private sector stakeholders who considered the impact of having no sector support:

Things would carry on but may suffer slightly by lack of destination development support from CITC. Australian and US/Euro markets are important and we need NZAP support to play in those markets - the NZAP funds provide a boost to be more effective with our marketing.

Fringes of the industry, that is, smaller operators would hurt more than larger. Our organisation would have to shrink.

DD activities would stop. Training may be reduced. Would lose focus on destination development and all would go on marketing.

It is fair to say that many stakeholder responses are based on a degree of current reality and speculation. Until meaningful discussions are held between the CI and NZ governments, it is unclear how the effects of the sector support funding will play out. For instance, the following budget analysis indicates a heavy reliance on aid funding for DD activities and to a lesser extent for DM activities. Without aid support, it suggests strongly that these activities would be less effective. However, CIG may decide to increase funding for DD and or DM activities based on the achievements associated with the aid support.



CITC and Aid Budget Analysis

The annual CIG budget appropriation to and expenditure by CITC is provided in the following tables. This excludes the annual airline underwrite costs of between \$11 million and \$13 million per annum. When CITC and underwrite costs are combined, total CIG commitment to the tourism sector is in the order of \$17 million and \$19 million per annum.

Table 12: Total CITC Budget 2012 - 2015

Total CIG Appropriation to CITC (Budget)			
	2012/13	2013/14	2014/15
Personnel	\$1,435,893	\$1,426,893	\$1,422,893
Operating	\$2,727,553	\$2,708,553	\$2,908,553
Depreciation	\$16,000	\$16,000	\$16,000
Trading revenue	\$0	\$253,640	\$200,000
Targeted marketing ¹²	\$2,000,000	\$2,000,000	\$2,250,000
TOTAL	\$6,179,446	\$6,405,086	\$6,797,446

Table 13: CITC Actual Spend for DD and DM Activities 2012 - 2015

Total CIG Operations by DD / DM (Actual)			
	2012/13	2013/14	2014/15 YTD
Personnel actuals	\$1,403,845	\$1,396,442	\$777,288
Destination Development	\$77,577	\$101,540	\$55,866
Destination Marketing	\$4,496,833	\$4,870,421	\$2,184,529
TOTAL	\$5,978,255	\$6,368,403	\$3,017,683

Approximately 2% of the CITC budget has been spent on DD activities and 95% on DM activities. When the levels of aid and CITC expenditure are compared (Table 14), there are high levels of dependency evident for DD activities in general and DM activities to support the airline underwrite.

**Table 14: Proportion of NZ Tourism Sector Support (based on actual expenditure)
NZ Aid Contribution as % of CIG Appropriation¹³**

	2012/13	2013/14	2014/15
NZ\$ as % of total \$ (underwrite costs included)	17%	12%	6%
NZ\$ as % of total \$ (underwrite excluded)	40%	28%	24%
NZ\$ as % of total operations	40%	28%	24%
NZ DD\$ as % of total DD\$	96%	85%	83%
NZ DM\$ as % of total DM\$	33%	28%	23%

¹² Specifically for the US/Northern Europe and Sydney/Australia market development in support of the airline underwrite arrangement.

¹³ Percentages calculated on actual expenditure not budgets.



Table 13 above shows that between \$50,000 and \$100,000 was allocated to DD activities within the core CITC budgets for 2012 to 2015. The level of assistance in this area from the New Zealand Aid Programme was \$572,466 (actual) in 2013/14 and budgeted at \$826,000 for 2014/15. On the positive side, the degree of dependency for DD and DM activities has been decreasing since the 2012/13 financial year, although the quantum of the change from 2013/14 and 2014/15 is relatively minor, with reductions between 3% and 6% across the categories shown in Table 14. The change from 2012/13 to 2013/14 shows a larger decrease in dependency across the DD, DM and operational categories, although this is distorted because there was no aid assistance for DD activities in 2012/13. Despite decreasing levels of dependency, the two most vulnerable areas relying on New Zealand support are:

1. Marketing within North America (US & Canada), UK/ Europe and Australia to support the airline underwrite agreement
2. DD activities involving visitor-oriented events and the development of major facilities and attractions, trails and venues.

Without a substantial funding allocation to DD activities by the CIG, then it is reasonable to conclude that development and management of the destination will be curtailed in the next few years. This is of concern given the importance of DD activities for long-term sustainability of the Cook Islands. Certainly, the effectiveness of part of the global marketing campaign would be threatened in the short-term by withdrawal of New Zealand support and the likely introduction, in late 2016, of larger Boeing 777-200 aircraft (replacing Boeing 767-300 aircraft) which could significantly increase the airline underwrite costs.

4.4.2 ACTIVITIES ABLE TO BE ABSORBED BY CITC / INDUSTRY

The following evaluation is based on interviews and from a review of the tourism support programme budget.

It is difficult to imagine that approximately \$2.5m to \$3m of aid funding per annum could be absorbed by the CITC and or industry without a significant increase in core funding by the Cook Islands government or a substantial boost in industry contributions. The modality of the aid programme has to some extent leveraged additional investment by the private sector, as previously mentioned. However, this has not been to a level that could be described as self-sustaining. The evaluation has also made the point that additional funding from the private sector is possible if the support programme incorporated financial assistance to the private sector under DD activities. That kind of intervention tends to stimulate private sector co-funding for marketing and product development (as evidenced by private sector support mechanisms available in Tonga, Vanuatu, Samoa, New Zealand and Australia).

Activities to be absorbed by the CITC could include:

Destination Development

- Retention of salaried positions. Although the operating budget for events, infrastructure and training could end up being reduced, it would enable greater levels of planning and coordination across government



- Events – based on the success of event funding over the last 17 months, it is reasonable to assume that assistance to key events would continue but with a reduced budget. This may drive increased sponsorship and other industry contributions, although this cannot be guaranteed. Even the most successful events in New Zealand (such as WOW and WOMAD) require ongoing assistance from local and central government
- Visitor infrastructure – it is likely that only small scale interventions (signs, interpretation, some public amenities) would be undertaken
- Feasibility studies – these may only be undertaken via one-off grant assistance
- Major infrastructure / new products – these would be difficult to fund through core CITC budget and would require external assistance
- Industry standards – as this is now largely self-sustaining, it can be expected that the accreditation system would continue with minimal CI government assistance.

Destination Marketing

- The marketing activities in the US, European and Australian markets would reduce without a major reallocation of core CITC budgets in order to support the Air New Zealand underwrite agreement. The CITC budget for these markets (approximately \$2 million per year) is matched by aid funding so any withdrawal of this assistance will leave a large gap to fill
- The larger tourism businesses may increase their co-funding of marketing costs but on the whole, the rest of the industry would not be capable of stepping up their financial contribution beyond offering price discounts and FOC services as they do now for visiting trade and travel media
- It is unclear what the major airlines would do in terms of marketing in the absence of the tourism support programme.

Removal of the tourism support programme may stimulate the Cook Islands government to look towards other means of funding DD and DM activities. Examples used successfully elsewhere should be explored such as (i) use of the departure tax to help fund visitor-related infrastructure and environmental protection/enhancement (used in Bhutan, Nepal and Australia) (ii) passenger levies to help fund industry training and destination marketing (used in Mauritius, Nepal and the Maldives). It is highly likely that removal of the New Zealand support programme will also open up opportunities for the Cook Islands to explore funding assistance from other donor agencies or international finance corporations.

In the short-term after any removal of the tourism support programme, it is reasonable to expect that the Cook Islands may experience a decline in investment and visitor arrivals until new mechanisms for boosting development, marketing and investor confidence are put in place. Removal of the aid programme does not necessarily mean a long-term decline for the Cook Islands tourism sector.

By way of a comparable case study, the exit of the New Zealand Tourism Sector Support programmes in Fiji, Samoa and Tonga between 2002 and 2006, were associated with a decrease in some marketing and destination development activities in those countries. However, it is also interesting to note that Samoa, Fiji and Tonga have and continue to invest in destination management / planning functions within their National Tourism



Organisations, regardless of the assistance received from the New Zealand Aid Programme between 1997 and 2014. This points towards the possibility that the Cook Islands government will see the benefit of coordinated destination development and seek ways to fund at least some of these activities without New Zealand support.

4.5 CROSS-CUTTING ISSUES

4.5.1 GENDER

The only targets within the Tourism Sector Support programme that have been disaggregated by gender are training targets where 302 females and 185 males attended a half day customer service training course.

Given that most of the targets in the results measurement table apply destination-wide and not by island, gender or age it is not possible to comment on changes made under the Tourism Sector Support programme. However the fact that tourism contributes 60% of the Cook Islands GDP and the majority of 'corporate and general managers' as well as 'service shop and sales workers' being female¹⁴, there is a strong argument that the benefits of growing the tourism sector will be shared across both genders.

At an activity level, the tourism events programme activities appear to be well balanced with events that appeal to both genders. Support has been provided to a range of events from Netball in Paradise and the Manureva kitesurfing competition to the largest festival, Vaka Eiva, appealing to both female and male participants, supporters and spectators. The accreditation scheme promotes compliance with "all Cook Islands laws and regulations" including the Industrial and Labour Ordinance Act and the Immigration Act that protect the rights of all industry workers regardless of gender. However, the support offered to the Air New Zealand safety video and its stereotypical portrayal of women was heavily criticised in media. This suggests that gender and human rights criteria should be added to the ROI, COA and outer island dispersal measures currently being used to assess the suitability of DM and DD activities.

4.5.2 HUMAN RIGHTS

Four of the stakeholders interviewed commented that the social impacts of visitors on the host population should be more closely monitored to ensure locals remain welcoming hosts through better understanding of the social and economic benefits of tourism. Issues of late night noise (from party bus operations) and a lack of respect on Sundays (in churches) were highlighted by stakeholders as requiring attention.

¹⁴ Cook Islands Census of Populations and Dwellings, 2011



Ensuring the Cook Islands delivers authentic experiences to visitors via Cook Islanders delivering in front line service roles was highlighted as an issue by two stakeholders interviewed. Although the fair treatment of local and foreign workers is underpinned by the accreditation scheme's checking of compliance to relevant legislation as outlined above, there are still instances of unfair treatment. Educating employers and employees as to their rights may be a useful addition to the accreditation scheme as it would safeguard workers and also potentially provide an advantage to accredited businesses as being able to demonstrate their leadership as fair employers.

4.5.3 ENVIRONMENT

The evaluation team found that there have been no adverse environmental effects associated with the interventions over the last 17 months. This is based on a review of programme activities and stakeholder interviews. However, like all tourism there is a carbon footprint associated with visitors as they fly long distances to remote destinations. There are no specific measures of the environmental impact of over 120,000 visitors arriving each year by air (and who have therefore responded to the DM activities promoting the Cook Islands) within the Tourism Sector Support Programme therefore it is difficult to mitigate these impacts. Potential may exist to work with airlines to better understand the carbon footprint and options to mitigate the environmental impacts of international air travel to the Cook Islands – particularly as larger and more fuel efficient aircraft are planned to be flying to the destination from 2016.

There has been minimal infrastructure development undertaken and major items such as the Aitutaki Fishing Club project involved an upgrade to existing facilities. The planned Aitutaki Lagoarium has had its Environmental Impact Assessment approved by CI government.

The critical importance of lagoon health including water quality and the amount of sea life was commented on by three Cook Islands based stakeholders and one experienced travel agent from North America who was very concerned after seeing green algae and foam/scum floating on the water along with fewer fish in the lagoons on recent visits. Greater alignment between the tourism sector and the Ministry of Marine Resource's led project to monitor lagoon water quality may be possible through the accreditation scheme's new responsible environmental practices criteria to be developed this year.

Although not directly attributable to the Tourism Sector Support programme, the new WATSAN regulations for septic systems are going to put increasing pressure on the tourism sector to meet the new standards. The accreditation system requires operators to comply with water, solid waste/recycling and wastewater standards. Currently, many operators would not meet those standards. Some form of intervention may be required in order to stimulate greater levels of compliance and improve the overall environmental performance of the tourism sector.



5

Lessons Learned

Much has been achieved by the CITC in the first 17 months of the GFA. This evaluation has provided an opportunity to review what has worked well and what could be improved under the current activity. These lessons learned apply whether future Tourism Sector Support is available or not.

5.1 RELEVANCE

1. CITC has demonstrated its ability to deliver results through strong alignment between the NSDP's strategies and actions and the activities within Tourism Sector Support.
2. Monitoring social benefits (of tourism) to the community and incentivising eco-friendly and green initiatives would improve relevance between Tourism Sector Support and the priorities of the BPS.
3. Good working relationships between CIG and the CITC and also between CITC and the wider tourism industry have also assisted in delivering positive outcomes.
4. Industry see the value of Tourism Sector Support although relate it to overall tourism sector performance and issues. Clearer focus on exactly what the tourism support programme will achieve underpinned by industry communications could assist in better aligning activities and resources between the industry and CITC to create a greater overall impact.

5.2 EFFECTIVENESS

5. Supporting events outside the peak and scheduling marketing activities to stimulate shoulder and off-seasons appear to have combined to grow visitation outside the peak season at a rate that is faster than overall growth in visitor numbers.
6. Consideration should be given to measuring the things that can be changed as a result of an activity rather than relying on destination wide targets. Using overall measures such as visitor arrivals and spend, while relevant to the tourism sector, are too broad to see a causal link from a tourism support programme that does not represent the complete activities of a destination marketing and destination development agency.
7. Time constraints limit some Destination Development activities under the GFA – particularly infrastructure projects.
8. The existing targets used in the Results Measurement Table appear too optimistic given market conditions.



9. There does not appear to be any causal link between the outcomes in the Results Measurement Table of 'increased dispersal of visitors to outer islands' and increasing visitor numbers to the destination.
10. Leveraging greater support from industry would assist in delivering results of DM activities e.g. good deals alongside good advertising.
11. Focusing on DD activities that will create the largest positive impacts for the greatest number of visitors may require a reprioritisation of potential projects e.g. focusing improvements to business frontages, footpaths and signage on the 'main visitor corridor' around islands.

5.3 EFFICIENCY

12. Private sector support for management and marketing of the Cook Islands is improving but only slightly. Most of this is in the form of FOCs for visiting travel agents and media. Further leveraging of industry contributions is possible although only the larger businesses are likely to have the capacity to participate with cash contributions.
13. The practice of measuring commercial returns on most DD and DM activities is generally sound, although this framework tends to exclude other worthy DD projects e.g. addressing visitor dissatisfaction with dogs, roosters or public toilets, monitoring social and environmental impacts associated with tourism (e.g. lagoon health).
14. Transferring under-spent funds from destination development to destination marketing has helped expend aid funds. In the process, the importance of destination development and management of resources has been undermined and this area is vital for future sustainability of the destination.
15. Refocusing the scope of DD activities to include support to private sector businesses and more achievable infrastructure projects could make more efficient use of Tourism Sector Support funds and have a positive impact on medium and long-term outcomes.

5.4 SUSTAINABILITY

16. There is a high level of dependency on Tourism Sector Support to sustain the airline underwrite agreement for access to Australian and US/European markets and for destination development activities.
17. There is no evidence of adverse social or environmental impacts associated with the tourism support programme.
18. Alternative financing options to support sector growth and development, particularly private sector reinvestment have yet to be explored.



6

Evaluation Conclusions

Relevance

There is very strong alignment between the CIG's National Sustainable Development Plan (NSDP) 2011-2015 and the goals of the Tourism Sector Support programme. Alignment is also strong between the programme and tourism industry / private sector goals. Should the programme be extended, there are other matters of relevance that should be taken into account including:

1. Aligning with any new strategies that address the investment climate
2. Working with other government agencies to update the constraining land tenure system (which also impacts on the investment climate)
3. Encouraging businesses to invest in below ground assets in order to meet new sanitation standards, and
4. Monitoring the social impacts of tourism on the host communities.

Effectiveness

Tourism Sector Support has been effective in terms of supporting tourism events, destination marketing activities and establishing industry standards. While the targets set for growth in visitor arrivals, expenditure and dispersal to outer islands appear optimistic given current market conditions, approximately half of the planned short-term outcomes are on target to be achieved. It is still too soon to assess some of the medium and longer term outcomes.

There is a relatively logical flow between the outputs and outcomes of the GFA however the causal links between the DD and DM activities and the desired outcomes are sometimes difficult to prove, not because there is no link but because there are many other constraining factors present including competition from other Pacific destinations, economic conditions in source markets, government procurement processes and difficult land tenure issues. The effectiveness of joint venture marketing campaigns with airlines and travel agents appears to be undermined by the industry not offering competitive or innovative prices for accommodation, food and tours when compared to other Pacific destinations. The high value of the New Zealand dollar may be compounding this issue.

Efficiency

The programme is being managed reasonably efficiently. The main opportunities to improve efficiency include (i) quicker turn-around times for government tenders (ii) higher levels of delegated authority to CITC senior managers for approving funding for smaller-scale projects with more social and environmental outcomes than commercial return (iii) adding criteria to the DD selection process that would enable other important projects to be funded but which



do not in themselves show a strong commercial ROI – such as improved public toilets, shelters, pathways, signs, visitor information / storytelling, monitoring social and environmental impacts and (iv) including assistance to private businesses under DD activities.

Sustainability

There is a high level of dependency on aid assistance for DD activities and a moderate to high level of dependency for DM activities, particularly that associated with the airline underwrite agreement.

Removal of the tourism support programme may stimulate the Cook Islands government to look towards other means of funding DD and DM activities. No adverse social or environmental effects associated with the support programme were identified.

Should the GFA be terminated, there could be merit in considering an ongoing industry support financing mechanism leveraged from other funding sources. Based on other similar models in the Pacific, this could operate on a dollar-for-dollar; contestable basis to boost development and marketing activities carried out by the private sector, industry associations, NGOs and community organisations.



7

Recommendations

These recommendations are based on the findings and lessons learned uncovered in completing the evaluation. They are intended to be useful for future strategic planning and any potential Tourism Sector Support.

Recommendations regarding relevance:

1. **Refocus Destination Development funding to projects that are important for the destination and protection of the local culture and environment but do not necessarily hold a strong individual ROI** (such as interpretation / story-telling, trails, public toilets and heritage site improvements and upgrade to wastewater systems to meet new environmental standards).
2. **Focus on attracting higher spending visitors from the US; Europe and Australia where air services have been underwritten to ensure underwrite costs do not become prohibitive.** It may be possible to gain more industry contribution for marketing activity in New Zealand so that marketing funding can be applied to grow volume on the underwritten routes.
3. **Work with other CI government agencies to improve the current investment climate, lessen the constraints faced with the land tenure system and assist the upgrade of water and sewerage systems** - aging accommodation infrastructure, increased waste water and sanitation standards, greater competition from other South Pacific and Asian destinations and increased costs of maintaining air services (via the airline underwrite) may combine to create something of a 'perfect storm' for the Cook Islands tourism sector.

Recommendations regarding effectiveness:

4. **Revise targets in the results measurement table to better reflect current market realities** including total visitor arrivals and arrivals from New Zealand and Australia outside the peak season; visitor expenditure by country; dispersal to outer islands; number of infrastructure projects completed and number of events supported.



5. **Use more specific targets for any future results measurement tables to improve focus and achievability,** for example:
 - Growth in event attendee numbers and spend rather than the number of events supported
 - Growth in visitor spend while in the country rather than overall spend growth
 - Growth in visitation from countries where airline services have been underwritten rather than overall growth in visitor numbers
 - Mitigating or eliminating issues creating dissatisfaction e.g. rooster noise or wandering dogs rather than measuring improvements to overall satisfaction. This may also extend to addressing lower satisfaction levels within some visitor markets e.g. higher spending European visitors
 - The number of improvements carried out by accredited businesses in addition to the number of accredited businesses paying to be part of the scheme.

6. **Enable private businesses to be eligible for funding under Destination Development** in order to upgrade their facilities and signage – particularly around high visitor flow areas of Rarotonga, Aitutaki and other priority outer islands. A joint venture or loan fund could be established to stimulate investment.

Recommendations regarding efficiency:

7. **Explore how to leverage greater funding from industry and other sources to enable increased contributions for investing in marketing activities, commercial ventures or events.** Industry contributions of cash as well as contra may be possible particularly towards advertising campaigns that promote partner brands and deliver visitors to participating accommodation providers. Establishing an overall target for the amount of additional industry contributions and other funding would provide flexibility for how the target is achieved.

8. **Request a review of the cap on the revenue earning ability that currently exists for CITC as a Crown agency** so that industry contributions to marketing campaigns, events etc. can be received and then invested in a single financial year. This will assist in leveraging greater industry funding as outlined above.

9. **Develop a national tourism plan or infrastructure investment strategy to guide CITC Board decisions.** The plan would generate stakeholder buy-in and prioritise projects, thereby making the use of aid funding more effective and efficient – particularly with some of the larger, more challenging projects.

10. **Add criteria to the Destination Development selection process that would enable other important projects to be funded but which do not in themselves show a strong commercial ROI.** Criteria should enable the identification and approval of projects that will improve the CI visitor experience or reduce dissatisfaction such as addressing the issue of stray animals (dogs and roosters) highlighted by the IVS as one of the least appealing aspects of the Cook Islands.



- 11. Provide higher levels of delegated financial authority for CITC senior managers so that smaller projects that focus on social and environmental outcomes can proceed more quickly.** The experiences gained by senior management at CITC over the past 17 months, particularly in Destination Development, should provide the basis for agreeing levels of delegated authority for pre-selected types of projects or campaigns.

Recommendations regarding sustainability:

- 12. Develop a sustainable financing mechanism to support marketing activities associated with the arrival of larger aircraft in 2016** on the Los Angeles - Rarotonga and Sydney - Rarotonga sectors.
- 13. If the tourism sector support programme is extended beyond 2015, ensure that no more than 10% of the funding for DD activities can be transferred into DM activities.** This is to enable better results for long-term sustainability of the destination.
- 14. Apply practical approaches for better monitoring of social and environmental effects (particularly lagoon health and water quality) associated with tourism** – perhaps initially via the accreditation scheme’s standards for responsible environmental practices.
- 15. Consider extending the current GFA to 2017 / 2018 and assess options for establishing an ongoing Tourism Sector Support fund to counter any potential end to the current support programme** from the NZ government. Some projects could become fully funded by participating private sector companies e.g. the accreditation scheme and short training courses. However a major event support fund is likely to be needed in the long term and improvements to public infrastructure from roads and footpaths to public toilets will require a whole of government approach to ensure the destination is seen by visitors in the best possible light.

Recommendations regarding cross-cutting issues:

- 16. Investigate updating the accreditation scheme to reflect best practice in educating workers as to their rights** e.g. by including a minimum standard relating to employees understanding their rights and employers understanding their responsibilities.



Appendices

APPENDIX ONE: TERMS OF REFERENCE

Background information

Tourism sector support is a grant funding arrangement (GFA) between the Cook Islands Tourism Corporation (CITC), the Cook Islands Ministry of Finance and Economic Management (MFEM) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT). The GFA was signed in July of 2013 and makes available to the CITC a total of NZD\$ 6,440,000 until June 2015.

The overarching goal of the GFA is to enable the Cook Islands to 'achieve sustainable economic growth for the tourism industry without compromising the Cook Islands' unique qualities'. The tourism sector support seeks to achieve this goal by increasing CITC's ability to invest in destination development and destination marketing.

Purpose of the evaluation

The findings of the evaluation will be used by the Cook Islands Government (CIG) and MFAT to inform their thinking about whether to continue the tourism sector support post 30 June 2015 and if so, whether changes are required.

The evaluation is being undertaken at this time because it is required under the current GFA which ends in June 2015. Lessons learned can be applied by CITC whether tourism sector support continues or not.

The results of the evaluation will be reported/disseminated to the GFA signatories and made publicly available through the New Zealand Aid Programme website.

Scope of the evaluation

The time period covered is July 2013 to September 2014.

The geographic focus is the Cook Islands.

The target groups are staff from CITC, MFEM, MFAT, the Cook Islands Tourism Council, and representatives of the broader tourism industry and private sector.

Issues outside the scope of this evaluation are tourism activities funded by other donors, except as this relates to assessing how CITC used support from other sources to achieve efficiencies, value for money or the goals and outcomes of the tourism sector support.



Evaluation criteria and objectives

Criteria being assessed

The DAC criteria that will be assessed in this evaluation are:

- a) Relevance;
- b) Effectiveness;
- c) Efficiency;
- d) Impact;
- e) Sustainability;

Objectives and evaluation questions

The objectives of the evaluation are to:

Objective 1: Relevance

- To assess the extent to which sector support is relevant to and aligns with government priorities, including the National Sustainable Development Plan (NSDP), tourism sector strategy, CITC's Business Plans, as well as the Joint Commitment for Development between the Government of the Cook Islands and New Zealand. In exploring the 'extent of relevance', the evaluation should:
 - Identify why tourism sector support is relevant and the level of this relevance e.g. simply because tourism is mentioned in a CIG policy, or because there are clear linkages between sector support activities and how they contribute to key CITC and CIG outcomes such as increased tourism revenue and reduced airline underwrite costs;
 - If relevance could or should be improved and if so, how.
- To assess whether the type of outputs delivered by CITC under tourism sector support remain relevant to the Cook Islands tourism industry needs / demands. For example:
 - To what extent are destination marketing outputs relevant to spreading visitor numbers across seasons, maintaining existing market share, effectively tapping into new markets, attracting higher yield visitors and foreign investment?
 - To what extent are destination development outputs relevant to spreading visitor numbers across seasons, maintaining market share, effectively tapping into new markets, attracting higher yield visitors and foreign investment?
 - To what extent are destination marketing and development relevant to each other?



- Are there other activities that could be supported that might be more relevant to the sector e.g. improving the foreign and local investment environments, strengthening procurement process, or increased targeting of the cruise ship market?

Objective 2: Effectiveness

- To assess the extent to which destination development (DD) and destination marketing (DM) outputs, have contributed (or not) to the short and medium term outcomes set out in the GFA results framework. Where possible, this should test the causal link between outputs and sought outcomes.
 - Case studies of specific activities carried out within an output could be used to test the link to outcomes e.g. how the development of industry accreditation standards has (or not) promoted quality of experience;
- To identify factors that constrained or enhanced the ability of CITC to implement outputs and translate these into the sought outcomes.

Objective 3: Efficiency

- To assess the overall efficiency of the tourism sector support. For example (but not limited to):
 - Has CITC planning enabled the efficient use of sector support resources, e.g. do business plans use sector support to further maximise and leverage CIG resources?
 - Has CITC implementation enabled the efficient use of sector support, e.g. has procurement practice resulted in value for money and quality outputs?
 - Has CITC reporting on outputs and outcomes been timely, appropriate and of a high quality?
 - How can constraints to efficiency be addressed?
- To assess value for money. For example (but not limited to):
 - Quantitative and qualitative analysis of return on investment in DD and DM e.g. for dollars invested under the tourism sector support, CITC has been able to increase visitor numbers and visitor spend. Case studies might be a useful tool.
 - Has CITC used tourism sector support (or other donor support) to effectively leverage other investments in the sector made by the CIG and New Zealand, e.g. the Arorangi jetty construction and the Air New Zealand underwrite.



- To assess if there are opportunities for improved efficiency? This should include and assessment of whether the sector budget support modality is the most appropriate for ensuring efficiency, including value for money?

Objective 4: Impact

- To what extent has sector support enabled CITC to advance the long term outcomes of the GFA, as well as the broader tourism goals of the CIG, e.g. reducing the cost of the airline underwrite? This should include an assessment of how baseline data has improved (or not).
- Has the relatively high level of investment in the tourism industry by CIG and MFAT over recent years had any unforeseen impacts, such as lower investments in other sectors or placing strain on CITC's relationships with private or public sector agencies?

Objective 5: Sustainability

- To assess the contribution New Zealand's support to the sector has made to a sustainable tourism industry in the Cook Islands. For example (but not limited to):
 - If the New Zealand's support to the sector ended, would the CITC be able to sustain current activities and outcomes? This should include an assessment of the level of dependency on New Zealand support.
 - Can some ongoing activities currently supported by New Zealand's support for the sector now be absorbed by CITC or funded by the private sector?
 - Has the sector support aid modality incentivised greater or less CIG and private sector investment in the Tourism industry?

Objective 6: Recommendations

- To make recommendations on how to apply lessons learned.
- To make recommendations on whether New Zealand should continue to support the tourism sector. If so, for how long, to what level, in which priority areas and using what type of aid modality?

Methodology for the evaluation

Principles/approach

The principles underpinning the evaluation are professionalism, independence, and transparency.



A participatory approach is expected. At a minimum the evaluator will seek information from a range of tourism stakeholders. Stakeholders should include (but are not limited to): officials from CITC, MFAT, MFEM, Cook Islands Tourism Council, the private sector and Auckland University of Technology. Where possible, the Evaluator should seek to interview stakeholders in person, over the phone / Skype or via email.

Evaluation Plan

The evaluation team will develop an evaluation plan (using or being guided by the Evaluation Plan Template) before undertaking the evaluation.

This plan will be reviewed by both CITC and MFAT. Final approval of the evaluation plan will be given by Joseph Mayhew, Aid Programme Manager.

The plan may need to be redrafted if it does not meet the required standard or is unclear. The evaluation plan must be approved prior to the commencement of any field work or other substantive work. The evaluation plan is to be appended to the main written report.

The intended results of the GFA (i.e. the goal, outcomes and outputs) will be described in a Results Diagram (program logic, logic model) in the evaluation plan.

The evaluation plan will describe how cross-cutting issues will be considered throughout the evaluation.

The evaluation will be constrained by cost and time and this should be considered in the design described in the evaluation plan.

Team composition

The evaluation will be undertaken by a single evaluator or team of two evaluators. If the evaluation is undertaken by a team, there will be a designated team leader.

The attributes (knowledge, skills, experience) required of the evaluation team are:

- The consultant or team leader must be:
 - An experienced evaluator;
 - Have demonstrated mature judgement, discretion and integrity in managing conflicts of interest, commercially sensitive information and providing impartial assessments;
 - Have a sound understanding of international development in the Pacific;
 - Have a sound understanding of economic analysis;
 - Have a sound knowledge of the Pacific tourism sector, (preferably some knowledge of CIG tourism policy, strategy and capacity);



- Have a sound understanding of New Zealand’s relationship with the Cook Islands.

Governance and management

The evaluation is commissioned by MFAT in cooperation with CITC. The evaluator(s) will be accountable to MFAT.

The CITC and MFAT will contribute by providing the evaluator(s) with key contacts, information and documentation.

Oversight of the evaluation process will be the responsibility of Joseph Mayhew, Aid Programme Manager at the New Zealand High Commission, with support from Halatoa Fua, Chief Executive of CITC.

The Activity Manager (Sean Buckley), in cooperation with Metua Vaiimene for Destination Development projects and Karla Eggelton for Marketing projects, will be responsible for day-to-day management and administration of the evaluators. Their responsibilities include contracting; briefing the evaluator or evaluation team; managing feedback from reviews of the draft report; and liaising with the evaluation team throughout to ensure the evaluation is being undertaken as agreed.

The evaluator(s) will be engaged in accordance with MFAT’s procurement guidelines

Outputs and milestones

No.	Output/milestone	Description	Inputs	Due date	Indicative payment proportion of fees or fixed price contract
1	Evaluation plan	Literature review, briefing and finalised evaluation plan	5 days	3 Oct 2014	10%
2	Field work complete	Field work complete and results provided to stakeholders during a stakeholder workshop	10 days in-country field work; 1 day for stakeholder workshop	17 Oct 2014	0%



No.	Output/milestone	Description	Inputs	Due date	Indicative payment proportion of fees or fixed price contract
3	Draft report	Preparation of the draft report and submission to MFAT	10 days	31 Oct 2014	45%
4	Final report	Acceptance/approval by MFAT after any revisions of the draft are completed, and debriefing	5 days	7 Nov 2014	45%

Reporting requirements

Copies of the report are to be delivered by email to Joseph Mayhew, Aid Programme Manager, New Zealand High Commission and Halatoa Fua, CEO of CITC.

The written evaluation report is expected to be around 30 pages long and be guided by the New Zealand Aid Programme Evaluation Report template.

The report must contain an abstract suitable for publishing on the New Zealand Aid Programme website. Instructions for the abstract can be found in the Evaluation Report template.

The evaluation report must meet quality standards as described in New Zealand Aid Programme Activity Evaluation Operational Policy. These quality standards are based on 2010 DAC Quality Standards for Development Evaluation and New Zealand Aid Programme Activity evaluation operational policy, guideline and templates.

The draft evaluation report will be reviewed by MFAT staff, stakeholders and/or external experts. Further work or revisions of the report may be required if it is considered that the report does not meet the requirements of this TOR, if there are factual errors, if the report is incomplete, or if it is not of an acceptable standard.

It is MFAT policy to make evaluation reports publicly available (e.g. on the New Zealand Aid Programme website) unless there is prior agreement not to do so. Any information that could prevent the release of an evaluation report under the Official Information or Privacy Acts, or would breach evaluation ethical



standards should not be included in the report. The final report will be approved for public release by the Deputy Director in the team responsible for the commissioning of the evaluation.

The report (and evaluator(s)) will need to strike a balance between providing useful information and protecting commercially sensitive information. Any information that is or could be considered commercially sensitive must be discussed with CITC and MFAT prior to being included in the report.

Relevant reports and documents

Relevant documents will be provided to the evaluation team prior to the evaluation. These key documents include:

- Cook Islands Tourism Sector Support
- Letter of Variation No 1
- CITC six monthly reports
- CITC Business Plans
- Air Route Underwrite economic analysis
- AUT's International Visitor Surveys





**NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Aid Programme**

APPENDIX TWO: EVALUATION PLAN

Evaluation Plan for Cook Islands Tourism Sector Support

Authors: Craig Wilson (Quality Tourism Development) and Ross Corbett (TRC
Tourism)

Date: 29 November 2014

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Introduction

BACKGROUND AND CONTEXT TO THE ACTIVITY

Tourism sector support is a grant funding arrangement (GFA) between the Cook Islands Tourism Corporation (CITC), the Cook Islands Ministry of Finance and Economic Management (MFEM) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT). The GFA was signed in July of 2013 and makes available to the CITC a total of NZD\$ 6,440,000 until June 2015.

The overarching goal of the GFA is to enable the Cook Islands to 'achieve sustainable economic growth for the tourism industry without compromising the Cook Islands' unique qualities'. The tourism sector support seeks to achieve this goal by increasing CITC's ability to invest in destination development (DD) and destination marketing (DM).

EVALUATION PURPOSE

The findings of the evaluation will be used by the Cook Islands Government (CIG) and MFAT to inform their thinking about whether to continue the tourism sector support post 30 June 2015 and if so, whether changes are required.

Evaluation questions will:

- Assess the relevance of the Cook Islands Tourism Sector Support.
- Assess how effective CITC has been at achieving DD and DM outputs and to determine to what extent these have resulted in sought outcomes.
- Assess the overall efficiency of the tourism sector support.
- Assess the contribution New Zealand's support to the sector has made to a sustainable tourism industry in the Cook Islands.

The evaluation will also make recommendations on how to apply lessons learned.

The evaluation is being undertaken at this time because it is required under the current GFA which ends in June 2015. Lessons learned can be applied by CITC whether tourism sector support continues or not.

The results of the evaluation will be reported/disseminated to the GFA signatories and made publicly available through the New Zealand Aid Programme website. Evaluation findings will be utilised for decision-making, learning and accountability.



EVALUATION SCOPE

This evaluation applies to the tourism sector support activities supported by the Cook Islands Tourism budget support arrangement. This arrangement includes destination development and destination marketing outputs and related outcomes.

The time period covered is July 2013 to November 2014.

The geographic focus is the Cook Islands.

The key stakeholder groups are staff from CITC, MFEM, MFAT, the Cook Islands Tourism Industry Council (CITIC), representatives of the broader Cook Islands tourism industry and private sector, airlines, Chamber of Commerce, Cook Islands Tertiary Training Institute and the South Pacific Tourism Organisation.

Issues outside the scope of this evaluation are tourism activities funded by other donors, except as this relates to assessing how CITC used support from other sources to achieve efficiencies, value for money, the goals and outcomes of the tourism sector support and recommendations on aid modality.



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Evaluation Design

Rationale

The primary purposes of the evaluation are:

1. **Decision-making:** to inform the future shape, direction and support for the tourism sector activities supported by the Cook Islands Tourism Budget Support Arrangement.
2. **Learning:** to identify what is working and what is not, and apply these lessons learnt to continuously improve delivery of tourism support activities.
3. **Accountability:** to account to MFAT, partner country and other stakeholders for the resources provided and the difference they have made.

This activity evaluation is to be completed alongside a broader Country Aid Programme evaluation so the evaluation team will work closely with MFAT's Country Aid Programme Manager (for oversight of this activity evaluation) and Independent Evaluation Advisor (for reviews of the draft evaluation plan and evaluation report).

Approach and Methodology

This 'utility-focused evaluation' will consider planning, implementation and outputs of the tourism sector support programme and (where possible) the short and medium term outcomes that have been achieved. Given the evaluation is taking place before the end of the arrangement, the long term outcomes of increased national revenue may be more difficult to determine.

The DAC criteria that will be assessed in this evaluation are:

- **Relevance:** the extent to which development interventions are suited to the current and emerging priorities and policies of the target group, partner and donor;
- **Effectiveness:** whether and to what extent development interventions (outputs) have been implemented, and whether and to what extent the desired results (outcomes) have been achieved;
- **Efficiency:** a measure of how resources/inputs (both financial and non-financial) are converted into results; in other words, the extent to which the cost of a development intervention can be justified by its results, acknowledging potential opportunity costs;
- **Sustainability:** whether and to what extent the benefits can be sustained after the end of the current GFA.

The original Grant Funding Arrangement for the Cook Islands tourism sector support commenced on 1 July 2013. A Letter of Variation (No. 1) became effective on 8 January



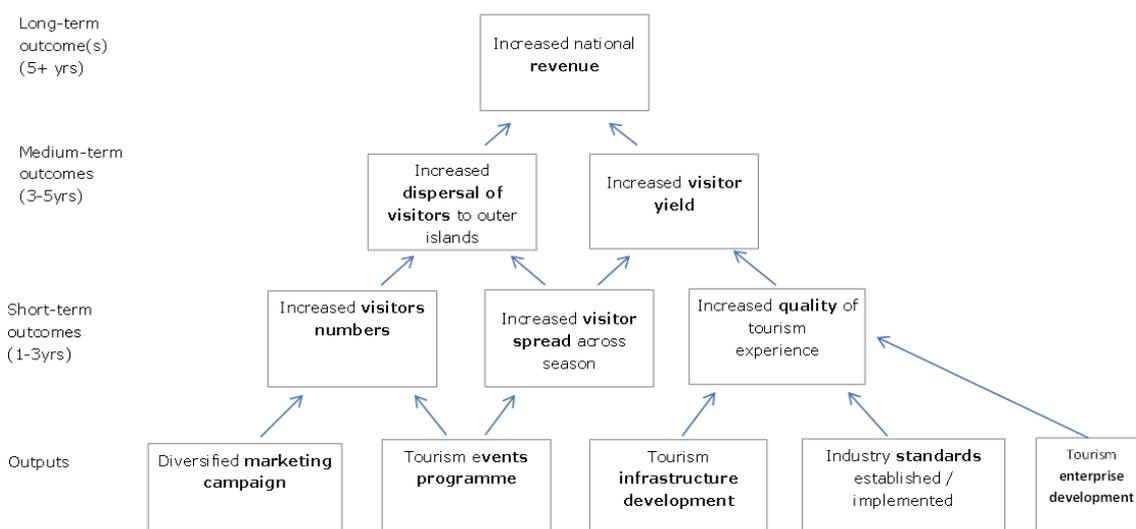
2014. This letter of variation was fiscally neutral and contained the same five outputs and inputs. The main changes were to the layout of the results framework and inter-relationships between the outputs and the short, medium and long term outcomes – essentially simplifying the structure to clarify how the outputs relate to the outcomes to be delivered including changing and removal of some results indicators.

Changes to the “activities to deliver outputs” were made in only one output: the diversified marketing campaign. References to tourism tradeshows, missions and advertising strategy were replaced with a more integrated set of activities: “Joint marketing campaigns conducted in all traditional and emerging markets to increase sales and bookings to the Cook Islands.”

The Letter of Variation (No. 1) reduced the number of results and focused on targets that can be more accurately measured e.g. increases in average daily spend and length of visitor stay instead of increases in business satisfaction levels.

The goal of the activity is to achieve sustainable economic growth of the tourism industry without compromising the Cook Islands’ unique qualities.

The results framework as per the Letter of Variation will be used to guide the evaluation approach and in stakeholder interviews to outline the purpose of the activity:



Key documents for this evaluation include:

- Cook Islands Tourism Sector Support
- Letter of Variation No 1
- CITC Business Plans
- CITC six monthly reports
- Economic Analysis of Cook Islands Air Route Underwrite Agreements, Covec Ltd 2013
- AUT’s Quarterly International Visitor Surveys 2012 – 2014.

Other key sources of information include:

- Cook Islands National Sustainable Development Plan 2011 - 2015



- CITC Strategic Business Plan 2011 – 2016
- CITC Destination Development Strategy 2010
- SPTO Cook Islands Cruise Study 2013 and 2014
- Cook Islands Visitor Survey, Annual Report July 2013 - June 2014
- North America Marketing and Sales Update, USA and Canada profile update
- Market Positioning, John Peterson, May 2014
- CITC Business Plans, 2013 – 2014 and 2014 - 2015
- CITC Activity Progress Reports to NZ MFAT – 30 June 2013; July to December 2013; July 2013 to June 2014;
- CITC Quarterly Tourism Statistics Reports 2012 - 2014
- CITC Long Haul Growth Strategy 2014-2015
- CITC Marketing Results Matrix 2013-2014
- Cook Island Visitor Survey Market Segment Analysis October 2014, AUT
- Reporting on sanitation regulation compliance (WATSAN) and Ministry of Health)
- Annual Accreditation listings and standards (CITIC)
- Airport Authority and airline and other transportation providers' passenger numbers (if available)
- Cruise ship arrivals and passenger numbers, Ports Authority & CITC Visitor Centre Reports
- Cook Islands Tertiary Training Institute (CITTI) registrations in tourism courses.

EVALUATION PRINCIPLES UNDERPINNING THIS EVALUATION

The principles underpinning the evaluation are:

- Impartiality and independence
- Credibility
- Usefulness
- Partnership and participation
- Forward planning
- Donor cooperation¹⁵

Impartiality and independence will be provided by the external evaluation team comprising three separate consulting companies none of whom were involved in the design or implementation of the Activity, or have any vested interest in the outcomes of the evaluation.

Credibility of the evaluation findings will be underpinned by the mixed-method design combining secondary information with primary research via stakeholder interviews conducted separately by two consultants to remove any bias.

¹⁵ These principles reflect the [OECD DAC Principles of Evaluation for Development Assistance](#)



Usefulness will be assured by combining the evaluation findings with the tourism experience of the evaluation team to provide recommendations on how to apply lessons learned.

Partnership and participation will occur through ongoing stakeholder engagement with officials from CITC, MFAT, MFEM, Cook Islands Tourism Council, the private sector and Auckland University of Technology. All efforts will be taken to ensure commercially sensitive information is treated as confidential.

The *forward-planning* principle will be demonstrated in the recommendations to be made on the potential for support for the tourism sector, if any, with consideration given to potential levels of support and priority areas of focus.

INFORMATION COLLECTION AND ANALYSIS

This evaluation will use a mixed-method design incorporating multiple sources of information. The methods of data collection that will be undertaken as part of this evaluation will be:

- Document review including business plans, budgets, media releases / articles, six monthly and quarterly reports from CITC
- Secondary survey data review including the International Visitors Survey, Cook Islands and South Pacific Tourism Organisation statistics (visitor arrivals by season and origin market, spend per visitor, total visitor expenditure per annum, total sector economic impact on GDP, changes to composition of source markets),
- Key stakeholder interviews (in-country and via phone/Skype) – semi structured to gain information on activities, outputs and outcomes as well as lessons learned and perspectives on future opportunities for improvement
- Key stakeholder interviews (in New Zealand, Australia and North America via phone/Skype and email) – semi structured to gain information on activities, outputs and outcomes as well as lessons learned and perspectives on future opportunities for improvement

Evaluation information will be collected from the above statistics, documentation and interviews. The evaluation team will analyse documents, literature and data, qualitative information from interviews and the stakeholder debrief, and validate key findings with all available quantitative information such as visitor arrival statistics and the International Visitors Survey.



The type of information required, information sources and methods of information collection are outlined in the table below:

Question	Information required	Information source	Method
Objective 1: To assess the relevance of the Cook Islands Tourism Sector Support.			
1. To understand the extent to which NZ supported DD and DM activities, outputs and outcomes are relevant to and align with CIG and NZ tourism / development priorities	<p>Type of DD / DM activities, outputs and outcomes,</p> <p>NZ and CIG tourism priorities / needs</p> <p>Stakeholder perception of the activity's relevance</p> <p>Strategic alignment throughout development plans</p> <p>The extent to which CITC's destination marketing (DM) and destination development (DD) outputs are relevant to spreading visitor numbers across seasons, maintaining existing market share, effectively tapping into new markets, attracting higher yielding visitors and foreign investment</p>	<p>The National Sustainable Development Plan (NSDP), tourism sector strategy, CITC's Business Plans, as well as the Joint Commitment for Development between the Government of the Cook Islands and New Zealand</p> <p>Stakeholder interviews with a focus on CITC, MFAT, CITIC and representatives of the broader tourism industry</p>	<p>Stakeholder interviews</p> <p>Document review</p> <p>Review of visitor statistics</p>
2. If relevance could or should be improved and if so, how?	Consider if there are other activities that could be supported that might be more relevant to the sector	Officials from CITC, MFEM, MFAT, CITIC, AUT and representatives of the broader tourism industry and private sector	Stakeholder interviews



Question	Information required	Information source	Method
3. Has the tourism sector support generated benefits for both genders and the wider community?	Employment in the tourism sector by gender Household income Number of tourism business licenses issued	MFEM Statistics Census data	Review of annual govt. reports
Objective 2: To assess how effective CITC has been at achieving DD and DM outputs and to determine to what extent these have resulted in sought outcomes.			
1. What DD and DM activities have been implemented? How effective have these been in achieving agreed outputs?	Number and type of DD and DM activities. Evidence of the links between these and sought outputs.	DD and DM directors. CITC Board, CITC CEO, Tourism stakeholders (private Sector), MFEM	Qualitative stakeholder interviews Document and budget review
2. Have DD and DM outputs contributed to the short and medium term outcomes set out in the GFA Results Framework?	Where possible, this should test the causal link between outputs and sought outcomes (short and medium term): <ul style="list-style-type: none"> • Visitors to outer islands • Length of stay • Average daily spend • Visitor arrival by season and origin market • Cruise ship visitors • Businesses meeting industry standards • Visitor satisfaction • Propensity to recommend 	CITC reports incl Quarterly Statistics Report, IVS, visitor arrivals statistics, Marketing Results Matrix	Document review, IVS review and accreditation website review Analysis of industry accreditation and improvements to visitor satisfaction Qualitative stakeholder interviews



Question	Information required	Information source	Method
3. Are there any factors that have constrained or enhanced the ability of CITC to implement outputs and translate these into the sought outcomes?	Identify instances where implementation of the five outputs have been constrained or enhanced	CITC reports, CITC board and staff	Document review and stakeholder interviews
Objective 3: To assess the overall efficiency of the tourism sector support.			
1. Has CITC planning enabled the efficient use of sector support resources?	How have CITC business plans used sector support to further maximise and leverage CIG and industry resources?	CITC Business Plan and six monthly reports	Document review and stakeholder interviews
2. Has CITC implementation enabled the efficient use of sector support, e.g. has procurement practice resulted in value for money, quality outputs and positive social impacts?	Assess the value for money of DD and DM investments Assess participation in training by gender and outer island residents	CITC budgeted and actual expenditure on DD and DM activities (expenditure by output; variances of actual expenditure against budget), CITC ROI records	Document review, stakeholder interviews and media releases / stories
3. Has CITC reporting on outputs and outcomes been timely, appropriate and of a high quality?	CITC reports and the dates presented to MFAT	CITC six monthly and quarterly reports	Document review Interviews
4. What constraints to efficiency exist and how can these be addressed?	Analysis of results reported i.e. expenditure and return on investment	CITC six monthly and quarterly reports	Document review Stakeholder interviews



Question	Information required	Information source	Method
5. Has the Cook Islands tourism sector support i.e. the five key outputs delivered value for money?	Quantitative and qualitative analysis of return on investment in DD and DM e.g. for dollars invested under the tourism sector support	AUT International Visitor Surveys (IVS) for increases in visitor numbers and visitor spend.	Detailed analysis of IVS Data. Analysis of sector input costs vs value of visitor spend Stakeholder interviews Comparative analysis of top line performance with Niue, Samoa and Tonga (as recipients of NZAP tourism sector support)
6. Has CITC used tourism sector support (or other donor support) to effectively leverage other investments in the sector made by the CIG and New Zealand, e.g. the Arorangi jetty construction and the Air New Zealand underwrite?	Analysis of co-funding or match funding arrangements with tourism industry, CITIC, CIG, airlines etc.	CITC six monthly and quarterly reports	Document review Stakeholder interviews
Objective 4: To assess the contribution New Zealand's support to the sector has made to a sustainable tourism industry in the Cook Islands.			
1. How dependent on New Zealand's support is the CITC and if this support ended, would the CITC be able to sustain current activities, outputs and outcomes?	Understand the level of dependency on New Zealand support.	CITC business plans reports and budgets (over last 3 years)	Document review Stakeholder interviews
2 Can some ongoing activities currently funded by New Zealand's support for the sector now be absorbed by CITC or funded by the private sector?	Assess the ability of CITC and the private sector to fund a greater proportion of DD and DM activities	CITC business plans reports and budgets (over last 3 years)	Document review Stakeholder interviews



Question	Information required	Information source	Method
3. Has the sector support aid modality incentivised greater or less CIG and private sector investment in the tourism industry?	Assess CIG and private sector investments in tourism between Jul 2013 and Nov 2014	MFEM budgets, CITC business plans reports and budgets between Jul 2013 and Nov 2014	Document review Stakeholder interviews
4. Have there been any unintended environmental impacts (either positive or negative) as a result of the tourism sector support for destination development and destination marketing?	Measures of environmental impact of tourism activities (pollution, resource usage)	Reports from, and interviews with, Ministry of Marine Resources, National Environment Service and potentially Water and Waste Sanitation Unit (WATSAN)	Document review Stakeholder interviews
Objective 5: To make recommendations on how to apply lessons learned.			
1. Should New Zealand support the tourism sector, If so for how long, to what level, in which priority areas	Summary of the above information and stakeholder input	Summary of the above information and consideration at the Debrief meeting	Document review Stakeholder interviews and Debrief meeting



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Evaluation Schedule

The key tasks to be undertaken in the evaluation, the deliverables and timing are detailed in the table below:

Key tasks	Deliverables	Timing
Evaluation planning	Evaluation Plan	20 November 2014 to 1 December 2015
Document analysis	Document review	20-28 November 2014
Fieldwork and key stakeholder interviews (Cook Islands)	<ul style="list-style-type: none"> • In-country briefing • Key stakeholder interviews • In-country debrief meeting • Fieldwork summary reports 	28 November to 8 December 2014
Data analysis and interpretation	Analyse data and produce findings	1-15 December 2014
Other stakeholder interviews	MFAT, airline and AUT staff interviews	10-15 December 2014
Evaluation report drafting	Draft report	19 December 2014
Evaluation report	Final report for publication	16 January 2015
Findings presentations	Final presentation on findings, conclusions and recommendations (in Wellington)	January 2015

The evaluation team will report to the MFAT Activity Manager regularly throughout the evaluation.



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Evaluation Stakeholders

The key stakeholder groups to be consulted with during the evaluation are:

- CITC board and staff,
- CIG including the MFEM,
- MFAT
- Cook Islands Tourism Industry Council (CITIC)
- Representatives of the broader Cook Islands tourism industry and private sector
- Airlines, ports and airport authorities
- Chamber of Commerce
- Cook Islands Tertiary Training Institute
- South Pacific Tourism Organisation.

This table shows the stakeholders and outlines their interest in the evaluation, any issues or constraints and their expected involvement.

STAKEHOLDER	INTEREST/STAKE	ISSUES/CONSTRAINTS	INVOLVEMENT/PARTICIPATION
MFAT / NZ Aid Programme staff in the Cook Islands and in New Zealand	Principal stakeholder as funder of the activity and of this evaluation. The Aid Programme Development Strategy & Effectiveness Division requires consistent methodologies and reporting to align with their country programme evaluation	Staff time at this busy time of year	Provision of relevant documents for review, briefings at the commencement of the fieldwork, advice on stakeholders to be interviewed, participating in lessons learned workshop and reviewing draft Evaluation Plan
Cook Islands Tourism Corporation (CITC) board and staff	Principal stakeholder as the partner delivering the activity and this evaluation will have a bearing on future funding	Availability of key staff and board members for in-country interviews / meetings. Evaluation has potential to influence future activities / funding so a high level of trust, openness and impartiality will be required. Commercial sensitivity required.	Provision of relevant documents for review, briefings at the commencement of the fieldwork, advice on stakeholders to be interviewed, participating in stakeholder interviews and lessons learned workshop



Cook Islands Government and Ministry of Finance and Economic Management (MFEM)	Principal stakeholder as funder of the CITC	Time constraints for meetings and potential for multiple meeting requests with other evaluations also taking place	Participating in stakeholder interviews
Cook Islands Tourism Industry Council (CITIC)	Principal stakeholders as beneficiaries of destination marketing and accreditation programme	Time constraints of tourism business owners. Evaluation has potential to influence future destination marketing activities	Participating in stakeholder interviews and lessons learned workshop
Representatives of the broader Cook Islands tourism industry and private sector including those on the outer islands	Secondary stakeholders – private sector tourism, hospitality and retail businesses that benefit from in-country visitor spend	Time constraints of business owners. Evaluation has potential to influence future destination marketing activities	Participating in stakeholder interviews and lessons learned workshop. Sharing insights on performance of CITC, on visitor markets and visitor satisfaction with Cook Islands experience
Other promoters / sellers of the Cook Islands e.g. travel agents / tour wholesalers	Secondary stakeholders – beneficiaries of destination marketing e.g. co-promotional activities with CITC	Staff time at this busy time of year. They have a vested interest in suggesting areas for improvement to tourism in the Cook Islands	Participating in stakeholder interviews
Cook Islands Tertiary Training Institute	Secondary stakeholders – coordinating enterprise development with CITC	Staff time at this busy time of year. Evaluation has potential to influence future training activities	Participating in stakeholder interviews



5

Other Considerations in the Evaluation

QUALITY CONSIDERATIONS

This evaluation will be underpinned by the OECD DAC Evaluation Quality Standards for Development Evaluation. These standards will be reflected throughout the evaluation process from the planning and design stage of the evaluation, through the clarity of the analysis and stakeholder interviews to the reporting and dissemination of lessons learned.

The evaluation will also meet the New Zealand Aid Programme's Standards for Activity Evaluations and use the latest Evaluation Report template.

Finally, the evaluation team will work closely with the Development Strategy & Effectiveness Division of the New Zealand Aid Programme and an independent evaluation advisor to ensure this evaluation aligns with the Cook Islands country-wide evaluation.

ETHICAL CONSIDERATIONS

Full disclosure regarding the evaluation, and its purpose, will be provided as per the Information Sheets in Appendix C including outlining consent processes to ensure participants are aware of their rights in the evaluation process. Verbal consents will be obtained for face-to-face and telephone interviews and written (email) consents for any survey questions sent to stakeholders.

The principles underpinning the evaluation will be professionalism, independence, and transparency. In addition to these principles the evaluation team will also observe the following values for stakeholder engagement:

- respecting all participants, and providing opportunities for maximum participation by all stakeholders
- using face-to-face approaches as often as possible and when relevant
- actively listening to stakeholder/participant responses and comments
- demonstrating cultural and personal respect for all those involved
- obtaining informed consent, verbally or via email, prior to engagement, and
- acknowledging the time, knowledge, and experiences of participants (e.g. by allowing people to participate in ways that are not intrusive or disruptive to their priorities).

All participants will be assured of confidentiality of information collected (including commercially sensitive material), and interview notes will remain in a secure location for use by the evaluation team only. Individual interviewees' responses will not be attributed to them, or used in a way that could identify them.



Issues of gender, human rights, and the environment

Consideration of organisational policies plans and processes relating to gender, human rights and the environment will be included in the evaluation. These considerations will extend to an assessment of visitor behaviours, satisfaction levels and feedback provided in the International Visitors Survey (IVS).

We will survey stakeholders on their perception of the Cook Islands tourism sector's environmental performance and also assess the extent to which environmental impacts are monitored and mitigated as part of the accreditation scheme for tourism businesses.

LIMITATIONS, RISKS AND CONSTRAINTS

The table below lists potential or actual risks, limitations and constraints (e.g. around methodology, evaluation process), their likely effect on the evaluation and how they will be managed/mitigated.

Risk/limitation/constraint	Likely effect on evaluation	How this will be managed/mitigated
Delays in sourcing documents for review	Creating delays in completing the evaluation	Gain access to documents via MFAT prior to the in-country visit and double check that the complete suite of documents have been provided
Unavailability of key stakeholders for interviews	Creating delays in completing the evaluation or resulting in poorer quality information	Allocate additional time at the start of the in-country visit to arrange and confirm stakeholder interviews
Inaccuracies or inconsistencies in visitor survey data and statistics	Potential to limit some analysis of performance against targets	Meet with AUT to understand any data limitations or changed methodologies within the IVS. Also compare key metrics with other South Pacific Islands and peer review findings internally



Risk/limitation/constraint	Likely effect on evaluation	How this will be managed/mitigated
Health and safety issues with Evaluation Team members causing delays	Delays in the production of the Evaluation Report	<p>Ensure the two evaluators understand each other's work and either evaluator can take over should one evaluator be unable to continue with the project.</p> <p>Also ensure electronic documents are stored securely, backed up and can be accessed by all members of the evaluation team</p>
Respondent fatigue (with this evaluation taking place alongside other evaluations)	Reluctance of some stakeholders to be involved in this or future evaluations and / or limiting responses due to time constraints	Coordination with the Development Strategy & Effectiveness Division of MFAT to agree which stakeholders should be approached once for all evaluations rather than by multiple evaluation teams
Inability to assess long term impacts of tourism sector support due to the timing of this evaluation	Longer term measures of increased national revenue i.e. 2015/16 cannot be determined	Focus shorter and medium term outcomes and their relevance, efficiency, effectiveness and sustainability should assist in the achievement of longer term outcomes
Findings are misunderstood or misrepresented	Evaluation usefulness and stakeholder buy-in compromised	Reliable international visitor survey and other statistics are available and will be interpreted and referenced to enable readers to find links to information sources. Interview results are triangulated /cross checked with each other and with information found in documents.



Risk/limitation/constraint	Likely effect on evaluation	How this will be managed/mitigated
Findings of the evaluation are criticised for being biased or influenced by a minority of stakeholders	Evaluation usefulness and stakeholder buy-in compromised	<p>In-country briefing and lessons learned workshop will identify whether additional views or perspectives are required</p> <p>Evaluation report to be peer reviewed internally and by an independent evaluation advisor</p>

GOVERNANCE ARRANGEMENTS

The evaluation is commissioned by MFAT in cooperation with CITC and MFEM. The evaluator(s) will be accountable to MFAT, through the Aid Programme Manager at the New Zealand High Commission in Avarua. The Evaluator(s) will be guided by an Evaluation Steering Group which includes representatives from MFAT, CITC and MFEM. The Steering Group will provide the evaluator(s) with key contacts, information, documentation, guidance, feedback on evaluation approach and findings and any other support as required.



6

Communicating Evaluation Findings

COMMUNICATIONS PLAN

The table below provides a high level communications plan regarding the evaluation for different internal and external audiences.

Partner & Stakeholders	Interest/stake/role in the evaluation	How best to communicate?	What?	Who?	When?
MFAT / NZ Aid Programme staff in the Cook Islands and in New Zealand	Principal stakeholder as funder of the activity and of this evaluation. The Aid Programme Development Strategy & Effectiveness Division requires consistent methodologies and reporting to align with their country programme evaluation	Face-to-face meetings phone and email	Stakeholders to be interviewed, initial findings, draft and final evaluation report	NZ Aid programme Manager and Activity Manager (Rarotonga) Principal Evaluation & Research Manager, Independent Evaluation Advisor (Wellington)	Dec 2014 / Jan 2015
Cook Islands Tourism Corporation (CITC) board and staff	Principal stakeholder as the partner delivering the activity and this evaluation will have a bearing on future funding	Face-to-face meetings phone and email	Stakeholders to be interviewed, initial findings, draft and final evaluation report	CEO, Directors of Destination Development and Destination Marketing	Dec 2014 / Jan 2015
Cook Islands Government and Ministry of Finance and Economic Management (MFEM)	Principal stakeholder as funder of the CITC	Face-to-face interview and workshop participation	Stakeholder to be interviewed, initial findings, draft and final evaluation report	Secretary / senior managers	Dec 2014 / Jan 2015
Cook Islands Tourism Industry Council (CITIC)	Principal stakeholders as beneficiaries of destination marketing and accreditation programme	Face-to-face interviews and workshop participation	Presentation of initial findings at lessons learned workshop	President and members of the council	Dec 2014



Partner & Stakeholders	Interest/stake/role in the evaluation	How best to communicate?	What?	Who?	When?
Representatives of the broader Cook Islands tourism industry and private sector including those on the outer islands	Secondary stakeholders – private sector tourism, hospitality and retail businesses that benefit from in-country visitor spend	Face-to-face interviews	Final published evaluation report	Tourism, hospitality and retail business owners / managers	Jan 2015

DISSEMINATION PLAN

Potential dissemination opportunities for the evaluation's key findings, conclusions and recommendations include:

- In country debriefs and workshop to share initial findings and recommendations in early December 2014
- Draft evaluation report to be shared with MFAT in the Cook Islands and Wellington, the independent evaluation advisor and CITC before Christmas 2014. Feedback to be received over late December 2014 and early January 2015
- Final evaluation report distributed in January 2015
- Final presentation on findings, conclusions and recommendations (in Wellington) during January or February 2015.



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Appendices:

Appendix A: Questions for Stakeholder Interviews

This appendix contains an outline of the types of questions that will be covered in interviews of the various stakeholder groups including MFAT officials, CITC board and staff, Cook Islands Government and tourism industry organisations.

Two sets of questions have been developed, one for MFAT officials and tourism stakeholders within the Cook Islands and another for tourism influencers and promoters based outside the Cook Islands i.e. travel agents in New Zealand and Australia. Questions will need to be tailored to each interviewee as not every subject will be relevant to every interviewee.

Stakeholder interview checklist for MFAT/ CIG officials, CITC board and staff

1. Preliminaries

- Introductions.
- Explain purpose of evaluation.
- Explain why we want them to participate.
- Provide with information sheet, if have not already received it, and obtain verbal consent.

2. Background information

- Describe your role/s in your organisation.
- How long have you been involved with your organisation?
- Details of location, organisation objectives and involvement with CITC.

3. Evaluation-specific questions:

a. Relevance to government

- To what extent does the tourism sector support align with CIG tourism and development priorities?
 - Establish key CIG and NZG tourism / development needs / priorities
 - Establish what NZ supported activities have been implemented
- *Could or should the relevance of the tourism sector support be improved (from a government perspective)?*



b. Relevance to tourism industry

- Are the destination development and destination marketing activities (refer to list of activities by output) undertaken by CITC relevant to the needs of the Cooks Islands tourism sector?
- Are there any other activities that could be supported that might be more relevant to tourism?
 - Prompts could include: investment environment; legal environment; airline marketing support, new air sector / route developments.

c. Effectiveness

- What do you think has worked well and not so well, and why (refer to list of activities by output)?
 - Which activities within the tourism sector support are providing the greatest positive impact?
 - Have these activities effectively contributed to increased visitor numbers, improved seasonal visitation and / or increased quality of the tourism experience?
 - What factors have enhanced or constrained the ability of the CITC to achieve some or all of these outputs or outcomes?

d. Efficiency

- Which DD or DM activities have delivered the greatest return on investment of either effort or money?
- What is the process of selecting DD and DM activities?
- Do you have any suggestions for how the selection, design or implementation of tourism activities could be improved (refer to list of activities by output)?

e. Impact

- Is the tourism sector support having an overall adverse or positive effect on the local economy?
- What, if any, adverse effects are occurring as a result of NZ support?
- What would have happened to your business / organisation if there was no tourism sector support from the New Zealand government?



f. Sustainability

- If New Zealand’s support to the sector ended, would the CITC be able to sustain current activities and outcomes?
- In your view, is the CI and NZ government tourism sector support leading to greater or less investment by the private sector?
- Could the private sector contribute more to DD and DM in future?
- Have there been any unintended social or environmental impacts (either positive or negative) as a result of the tourism sector support for destination development and destination marketing?

4. Concluding topics / lessons learned

- In summary, is there one item that we’ve discussed that stands out for you as most critical for this tourism sector evaluation to consider?
- Are there any other key issues or opportunities for the tourism sector that we haven’t discussed yet?

Stakeholder interview checklist for Cook Islands tourism industry / private sector

1. Preliminaries

- Introductions.
- Explain purpose of evaluation.
- Explain why we want them to participate.
- Provide with information sheet, if have not already received it, and obtain verbal consent.

2. Background information

- Describe your role/s in your organisation.
- How long have you been involved with your organisation?
- Details of location, organisation objectives and involvement with CITC.
- Provide background document showing the Results Framework and examples of activities that relate to the five outputs under the tourism sector support.

3. Evaluation-specific questions:



a. Relevance

- Are the destination development and destination marketing activities (refer to list of activities by output) undertaken by CITC relevant to the needs of the Cooks Islands tourism sector?
- Are there any other activities that could be supported that might be more relevant to tourism?
 - Prompts could include: investment environment; legal environment; the environment etc.?

b. Effectiveness

- What do you think has worked well and not so well, and why (refer to list of activities by output)?

c. Efficiency

- Do you have any suggestions for how the selection, design or implementation of tourism activities could be improved (refer to list of activities by output)?

d. Impact

- Is the tourism sector support having an overall adverse or positive effect on the local economy?
- What would have happened to your business / organisation if there was no tourism sector support from the New Zealand government?

e. Sustainability

- Could the private sector contribute more to DD and DM in future?
- Have there been any unintended social or environmental impacts (either positive or negative) as a result of the tourism sector support for destination development and destination marketing?

4. Concluding topics / lessons learned

- In summary, is there one item that we've discussed that stands out for you as most critical for this tourism sector evaluation to consider?
- Are there any other key issues or opportunities for the tourism sector that we haven't discussed yet?



Stakeholder interview checklist for tourism industry outside the Cook Islands

1. Preliminaries

- Introductions.
- Explain purpose of evaluation.
- Explain why we want them to participate.
- Provide with information sheet if have not already received it, and obtain verbal consent.

2. Background information

- Describe your role/s in your organisation.
- How long have you been involved with your organisation?
- Details of location, organisation objectives and involvement with CITC.

3. Evaluation-specific questions:

a. Relevance

- How important are the Cook Islands for your total Pacific business? (What % of turnover does it account for?)
- What other Pacific destinations are important? What destinations would be your next most important after the Cook Islands?
- What kind of Cook Islands products do you sell? Most popular – least popular
- Which islands in the Cook Islands do you promote the most currently and do you see this changing?

b. Effectiveness

- What does the Cook Islands do well and not so well in terms of delivering a tourism experience?
- What are the big constraints to growing your Cook Islands business? What does the Cook Islands need to provide more of or do better?
- Are there any experiences/products missing from your key markets in the Cook Islands?

c. Efficiency

- What is your opinion on 'value for money' for visitors to the Cook Islands? How well do you rate it against other Pacific destinations?

4. Concluding topics

- Are there any other key issues or opportunities for the Cook Islands tourism sector that you would like to discuss?



Appendix B: Information Sheets

Evaluation of the Cook Islands Tourism Sector Support

This sheet provides information about the evaluation being undertaken of the Cook Islands Tourism Sector Support. Please read this information before deciding whether or not to take part in an interview.

<p>What is this project about?</p>	<p>The New Zealand Ministry of Foreign Affairs and Trade (MFAT) has appointed <i>Quality Tourism Development Ltd</i> (QTD) to undertake an evaluation to assess the relevance, effectiveness, efficiency and sustainability of the tourism sector support funded by MFAT and delivered by the Cook Islands Tourism Corporation (CITC). Evaluations of the Cook Islands education sector and the Country-Aid Programme are also being conducted by other evaluation teams.</p>
<p>Who is Quality Tourism Development Ltd</p>	<p><i>Quality Tourism Development Ltd</i> is a consulting company based in New Zealand. Its team for this project comprises tourism experts from three tourism consultancies: Craig Wilson (QTD), Ross Corbett (TRC Tourism) and David Lanham (Eagle Aviation Consulting). As a team they have considerable experience in tourism and the development contexts in the Pacific.</p> <p>For more information about <i>Quality Tourism Development Ltd</i>, please visit www.qualitytourism.co.nz</p>
<p>What is the purpose of the project?</p>	<p>The purpose of the evaluation is to:</p> <ul style="list-style-type: none"> • inform decisions around the tourism sector support provided by MFAT via the Cook Islands Government (CIG) beyond the period of the current agreement which ends in June 2015. • identify what is working and what is not, and apply these lessons learned to future tourism support or wider CITC activities. • account to MFAT, CIG / CITC and other stakeholders for resources provided and the difference the tourism sector support has made since July 2013.
<p>Why have you asked me to participate?</p>	<p>The evaluation team seeks to understand the views of key stakeholders to better understand the results that have been generated by the tourism sector support to date. Stakeholders will include Cook Islands Tourism Industry Council (CITIC), CITC staff, CIG officials, representatives of MFAT in New Zealand and in the Cook Islands, and other tourism sector stakeholders.</p>



What's involved?	The evaluation will combine individual stakeholder interviews and a workshop to explore lessons learned. Stakeholder interviews should take between 30–60 minutes to complete and will be conducted in early December 2014.
Do I have to take part?	No, participation in the evaluation is voluntary.
Is the interview confidential?	<i>Quality Tourism Development</i> will ensure your contribution in personal interviews or group discussions is kept confidential and we will not identify you in our reports. We will request permission to include only your name, job title and organisation name in the list of stakeholders interviewed to be listed in an appendix to the Evaluation Report.
Can I change my mind and withdraw from the project?	You may stop the interview at any time. You can also withdraw the information you have given up until the time the analysis begins. You do not need to give a reason to withdraw and there will be no disadvantage to you of any kind.
What if I have any questions?	If you have any questions about this project, please contact: Craig Wilson, Evaluation Team Leader, <i>Quality Tourism Development Ltd</i> Mobile: (+64) 27 241 0549 Email: craig@qualitytourism.co.nz Sean Mackesy-Buckley, Activity Manager, Ministry of Foreign Affairs and Trade, Rarotonga, Cook Islands Phone: (+682) 22 201 ext 24 Email: Sean.Buckley@mfat.govt.nz



APPENDIX THREE: LIST OF DATA SOURCES

Data sources for this evaluation include:

- Cook Islands Tourism Sector Support
- Letter of Variation No 1
- CITC Business Plans
- CITC six monthly reports
- Economic Analysis of Cook Islands Air Route Underwrite Agreements, Covec Ltd 2013
- AUT's Quarterly International Visitor Surveys 2012 – 2014 .
- Cook Islands National Sustainable Development Plan 2011 - 2015
- CITC Strategic Business Plan 2011 – 2016
- CITC Destination Development Strategy 2010
- SPTO Cook Islands Cruise Study 2013 and 2014
- Cook Islands Visitor Survey, Annual Report July 2013 - June 2014
- North America Marketing and Sales Update, USA and Canada profile update
- Market Positioning, John Peterson, May 2014
- CITC Business Plans, 2013 – 2014 and 2014 - 2015
- CITC Activity Progress Reports to NZ MFAT – 30 June 2013; July to December 2013; July 2013 to June 2014;
- CITC Quarterly Tourism Statistics Reports 2012 - 2014
- CITC Long Haul Growth Strategy 2014-2015
- CITC Marketing Results Matrix 2013-2014
- Cook Island Visitor Survey Market Segment Analysis October 2014, AUT
- Reporting on sanitation regulation compliance (WATSAN) and Ministry of Health)
- Annual Accreditation listings and standards (CITIC)
- Airport Authority and airline and other transportation providers' passenger numbers (if available)
- Cruise ship arrivals and passenger numbers, Ports Authority & CITC Visitor Centre Reports
- Cook Islands Tertiary Training Institute (CITTI) registrations in tourism courses.



APPENDIX FOUR: LIST OF EVALUATION PARTICIPANTS

Organisation	Role / Title
NZHC	First Secretary (Development) / Aid Programme Manager Senior Development Programme Coordinator
CITC	Chair
CITC	Board Member
CITC	CEO
CITC	Director Destination Development
CITC	Director Sales and Marketing
WATSAN	Programme Manager
CITTI	Director
MFEM	Financial Secretary Manager Development Coordination Division Development Programme Manager
CITIC	President
CI Ports Authority	Director
CI Airport Authority	Director
CI National Environment Service	Deputy Director
Air New Zealand	Sales Manager
CI Accreditation Programme	Chair
Rent Raro Holiday Homes	Owner
Café Salsa / Chamber of Commerce	Owner
Muri Heights Accommodation	Owner
Vaka Eiva Festival	Committee Member
Storytellers (Guided Cycle Company)	Owner
AUT (Producers of International Visitors Survey)	Professor of Tourism



APPENDIX FIVE: GLOSSARY OF ACRONYMS

Acronym	Description
AUT	Auckland University of Technology
CI	Cook Islands
CIG	Cook Islands Government
CITC	Cook Islands Tourism Corporation
CITIC	Cook Islands Tourism Industry Council
CITTI	Cook Islands Tertiary Training Institute
COA	Cost of acquisition
DAC	Development Assistance Committee (of the OECD)
DD	Destination Development
DM	Destination Marketing
FOC	Free of Charge
GDP	Gross Domestic Product
GFA	Grant Funding Agreement
IVS	International Visitor Survey
MFAT	Ministry of Foreign Affairs and Trade
MFEM	Ministry of Finance and Economic Management
NZ	New Zealand
NZAP	New Zealand Aid Programme
NZHC	New Zealand High Commission
NSDP	National Sustainable Development Plan
PR	Public relations
ROI	Return on investment
SPTO	South Pacific Tourism Organisation
US	United States of America
VAT	Value Added Tax
WATSAN	Water, Waste and Sanitation, Ministry of Infrastructure

