

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

**INTEGRATED TOURISM PLANNING IN
PACIFIC ISLAND COUNTRIES**

Proceedings of a workshop organized by ESCAP

5-9 June 1995

Port Vila, Vanuatu



UNITED NATIONS

New York, 1996

ST/ESCAP/1638

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REPORT OF THE WORKSHOP

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Organization

1. The Workshop on Integrated Tourism Planning in Pacific Island Countries was organized at Port Vila, from 5 to 9 June 1995 by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in collaboration with the Tourism Council of the South Pacific (TCSP). The Workshop was financed by the Government of Japan.

Objective

2. The objective of the Workshop was to strengthen national capabilities of Pacific Island countries in integrated tourism planning.

Attendance

3. The Workshop was attended by senior tourism officials of the Northern Mariana Islands, Cook Islands, Federated States of Micronesia, Fiji, French Polynesia, Marshall Islands, Nauru, New Caledonia, Niue, Papua New Guinea, Palau, Samoa, Solomon Islands, American Samoa, Tonga and Vanuatu.

4. The Workshop was also attended by representatives of the Asian Development Bank (ADB), the Association of South Pacific Airlines (ASPAA), the Forum Secretariat, the Pacific Asia Travel Association (PATA), the University of Queensland and the World Tourism Organization (WTO). A number of representatives of the tourism industry and non-governmental organizations also attended the Workshop.

Opening

5. In his statement, Mr. M. Rahmatullah, Director, Transport, Communications and Tourism Division, ESCAP, pointed out that during the last decade, tourism had expanded rapidly and had assumed considerable economic importance in many parts of the world. He mentioned that revenues from international visitors had become the principal source of foreign exchange for Maldives, Nepal, Thailand and several Pacific Island destinations. He stressed that the Pacific Island countries should pursue the development of their tourism sectors in a comprehensive and planned manner, which involved the development of key components, including accommodations, air transportation and other forms of infrastructure, training of human resources and appropriate marketing strategies. Mr. Rahmatullah emphasized the need to integrate environmental considerations into tourism planning. He also stressed that it was of the utmost importance that governments plan and develop tourism carefully, so that the benefits could be maximized without creating social, cultural or environmental problems.

6. Mr. Levani V. Tuinabua, Director, Tourism Council of the South Pacific (TCSP), highlighted the importance of tourism in Pacific Island countries. He remarked that international tourism was a significant component of the economies of Pacific Island countries. In several Pacific Island countries, tourism was the biggest earner of foreign exchange. He also remarked that tourism contributed greatly to the creation of employment opportunities. Mr. Levani predicted that tourism would continue to grow in the Asian and Pacific region. He remarked that factors which formerly influenced tourists were changing and stressed the need to adequately prepare for the changes taking place in the tourism industry. He stressed the need for human resource development programmes and environmental management of tourism development.

7. In his inaugural address, the Honourable Maxime Carlot Korman, Prime Minister of Vanuatu, stated that the Government of Vanuatu recognized the importance of tourism as the country's major source of foreign exchange earnings, a major provider of employment and a substantial contributor to government revenues. He remarked that the tourism sector was emerging as the economic engine of Vanuatu and was poised on the brink of major expansion. However, he said, tourism should not be allowed to expand in an uncontrolled manner. He stressed that tourism required careful management to ensure that the benefits were maximized and the costs minimized. He stated that tourism should be developed for the benefit of all sectors of the host community and not just for a few specialized interests.

8. The Prime Minister further mentioned that Vanuatu's Tourism Development Master Plan, which had been completed recently, would provide the guidelines for the orderly expansion of tourism in Vanuatu for the next decade. Its successful implementation was critical to the future economic development of the country. He suggested that Vanuatu's achievements might serve as an example of integrated planning for tourism in other Pacific Island countries.

Introduction to the Workshop

9. The Director, Transport, Communications and Tourism Division, ESCAP, briefed the participants on the background of the Workshop, its objective and the programme.

10. He pointed out that country report sessions would help resource persons relate their presentations to the specific situations prevailing in the different countries. He remarked that participants were expected to take an active part in carefully going through the guidelines which were in draft form and to offer comments during the Workshop and additional comments or suggestions, if any, on their return home. Once the guidelines were finalized, national tourism organizations should endeavour to use them. The participants were asked to point out during the Workshop if there was any need for country-level assistance from ESCAP.

Country Reports

Country reports were presented by the participants. A summary of these reports is given below.

NORTHERN MARIANA ISLANDS

1. Current situation in tourism development

12. The Northern Mariana Islands have experienced a period of continuous sustained growth of "inbound" tourism since maintaining annual visitor statistics in 1978. Due in large part to the Northern Mariana Islands' proximity to the Asian market (Japan, the Republic of Korea, Taiwan Province of China and Hong Kong), no visa requirements and its availability as a "USA destination" meant that the Northern Mariana Islands enjoyed a good rate of growth that has stabilized the economy as well.

13. Without significant alternative industries (fishing, agriculture, manufacturing, etc.), the tourism/hospitality service sector could be considered as the mainstay of economic growth for the Northern Mariana Islands. For example, approximately \$US 440 million was spent in the Northern Mariana Islands in fiscal year 1994 as a result of tourism expenditures.

2. Tourism planning/projects

14. A master plan was commissioned in 1990 to set some guidelines, direction and serve as an information resource base from which to develop a clearer image of where tourism could take the Northern Mariana Islands. In the reality of the tourism market, as new markets become available to the Northern Mariana Islands by increased direct flight routes, new airline route opportunities, new points of departure from the existing market base, it has been found that the master plan was just a guideline for growth, and not set in stone. As the markets change, so do the parameters of the master plan. In many cases, the Northern Mariana Islands has already outgrown the master plan, but has also lagged behind on certain points.

COOK ISLANDS

1. Current situation in tourism development

15. The country is comprised of fifteen islands divided into two main groups spread over 2 million square kilometres of ocean. The combined total land area of all fifteen islands is 244 square kilometres, with a total population of about 19,000 people. The largest island and administrative centre is Rarotonga, with a land area of 67 square kilometres.

16. Organized tourism in the Cook Islands began in effect with the completion of the Rarotonga International Airport in 1975 and the opening two years later of the 151-room Rarotongan Resort Hotel. Tourist arrivals have increased from less than 10,000 in 1976 to over 34,000 in 1990. An increase of 16.9 per cent (39,984) was recorded for 1991, and 25.1 per cent (50,009) increase in 1992. The percentage change for visitor arrivals in 1993 was recorded at 5.7 per cent and actual arrivals were 52,868 visitors. The total tourist arrivals for 1994 was 57,371, an increase of 8 per cent over arrivals in the previous year.

2. Tourism planning/projects

17. After the general election in 1994, the Government of the Cook Islands formulated its tourism policy as a guideline for tourism development in the Cook Islands. The policy ensures that the benefits from tourism development are widely spread among the people of the Cook Islands.

18. The need for planned development of tourism was a commonly-expressed concern for the Cook Islands. According to a "Fact Sheet" of the Cook Island Tourism Authority (CITA), at the 1988 Tourism Forum, it was recommended that the Government, in consultation with the industry and the community, undertake as an urgent matter the preparation of a comprehensive and integrated National Tourism Development Plan.

19. The Tourism Master Plan Assistance Programme is a partnership between the Governments of the Cook Islands and New Zealand to promote sustainable tourism development within the context of the Tourism Master Plan. The programme is under the overall direction of the Tourism Master Plan Implementation Committee and is managed jointly by the programme manager and the counterpart from the CITA. The Tourism Master Plan Committee is the main body for overseeing and coordinating implementation of the Tourism Master Plan. The committee is a specialized committee of the Tourist Authority whose purpose is to ensure unity, direction and coordination.

FEDERATED STATES OF MICRONESIA

1. Current situation in tourism development

20. Tourism in the Federated States of Micronesia is generally recognized as having great potential to contribute significantly to economic development by stimulating employment, exports and national and state revenues.

21. At both the national and state government levels, world and regional development and a shared interest in the patterns of rapid growth in developing countries are recognized, especially in the Pacific. However, each of the states has developed some kind of tourism plan without the input of the national government and without coordinating with each other.

22. Although it has been stated that tourism development is better left to each state, it would be unquestionably more efficient to gain from the synergy created by having state efforts supported by the national government and by sharing information and resources between the states and the national government.

2. Tourism planning/projects

23. The stated national tourism development goal is, "To create a sustainable tourism industry as a significant contributor to the nation's economic development based on the Federated States of Micronesia's particular natural and cultural resources, and to optimize the economic benefits while addressing the cultural and environmental impacts."

24. A quantifiable objective is necessary, because this will not only be useful for planning specific strategies or developing programmes, it will also serve as a benchmark for measurement and evaluation.

FIJI

1. Current situation in tourism development

25. The tourism industry has not only recovered since the crisis of 1987, but it has reached record numbers in visitor arrivals and corresponding foreign exchange earnings. It is the largest employer in the country, accounting for about 14 per cent of the total wage labour.

26. Tourism in Fiji also contributes approximately 16 per cent of the GDP. The tourist dollar has an enormous multiplier effect, ultimately making the industry a major contributor to Fiji's current economic growth and for the future as well.

27. There is, however, a concern that the country has not been able to provide extra executive class hotel rooms as demanded by market trends. Members of the industry, including local funding institutions, are seriously considering ways and means for building new up-market accommodations.

28. It is envisaged that a broader outlook and positive attitude would enable Fiji to expand accommodation capacity and initiate new strategies for ground and marine-based activities. Eco-tourism, in particular for Fiji, offers a better and more attractive package in order to compete with other tourism destinations in the international market place.

2. Tourism planning/projects

29. The policies and strategies for the development of the tourism sector focus on: (a) active marketing and promotion of the tourism industry through the Fiji Visitors Bureau and the private sector to boost visitor arrivals and diversity source markets; (b) securing adequate airline capacity by attracting additional foreign airlines to Fiji; (c) encouraging investment in tourism facilities to realize the full development potential of the industry.

30. New projects include: (a) a review of the 1989 Fiji Tourism Master Plan, (b) developing an eco-tourism/small tourism businesses strategy, (c) pursuing airline access to Asia and Europe and (d) deeper research work on tourism.

FRENCH POLYNESIA

1. Current situation in tourism development

31. The evolution of tourist numbers follows a curve that results from the combination of room accommodations and seats offered by airline companies. Since 1992, there has been a recovery of the tourist flow. The number of arrivals increased by 2.2 per cent in 1992, by 19.6 per cent in 1993 and 12.3 per cent in 1994, with 166,086 tourists.

32. The main markets are the United State of America, France, Japan, Europe (including Germany and Italy), Pacific countries and South America. All have increased, except the North American and Australian markets.

33. Tourism is the major sector of French Polynesia's economy. It was \$US 7 million, which was 7 per cent of GDP and 14 per of total salary, with 5,215 employees.

2. Tourism planning/projects

34. Based on the "Agreement for Progress" signed in 1993 between the French and Polynesian governments, tourism development aims to have 280,000 tourists, 5,00 rooms of international standard in the year 2003, comprised of luxury resorts, integrated standard hostelling and lodgings. This growth will be based on specialized niche markets, such as cruise ships, honeymooners, eco-tourism and cultural tourism, as well as sport fishing and South Pacific tours.

35. The Ministry of Tourism introduced a strategic development plan for the next decade to bring together and strengthen the background of tourism professionals, elected representatives and the local population. The strategic development plan was to be completed at the end of 1995. French Polynesia's potential as a destination has led to a positioning strategy which locates the nation among other tropical destinations, but differentiates tourism-oriented islands by giving them a specific asset.

36. From 1993 to 1998, the "Agreement for Progress" has a budget of \$US 38 million for human resource development, training programmes, tourism infrastructure, facilities and services.

37. Tourism development is expected to open new outlets for all local production and services, create new jobs and adjust development in a way that favours the isolated archipelagos.

MARSHALL ISLANDS

1. Current situation in tourism development

38. The Marshall Islands is a nation of low-lying coral atolls scatter over 750,000 miles of the central Pacific Ocean.

39. Its history, geographic characteristics and remoteness give the Marshall Islands certain attributes that could be developed to attract visitors. However, economic development in the Marshall Islands is constrained by the physical factors of its extremely small land size and relative remoteness from metropolitan commercial centres. The virtual lack of land-based resources is an impediment to the development of the tourism sector, particularly with regard to physical infrastructure development.

40. The inventory of hotel rooms for the Marshall Islands is concentrated on Majuro, with 121 rooms in seven hotels. The total number of rooms for all of the Marshall Islands is 158. Two small hotels with self-catering facilities are located on Mili and Jaluit Atolls. Most hotels on Majuro are located in the urban area of Darrit-Uliga-Delap.

2. Tourism planning/projects

41. The Government's policy as indicated in the economic development plan is generally to encourage small-scale eco-tourism types of operations in the outer islands. This policy reflects the Government's conservative approach towards development of tourism products in light of the fragile nature of the islands.

42. Various objectives, strategies, programmes and projects have been adopted in the existing plan as the Government's tourism development policy. The objectives presented in the plan for the tourism sector are to increase visitor arrivals to the Marshall Islands, develop the outer island resort destinations, increase tourism awareness and develop training opportunities and programmes for employees in the hospitality industry.

43. Major tourism development projects are: (a) a planned hotel resort with 150 rooms, a casino, swimming pool/spa and tennis court; (b) a planned resort of 200 rooms at Mili, which is an outer island and (c) Guu Gee Guu's dive resort.

NAURU

1. Current situation in tourism development

44. Nauru has never been a destination for mass tourism, nor has it been considered as such. From the past until now, Nauru has experienced a steady flow of visitors and tourists en route to other destinations as a result of Nauru having an available airline service. Initial planning and development strategies thus focus on improving and optimizing quality tourism experiences during the short periods spent in transit for same-day visitors and tourists on one-night stopovers. Therefore, tourist receipts, as such, are based on the policy of low volume, high yield traffic.

45. During the last six months of 1994, almost 10,000 people travelled to Nauru. Among these, 10 per cent were returning residents, 25 per cent were tourists, 11 per cent were same-day visitors and 53 per cent were others coming to Nauru for work, business, official and diplomatic purposes. Pacific Islanders accounted for 47 per cent of this grouping.

2. Tourism planning/projects

46. The primary objective of Nauru's tourism strategy is to bring about the development of a sustainable tourism industry that contributes to economic, environmental and social well-being and at the same time protects and enhances opportunities for the future.

47. The main thrusts of the tourism development strategies during the new few years would include: (a) establishment of a National Culture and Tourism Office, (b) development of tourism products, (c) marketing and promotional activities, (d) private sector participation to invest in the tourism sector, (e) human resources development and training in the tourism sector, (f) preparing legislation and (g) promoting sustainable development.

NEW CALEDONIA

1. Current situation in tourism development

48. New Caledonia is considered as a developed territory in the South Pacific. Its GNP was \$US 1.8 billion, and in relation to the population of 165,000, the per capita GNP is \$US 11,000.

49. A primary indicator of the impact that tourism has on the economy is the number of jobs it generates. Over the period from 1986 to 1993, the overall figure went from 1,594 to 2,487 employees, an increase of 56 per cent in eight years. Despite the significant evolution, employment directly linked to the tourism sector still represents only about 5 per cent of the working population, or 8.9 per cent of GNP.

50. Direct tourist expenditures in 1994 were estimated at \$US 102.8 million which was equivalent to 28.5 per cent of export earnings in the mining sector.

51. The unfavourable economic climate in New Caledonia's principal markets (Japan, Australia and New Zealand), the poor exchange rates for New Zealand and Australian dollars to French Pacific Francs and the competition from other Pacific destinations have not had any negative effects on the overall number of visitors. For the period 1990-1994, the overall number increased by 1 per cent. In 1994, visitor arrivals to New Caledonia totalled 128,556.

2. Tourism planning/projects

52. The principal objective in tourism development for New Caledonia is to ensure that the territory becomes an international destination.

53. In order to achieve this objective, the GIE DESTINATION NEW CALEDONIA groups together institutional partners and travel industry members in order to develop three types of images for New Caledonia in its principal international markets. First is the theme "Island closest to paradise" for Japan; second is "Vive la difference" for Australia and New Zealand and third is "New Caledonia: Land of adventure and discovery" for Europe and North America.

54. In conjunction with this international promotion, there has been considerable development in hotel investment to increase and improve accommodations, with particular concern for consistency in the space allocation of hotel programmes and diversification of categories.

55. To summarize, the strategy for tourism development which is currently under way in New Caledonia is global and seeks to develop all aspects of this sector at the same time.

NIUE

1. Current situation in tourism development

56. About twelve years ago, there was only one inbound tour operator. He used a four-seater mini-van, even though a tourist industry was mooted during the early 1970s. However, the thrust to develop tourism did not come until a few years later. The sole operator during that period specialized only in island circle trips, with two or three other tours organized to visit a few of the many interesting on Niue. In 1990, two new motels were built with five self-contained units each. Niue's hotels increased room capacity from 20 to 32 rooms. by 1992, there were 49 rooms consisting of 98 single beds. The inbound tourism structure was capable of handling up to 150 tourists per week.

57. The Niue tourist industry has depended very heavily on the New Zealand market. The peak season is between May and September, which are the winter months in New Zealand.

58. The Government has formed the Niue Tourist Board to promote and encourage the tourist industry. This new board has produced their mission statement, objectives and methods. New members were appointed in early 1995, according to the Tourist Ordinance 1970.

2. Tourism planning/projects

59. There have been plans for three main projects: (a) extension of the airport runway, (b) the Matavai Resort, a \$A 2.4 million complex featuring 24 rooms, restaurants and a swimming pool, which should be ready for the 1996/97 season and (c) development of scenic and historical sites.

60. In the past fifteen years, Niue has experienced difficulties in several areas of tourism development, including: (a) no planning, (b) no airfare structure on a long-term basis, (c) lack of communications and (d) lack of education and training.

PAPUA NEW GUINEA

1. Current situation in tourism development

61. Tourism is still relatively under-developed in Papua New Guinea. The performance of tourism as reflected in the number of short-term visitor arrivals has remained fairly stagnant since about 1980, when it was 38,823 persons. In 1993, it increased only marginally to about 40,000 persons. The outlook from 1995 onwards is optimistic.

62. In 1991, total foreign exchange earnings from the tourism sector was about Kina (K) 43 million (about \$US 42 million), which represented one per cent of the country's gross domestic product. The total number of persons directly employed in the hospitality and tourism industry was estimated to be about 5,500.

63. The national government has targeted tourism as a top priority for economic growth and has started giving greater importance to overall promotion. The fundamental objective of the government at present is to foster the development of tourism in Papua New Guinea so as to maximize the economic and social benefits of the industry for Papua New Guineans, while ensuring minimal social, cultural and environmental disruption.

2. Tourism planning/projects

64. The Government has established the Tourism Promotion Authority (TPA) to change the nature of tourism in the country. The corporate plan describes the mission of the Authority, "To market Papua New Guinea overseas and domestically as a tourist destination and to increase the number of overseas and domestic travellers, thereby stimulating strong economic growth in the sector."

65. During its first year of operation, the main emphasis of the TPA was promotion and marketing. TPA is now placing great emphasis on training from 1995 onwards.

PALAU

1. Current situation in tourism development

66. The land of Palau has numerous untouched forests located on the largest island of Babeldaob. These are home to rich plant and animal life, including eight indigenous species of birds and a variety of wild orchids.

67. With this abundance of natural resources and beauty, Palau sees a great future as a tourist destination. Although the industry is still young, with the right guidance and planning, Palau hopes to encourage more visitors while at the same time preserving the natural bounty.

68. Visitor arrivals have increased from 5,640 in 1980 to 44,073 in 1994. Japanese visitors accounted for about 40 per cent of total arrivals in 1994, and the United States accounted for 22 per cent. Taiwan Province of China at 14 per cent in 1994 was in third place, followed by the Philippines.

69. The total of 44,073 inbound visitor arrivals in 1994 was a steady increase of 9 per cent over the 40,497 arrivals in 1993.

2. *Tourism planning/projects*

70. As a developing country, Palau's tourism industry is an invisible money-generating industry. As such, a well-defined course should be set by policy-makers, with priorities set according to a new tourism plan before implementation takes place. After these steps have been taken, an explicit and comprehensive tourism-awareness programme is needed to make everyone involved with tourism-related activities more aware of all aspects of the industry. This will involve everyone in the industry, which will also require more training, reassessment of resources and availability of what Palau has to offer.

SAMOA

1. *Current situation in tourism development*

71. Tourism in Samoa has experienced an increasing growth in arrivals. This growth accounted for 18 per cent of GDP, with earnings of \$WST 55 million, equivalent to \$US 27.5 million in 1994. Although there has evidently been a 9 per cent growth since 1993, when there were 47,071 arrivals equal to earnings of \$WST 48 million, the industry faces constraints which must be addressed. Constraints include the need for greater accessibility, the lack of investment for hotel development and education and training being under-financed.

72. The Government policy for tourism places an emphasis on developing the tourism sector to accelerate economic growth, enhance the culture and environment and contribute to the social resources of Samoa.

73. The tourism industry employed 1,600 people. However, there is a great need for more education and improved training, including training facilities. Hotel development is restricted by a land tenure system and lack of capital to invest to improve the stock of accommodations. A limited budget limit marketing opportunities. An under-financed NTO also limited activities in the WTO.

74. Tourism earnings contributed the greatest amount of foreign exchange for Samoa in 1994.

75. While tourist arrivals have exceeded projections of the tourism development plan, development has not matched that required to meet the optimum yield projected for tourism due to lack of hotel development.

2. *Tourism planning/projects*

76. There are a number of recommendations for government action related to tourism development. One is to address the Land Board to identify land for investment. A second is to outline investment procedures, and a report is currently being printed by WSVB. Third is to identify an agency which can process investment inquiries. Fourth is to identify a regional forum to sell investment opportunities. Fifth is to improve integration of information, such as statistics for use by the NTO. Sixth is to address the lack of education in the tourism industry. Seventh is the question of the effectiveness of alternative organizations about the benefits which Samoa's NTO can gain through links with marketing networks, such as TCSP, ESCAP, ADB, etc. Eighth is to encourage more integrated awareness of the benefits to be obtained from tourism development to be addressed by the government's NTO and the private sector.

SOLOMON ISLANDS

1. *Current situation in tourism development*

77. The tourism industry in the Solomon Islands is still very small and in its embryonic stage. With an inventory of 600 beds, annual average tourist arrivals of 12,000 and limited supporting infrastructure, the government is faced with a daunting task. It must provide or facilitate the provision of necessary infrastructure to prepare the country for tourism growth and development.

78. The government places high priority on the tourism sector for short to medium-term revenue generation, and as a long-term source of employment, income and other benefits to the country.

79. The country currently earns about \$US 6.4 million from tourism, which represents 5 per cent of the total domestic export value and 4.1 per cent of GDP.

2. Tourism planning/projects

80. Although the country's tourism master plan was produced in 1989 with technical assistance from the Tourism Council of the South Pacific, the implementation process has been cumbersome. In many instances planned activities have failed to materialize in the last five years.

81. At the present time, the major tourist project being undertaken by the government is the re-development of Anuha Island resort, which was forced to close down in 1988 by the principal landowners. Other projects are also being undertaken.

AMERICAN SAMOA

1. Current situation in tourism development

82. American Samoa's inbound tourism continues to be plagued by the absence of a well-defined infrastructure system vital for its development. Efforts are hampered by the lack of resources, compounded by a government in serious financial difficulty, an apathetic populace and a less-than-flattering reputation. Inbound tourism declined from 10,179 people in 1988 to 4,710 in 1992.

83. Fortunately, 7,337 tourists visited American Samoa in 1994. It is American Samoa's hope that this trend will continue despite gloomy world economic forecasts and domestic financial problems.

84. The development of tourism represents one of the only realistic alternatives for economic development due to American Samoa's limited land area, few exploitable natural resources and location far from major markets. The significance of tourism is minimal compared to other sectors of the economy. Its contribution in 1994 was estimated at \$US 1,467,400.

2. Tourism planning/projects

85. Planning for tourism development began in early 1960, based on expert recommendations, and major tourism infrastructure projects were implemented. The goals of the tourism plan were documented in three categories: (1) increase the number of tourists, (2) create jobs and (3) diversify the economy.

86. All information was documented by the Government Task Force, and public forums were organized at district levels to solicit public and community input for the thinking of the Task Force. The final Five-Year Tourism Action Plan was revised accordingly, based on the comments received from the general public and the business community.

87. In terms of major projects, American Samoa has done little. In terms of planning, American Samoa has recently completed the Five-Year Tourism Action Plan.

TONGA

1. Current situation in tourism development

88. The number of visitors arriving by air in Tonga in 1994 was 28,408. The average rate of growth in visitor arrivals for the three years to 1994 was 8.1 per cent.

89. Over 60 per cent of the visitor arrivals by air were generated by three traditional markets: New Zealand with a 29.7 per cent share, the United States with 21.5 per cent and Australia with 15.5 per cent. About 84.9 per cent (24,129 people) of the visitors arriving in Tonga in 1994 were classified as holiday/vacation visitors and 15.06 per cent (4,279 people) were visiting on business.

90. Tourism is a small but important contributor to the economy, and in 1993/94 generated \$ 12.5 million in foreign exchange earnings, or 55 per cent of total merchandise exports. The sector has shown steady growth over recent years despite recessionist forces. Visitor arrivals have increased every year since 1988/89, with the exception of 1989/90. Between 1988/89 and 1993/94, the growth in visitor arrivals averaged 6 per cent a year.

91. Despite an annual inflation rate of 6 per cent during the period, there was real growth. Tourism's (hotels and restaurants) growth rate for 1993/94 was 11.9 per cent, which was higher than the total GDP growth rate of 5 per cent.

2. Tourism planning/projects

92. Tourism planning and development in Tonga is still in the early stages. Mechanisms used for tourism planning are the Tourism Act 1976, Industrial Development Incentives Act 1978 and 1986, the Sales Tax Act and the Room Tax Act of 1992.

93. The Tonga Visitors Bureau administers the planning process and works closely with the private sector, other ministries and other departments. However, more active participation and cooperation are required from all bodies to ensure integrated planning and development. Planning and development constraints occur due to the institutional structure of the government as well as how the government implements the process.

94. Major current tourism development projects are mainly in marketing and promotion, instead of planning and development. The government's role in tourism tends towards indirect involvement through promotion and marketing.

95. Planned major tourism development projects have not been endorsed by the government due to financial constraints. Thus, government acceptance and implementation of these projects will be blocked due to lack of finance.

VANUATU

1. Current situation in tourism development

96. Vanuatu's arrivals in 1994 totalled 42,143 people. Historically, tourists to Vanuatu come from a limited number of countries. In 1994, two thirds of tourist arrivals were from either Australia (54 per cent) or New Zealand (13 per cent). New Caledonia generated an additional 13 per cent of arrivals. Thus, 80 per cent of all tourists to Vanuatu originate from just three countries. This dependence on too few markets is unlikely to change substantially without opening direct access to new tourist-generating markets.

97. The number of tourists from Europe declined by 5 per cent from 2,297 to 2,190 in 1994. It is worth noting that the number of Japanese tourist arrivals increased 39 per cent during 1993, but remained static during 1994. This was probably due to efforts by Air France in Japan to promote a joint package tour to New Caledonia and Vanuatu. However, the Japanese currently make up only 3 per cent of total arrivals compared to 6 per cent in the early 1980s.

98. Vanuatu's tourism sector has recovered from the slump of the mid-1980s. Recently, the government has recognized the important role that tourism can play in expanding the national economy and has given the sector a more prominent status in national development planning.

99. In 1993, \$VT 6,658 million were generated in gross foreign exchange. Earnings from tourism were much higher than those from the principal items of merchandise exports, such as export items for finance centre of \$VT 2,201 million and agricultural commodities \$VT 2,758 million.

2. Tourism planning/projects

100. The Third Vanuatu National Development Plan (1992-1996) states the government's policy towards tourism development in Vanuatu. A set of objectives and strategies have been outlined. A long-range Tourism Master Plan was specified as a priority objective.

101. A consultant was hired to prepare the country's master plan, which should integrate other sectors of the tourism industry. Both the government and the private sector were fully consulted during the process of preparing the plan.

102. As the Tourism Master Plan has just been endorsed by the government, the problem at the moment is insufficient personnel and the lack of trained and skilled people in Vanuatu to implement the Plan. If there is a change in the government, there might not be support for the Plan.

103. Major tourism development projects include: (a) the Tourism Master Plan, (b) improvements in the infrastructure, (c) extensive promotion and marketing and (d) involvement of Ni-Vanuatu in the industry.

Technical presentations

Technical presentations were made by experts. A summary of these presentations is given below.

(a) Guidelines on Integrated Tourism Planning in Pacific Island Countries

This topic was presented by Mr. Michael Fagence, Consultant, ESCAP.

106. Tourism in its most expansive form incorporates economic, environmental, financial, social, cultural, technological, psychological, political and many other aspects of community, regional and national activity. The effects of tourism planning decisions on other aspects of governmental and business activity, and of decisions in those aspects on tourism may give rise to considerable repercussions even in the most simple contexts. In order to achieve maximum benefits, it is important for decisions of the various sectors of government and business to be integrated and for agencies to integrate their policies, programmes and decision-making.

107. Integrated tourism planning should facilitate the coordination of the interests and activities of a wide range of stakeholders and improve accountability and efficiency. Integrated planning for tourism can be expected to relate to infrastructure development, transportation, resort development, tourism product development (accommodations, services, attractions), human resource use, land use and economic environmental and socio-cultural impact. The necessary integration can be achieved through a definite planning process which leads to the creation of a comprehensive strategic tourism master plan which is designed to deliver a consensus vision, a set of objectives and strategies for achieving particular projects. To be successful, the master plan needs the support and commitment of the government, suitable legislation and an appropriate organization with a set of guidelines for actions by various stakeholder groups and arrangement of responsibilities for implementation. Whether tourism is the dominant economic sector or not, it should be interpreted and operated within the broad context of national welfare. Integrated tourism planning is an exercise in good management.

(b) Tourism Development in Pacific Island Countries: Overview, Issues and Constraints

108. A presentation on the above subject was made by Mr. Levani V. Tuinabua, Director, Tourism Council of the South Pacific (TCSP).

1. *Tourist arrivals*

109. Tourist arrivals to TCSP-member countries increased from 548,000 in 1985 to 809,000 in 1994, an average growth rate of 5 per cent a year. This represented an increase of 9.4 per cent over 1993. Double digit growth was experienced in some markets, such as New Zealand, Europe (except Germany) and Asia (excluding Japan).

110. Destinations which experienced growth were Tuvalu (up 295, or 32 per cent), Niue and Papua New Guinea (15 per cent), Tahiti (12 per cent), and Tonga and Fiji (11 per cent). Vanuatu recorded negligible growth, while Kiribati was the only country which showed a decline.

111. By country of residence, Australia has been the biggest market for TCSP-member countries. In 1994, more than 169,000 Australian tourists visited the South Pacific. They comprised 21 per cent of the total market. Just over half (51 per cent) of the Australian visitors to the region went to Fiji; 14 per cent went to Vanuatu; and 10 per cent each to New Caledonia and Papua New Guinea. The number of American tourists to the South Pacific in 1994 was nearly 120,000 and represented 15 per cent of the total market. Europe is emerging as a significant market for the South Pacific. By 1994, their market share was 24 per cent. The markets which recorded growth were France (up 26 per cent), United Kingdom (increased by 18 per cent), Germany (8 per cent) and the rest of Europe (12 per cent). New Zealand accounted for 16,000 visitors, or 14 per cent of the total.

2. *Tourist Accommodations*

112. According to statistics available to TCSP, total room availability of member countries in 1993 was 16,913 rooms, which represented an increase of 1,378 rooms over the previous year.

3. Economic Significance

113. In 1994, the foreign exchange earnings for TCSP-member countries from tourism totalled \$US 658 million. Gross domestic product (GDP) in these countries totalled \$US 13 billion. Tourism earnings thus accounted for 5 per cent of the combined GDP of TCSP-member countries.

114. This regional aggregate does not show the importance of tourism for some countries. In the cases of Fiji, Vanuatu and Samoa, tourism contributes 16 per cent to their GDPs. In the Cook Islands, tourism assumes a far more significant role since it accounts for 37 per cent of GDP.

4. Major Constraints

115. Major constraints to the development of the tourism sector in the South Pacific can be grouped under five main headings: (a) inadequate product development, (b) weak institutional frameworks, (c) low market awareness and lack of marketing and promotion, (d) insufficient trained human resources and (e) difficult and costly access.

(c) Regional Tourism Marketing and Promotion

116. The presentation on the above subject was conducted by Mr. Oliver Bennett, Acting Project Manager, Tourism Council of the South Pacific (TCSP).

117. The greatest effectiveness in marketing Pacific Island destinations in one of the most competitive industries in the world can come only through cooperation among national tourism organizations and regional organizations such as TCSP and PATA.

118. The following points are key elements for regional tourism marketing and promotion. First, basic principles of marketing must be applied and understanding of the special nature of the tourism industry is needed because of the distance between the buyer and the seller. Second, it is important to always consider the potential customers and their needs. Third, the relationship between the potential customers and the product each country has to offer must consider that you cannot sell what you cannot deliver. Fourth, there should be a relationship between the national tourism organizations and a regional marketing organization.

119. The small size of marketing budgets for Pacific Island countries in relation to the countries they must compete with implies that they can be much greater marketing and promotion effectiveness can be achieved through cooperation. Along these lines, marketing activities by the TCSP has included trade shows, market representation in Europe and North America, a tour operator support programme and joint promotional programmes.

(d) Vanuatu Tourism Development Master Plan

110. The Vanuatu Tourism Development Master Plan was presented by Mr. Michael McVey, Chief Technical Adviser, UNDP/WTO Project on Vanuatu Tourism Development Plan.

111. A turbulent twenty-year period has culminated in five years of unprecedented growth for tourist arrivals. Further expansion of the sector will depend on substantial investment in infrastructure, accommodation and support services. The purpose of the Master Plan is to identify and guide that investment. Areas to be addressed include physical planning/product development, infrastructure, environment, culture/sociology, tourism marketing and economic/financial analysis of capital projects, technical assistance programmes and training requirements.

112. The Master Plan was prepared with inputs from government officials, overseas and local consultants and industry entrepreneurs. Host community aspirations have been matched with market expectations to establish growth scenarios over a ten-year period. A programme for implementation has been prepared and potential funding sources have been identified.

113. In order to be effective, Tourism Master Plans must incorporate inputs from all components of the tourism sector. It should reflect community aspirations, government objectives and industry requirements. The consultation process is the most critical component in plan preparation. More importantly, cooperation is vital to the successful implementation of the plan.

(e) Challenges of Pacific Tourism Development: PATA's Perspective

114. A presentation on the above subject was made by Ms. Jacqueline Brady, Manager, Marketing, Pacific Division, Pacific Asia Travel Association (PATA).

115. Values tourism is about measuring and incorporating the values of all stakeholders into tourism planning so as to enhance and sustain its value to them. It represents an approach that brings together the needs of tourism's diverse stakeholder groups into an integrated management framework.

116. A sustainable tourism industry which will be successful in the long term also needs: (1) feasible integrated strategic plans, (2) government information about the implications of tourism and (3) recommendations that ESCAP work with PATA to establish a forum for discussions with non-tourism decision-makers.

117. There are three sets of recommendations to consider; those concerning actions to be taken by the governments; those concerning actions to be taken by private sectors and those concerning actions to be taken by international organizations. Government actions should include appointment of a planning/tourism professional to coordinate cooperation with related industries. Private sector action should involve cooperation and resource allocation in line with long-term government planning. Action by international organizations could be for ESCAP and PATA to create a forum to present to government planners and decision-makers the benefits of integrated tourism planning and the dangers of not having an integrated tourism plan.

(f) Promotion of Eco-tourism

118. A presentation on the above subject was made by Mr. Frank King Managing Director, Frank King Tours, Port Vila.

119. Eco-tourism is a valuable tool for generating tourism revenue while respecting the pride and dignity of the national heritage. When an eco-tourism project is well-planned and marketed there is no need to compromise cultural or environmental values in order to return a real financial reward to the participants. To take advantage of these free and entirely renewable resources minimizes economic leakage and at the same time promotes pride and dignity within the participating communities. National identity can be strengthened and promoted in a constructive and profitable way.

120. Communities within Pacific Island countries wishing to enter the tourist industry need more than token assistance if their expectations are to be realized. Experienced practitioners who are totally in harmony with the local culture and traditions are required from the outset to provide hands-on assistance and technology transfer. An impartial authority must also be interposed between the practitioners and the community in order to ensure that the interests of the community and the practitioners are being fairly served, and to ensure the intended beneficiaries that the advice and assistance being given is valid and in the interests of the community for achieving its objectives.

(g) Australian Market Perceptions of Resorts

121. A presentation on the above subject was made by Mr. Brian King, Associate Professor, Department of Hospitality and Tourism Management, Victorian University of Technology.

122. The presentation highlighted the importance of the short-haul Australian market for Polynesian and Melanesian destinations. The various destinations need to take action individually and collectively to address the increased competition from Queensland and South-East Asian destinations. Mature resort areas need rejuvenation to better provide for families and child care. They need to extend the range of culturally and environmentally-based day tours that are available. Increased emphasis should be placed on the accessibility of South Pacific resort destinations, including the greater availability of short-break products.

123. Australian consumers' and travel agents' responses to resorts indicate a desire for more cultural activities. The involvement of local people with the resorts needs to be emphasized as a selling point relative to Australian resorts.

124. Melanesian and Polynesian destinations need to emphasize their proximity to Australia, possibly by expanding the short-break tours. Pacific resorts need to reaffirm their emphasis on the short-break family market and respond to the improved facilities being offered by Australian resorts.

125. Pacific resorts need to make a concerted effort, perhaps by cooperation, to ensure that they attract an annual share of 9 per cent of the forecasted Australian outbound market.

(h) Socio-cultural Impact of Tourism in Pacific Island Countries

126. A presentation on the above subject was made by Ms. Helle Habla, Lecturer, University of the South Pacific.

127. Tourism, travel and trade are not new concepts in the Pacific, but the further growth and spread of tourism provides new challenges for Pacific societies and cultures.

128. Unlike most modern economic activities which draw resources to economic centres, tourism takes its consumers (tourists) to remote "production sites" for the tourist experiences. Tourism's face-to-face nature can have profound effects on local people, especially where "culture" is the primary tourism product. The diverse cultures of the Pacific have, with some exceptions, already demonstrated themselves resilient to external forces of change. With appropriate management they have much to offer tourism. However, a balance must be struck between strengthening and enhancing the cultural heritage in all its forms, and the danger of trivializing and commercializing them.

129. Two fundamental principles must be continuously addressed: (1) allow culture to be presented to tourists with the minimal possible harm, and (2) explore ways in which local people might become successful in tourism-related businesses, both as developers and employees.

130. Traditional rural communities have so far been less affected by the socio-cultural impact of tourism. However, policies to decentralize economic activities, including tourism, and to increase advertisements and eco-tourism may endanger more vulnerable traditional communities and social systems.

131. Well-managed, integrated tourism development can lead to a better lifestyle for the Pacific people. Rapid growth and uneven distribution of the benefits of development can, however, contribute to undermining social structures and cause irreparable damage to traditional cultures.

132. Where culture is the main attraction for tourists, it becomes a significant component of the tourism product of the Pacific and should, therefore, be given particular attention in governmental tourism policies, planning and programmes.

133. Information and education for both hosts and tourists, as well as foreign investors in the tourism industry, are important to ensure well-balanced development with minimal damage to cultures and social structures.

(i) Human Resources Development in the Tourism Sector of Pacific Island Countries

134. A presentation on the above subject was made by Mr. Levani V. Tuinabua, Director, Tourism Council of the South Pacific (TCSP).

135. For Pacific Island countries, most tourists have been to at least one other holiday destination and they will, therefore, be seasoned travellers. They will be discerning hotel guests as well as connoisseurs of wine and good food. They will expect high standards of service. Therefore, human resource development (HRD) is even more significant for Pacific Island countries.

136. Over the past ten years, TCSP has carried out several training schemes, including the following:

- Hotel and Catering Services Training
- Travel and Tourism Sector Training
- Tourism Awareness Training
- Training of NTO and TCSP Staff
- University Tourism Studies Programme
- Training Resource Centre

137. Current activities of TCSP in human resource development will continue from past TCSP programmes, focusing on new strategic activities, such as “Train the Trainers Programme” and “HRD Needs Assessment Study”. The TCSP has become increasingly aware that a successful tourism industry depends basically on the ability to encourage the best from human resources. The quality of people is of critical importance.

138. TCSP has identified some key elements that could provide the framework for future efforts in HRD, including:

- Network of National Training Coordinators
Marketing of TCSP Training Products
- Self-supporting South Pacific Mobile Training Unit
- Training According to Demand
- Regional Trainers Train National Trainers
Vigorous Marketing Campaign of the Training Products

(j) ADB’s Economic and Technical Cooperation in Tourism Development

139. The above subject was presented by Mr. Peter Hanton, Senior Financial Analyst/Project Officer, South Pacific Regional Mission, Asian Development Bank.

140. ADB can provide assistance to its Pacific Island developing-member countries (DMCs) for developing their tourism sectors. Technical assistance is usually provided as a grant to prepare national tourism master plans; to develop sector policies and strategies; to identify, formulate and implement high priority tourist projects which may be financed by the ADB or other sources; to enhance the institutional capabilities and capacity of the sector; to foster regional cooperation on development policy issues and to exchange technical information and share experiences.

141. Development finance is the major form of assistance available from ADB. It is offered for development projects given high priority by the government of the DMC and which conform to ADB’s country operational strategy. The projects should be technically, economically, financially and socially justified and have been successfully appraised by ADB.

142. Financial assistance is provided to cover the foreign exchange expenditures of a project, and under certain circumstances, a proportion of the local currency costs. The type of tourism development projects which ADB can finance are infrastructure projects which support tourism, such as upgrading airports and access roads to tourist attractions.

143. While such finance is a relatively small proportion of total ADB lending operations, ADB provides substantial indirect assistance to the tourism sector through loans for sectors such as energy, transport, communications, water supply, urban development, all of which support tourism. Activities such as construction, operation and management of hotels, resort facilities and tourist attractions should be financed mainly by the private sector. ADB provides assistance to tourism-related private sector operations through small loans made available through ADB credit lines to development banks in the DMCs.

144. ADB offers a wide range of support for sectors and sub-sectors that directly or indirectly assist tourism development. These include (1) the formulation of tourism policy; (2) the preparation of national, regional and local tourism development strategies and master plans; (3) the development of physical infrastructure to support tourism, including transportation and communication systems and all aspects of municipal services; (4) environmental protection and pollution control; (5) strengthening of institutions responsible for the delivery, operation, management and maintenance of tourism-related infrastructure and (6) the development of human resources.

(k) Resort Development and Operation

145. A presentation on the above subject was made by Mr. Rick Graham, Chairman, Vanuatu Hotels and Resorts Association.

146. While problems may differ from country to country, many Pacific Island countries have experienced the same problems in their operations. These can be addressed by:

1. Greater understanding by governments of how their decisions can affect the industry;
2. Establishing a firm policy on work and residency permits that avoid existing problems;
3. Accepting and pursuing training programmes that are viable in the local community and are supported by industry;
4. Allocating a percentage of revenue received directly from tourism to promote and maintain attendant services and facilities;
5. Concentrating aid programmes on continuous training and on-going management support for longer-term benefits, rather than two or three-year isolated programmes with major plant and equipment costs; and
6. Creating a tourism segment of the economy that allows duty exemptions for some specific products to keep the industry competitive.

147. Tourism development in any Pacific country must have four fundamental assets which must work together successfully to complete a workable infrastructure for growth: (1) a stable international airline and facilities, (2) acceptable hotels and resort capacity, (3) appropriate services and tour operations and (4) a pool of trained staff.

148. Specific problems which developers face in the Pacific are in the following areas: (1) land availability and tenure, (2) lack of defined incentives, (3) high cost of construction, (4) lack of skilled trades people (including management), (5) high duties on imported plant, equipment and fittings, (6) scepticism by funding institutions, (7) interest premiums for high-risk areas, (8) high costs for insurance and (9) lack of understanding by government departments.

(l) Aviation Issues for Expansion of Tourism in Pacific Island Countries

149. The above subject was presented by Mr. George E. Faktafon, Secretary-General, Association of South Pacific Airlines.

150. Tourism and air transport are vital industries to the small economies of Pacific Island countries. Tourism has now grown to such an extent that it is equally important as air transport for the region's economy. Tourism and air transport are thus inextricably linked. The future growth of the two industries are interdependent. However, a lack of hotel accommodations will be a major constraint on the growth of tourism and aviation.

151. There are many complex issues associated with the operation of an airline. In addition to complexity, some requirements must be met in order for an airline to effectively fulfil its role. These requirements include: (1) the need for government to define and adopt clear and firm aviation policies; (2) airlines must develop clearly-defined objectives and long-term plans; (3) airlines must have an appropriately qualified and experienced work force and (4) government should provide adequate working capital for their national airlines.

152. It is quite clear that the future success of aviation in this region will be based on regional cooperation among airlines. The reason is simple. Very few carriers can be viable economic units unless neighbours cooperate or carriers collaborate in the region.

(m) Land Use Strategy for Tourism Development in Pacific Island Countries

153. A presentation on the above subject was made by Mr. Graham Gaston, Graham Gaston and Associates Planning Consultants.

154. While tourism planning should be well-integrated, it also needs to be integrated more effectively with other aspects of national development. A number of opportunities and constraints apply to a greater or lesser degree for all forms of development. These are: the availability of basic infrastructure capacity, land tenure issues, planning controls, social acceptance, environmental fragility, and others.

155. Small island economies are generally *reactive* to external demands and expectations. However, if governments address the opportunities and constraints responsibly, the reactive role can be turned progressively into a *pro-active* approach to tourism development that is “owned” by the host community and acceptable to prospective investors.

156. The first part of this presentation recognizes that tourism development opportunities are not universal, but are limited by accessibility, infrastructural capacity, etc. A simple three-fold spatial strategy is suggested based on primary tourism development areas, second-tier development areas and “no go” areas. The second part of the presentation addresses some of the site-specific issues.

157. Pacific Island nations have the opportunity to become more pro-active in their approaches in order to realize their individual tourism development aspirations. Effective and strategic land-use planning, including guidelines for prospective investors, is the key to a pro-active approach. There is a need for more effective coordination among government agencies responsible for all forms of development and integrated area planning.

Major Findings and Conclusions

158. It was recognized that tourism in its most extensive form incorporated economic, environmental, financial, cultural, social, technological, psychological, political and other factors. In order to cope with such complexity, it was agreed that an integrated approach was essential. Integrated tourism planning provided the coherence necessary to interrelate and cross-reference decisions affecting infrastructure development; transportation; tourism product development, such as accommodations, services and attractions; resort development; land use; human resource use and impact. The workshop noted that adopting the process of integrated planning ensured that all relevant aspects of tourism activity and development would be given due consideration leading to decisions in tourism policy-making and planning.

159. It was agreed that an integrated tourism master plan was the most appropriate means for coordinating the various aspects of tourism development in the broad context of government decision making (such as national economic strategy), in the various sectors of business and in the creation of plans to achieve maximum social welfare of the community at the national, regional and local levels.

160. The Workshop noted the various principles underpinning strategies of tourism marketing and promotion. Special note was made that to attain and maintain market leadership it was necessary to determine accurately the needs of potential customers/visitors and attempt to match those needs to tourism products available in the Pacific region. It was agreed that marketing and promotion should be pursued aggressively, in order to compete with other regions which could market similar products.

161. In order for the Pacific Island region to achieve its due market share, it was agreed that NTOs in the region should continue to cooperate with regional agencies such as TCSP and PATA to define and identify the special regional tourism projects, to target appropriate market segments and to concentrate on adding value to the tourism experience usually expected of the Pacific Islands. To achieve success in marketing and promotion, it was agreed that NTOs should integrate their strategies with the private sector. A wide range of strategies should be undertaken, including product development, twinning destinations (two-centre vacations), niche market exploitation and coordination of development initiatives of TCSP, the regional airlines, PATA and tour operators.

162. The Workshop noted the advantage of adopting a systematic plan-making methodology. In the preparation of the Vanuatu Tourism Development Master Plan, the emphasis was on creating a “vision” composed of inputs from the government, the community and the tourism industry. It was agreed that early, on-going involvement of the tourism industry was vital to the successful construction of a feasible plan. Such industry involvement would increase the level of confidence in the plan’s outcome.

163. It was agreed that tourism master plans should not be prepared in isolation, and that the greatest benefit would come from persuading governments that tourism could contribute substantially to economic prosperity and improve social welfare. The Workshop noted the advantage of basing any tourism planning strategy on systematic research and on a spatial strategy which covered all national territory. It was recognized that tourism neither could nor should occur everywhere. However, with systematic study, vision and industry pragmatism, a master plan could be created which could attract community and industry support and government commitment.

164. The Workshop noted the general performance of tourism development in TCSP-member countries. There was considerable consistency in the proportional performance of tourism activity among the member countries, with Fiji, French Polynesia and New Caledonia providing market leadership. It was recognized that visits to the region continued to be dominated by tourists from Australia and New Zealand. However it was agreed that member countries should search for new markets, especially in East Asia, North America and Europe in order to diversify and lessen dependence on the short-haul market. It was agreed that the attention of respective government should be drawn to the economic significance of tourism for the economic prosperity of many member countries.

165. The Workshop noted the changing emphases being placed on tourism and the opportunities for integration which could flow from adopting a focused view on "values tourism". This approach, pioneered by PATA, sought to create an approach to tourism planning and development which incorporated the various interests of the different stakeholder groups. While it was agreed that slogans alone may not achieve a revolution in tourism performance, it was recognized that the focus would be sharper, so that all stakeholders could see how their interests were being incorporated, and this could lead to improved levels of cohesion and integration.

166. There was agreement that a distinct regional identity can be created by emphasis on values about tourism held in the Pacific region. Such an identity could be strengthened by attention to details of tourism planning about such matters as tourism product development, packaging of that product, differentiation of character and opportunity across the region.

167. The Workshop examined the niche market of eco-tourism and noted the difficulties in achieving consistency in the definition of the form, style and quality of the eco-tourism product. It was noted that eco-tourism embraces tourism activity which focuses on the natural environment and the cultural environment. As market representation has been undergoing change, opportunities have arisen for Pacific Island countries to develop niche market products which focus attention on the special attributes of the islands, the waters surrounding the islands and the legacy of cultural development. It was agreed that these opportunities should not be missed during the preparation of a tourism master plan. The need to integrate these new niche markets into the broader scope of tourism product development was noted.

168. Special interest travellers represented a new and growing market segment. It was noted that planning for this new segment required new skills in product development, marketing and service delivery. It was further noted that this new form of tourism provided opportunities for more widespread involvement of indigenous communities. However, it was agreed that the commitment to strategies of eco-tourism needed careful preparation, and such strategies would be most appropriate if incorporated into and integrated with more conventional, and perhaps more stable, general strategies of tourism development.

169. The Workshop noted the changes emerging in the major short-haul market of Australia, especially the *potential for increased competition from island resorts on the Pacific coast of Australia and in South-East Asia*. It was agreed that in the face of increasing competition, the Pacific Island resorts should explore new ways to stimulate and restore their attractiveness. The opportunities available to the traditional Pacific Island resort areas included product differentiation, improved packaging, extended ranges of facilities and a focus on short-break holidays.

170. It was noted that actions pending in the Australian market and emerging trends in travel preferences in that market posed challenges to Pacific Island countries which needed to be met with innovative planning and product development. There was agreement that the scale of the Pacific Island market was such that cooperative ventures may provide the most acceptable outcomes.

171. The Workshop noted the increasing contribution of cultural features to the product range of tourism in Pacific Island countries. However, similar to the natural environment, it was agreed that the cultural circumstances of the Pacific Islands were fragile and sensitive and very susceptible to degradation through exposure as tourism attractions. Pro-active planning would be necessary to ensure that the special cultures of the region were not overwhelmed as a result of exposure as a tourism attraction. It was agreed that the tourism interest in culture, art forms and crafts of Pacific Island communities could lead to their rejuvenation, provided authenticity was maintained.

172. Some tourists have displayed unacceptable standards of behaviour, and by virtue of the “demonstration effect” may have destabilized some indigenous communities. It was agreed that the interaction of visitors and host communities needed to be maintained, especially to ensure that the best characteristics of the indigenous culture were not put at risk. There was agreement that the “demonstration effect” may not always be attributed to tourists; there was a belief that returning residents who visit family and friends may not be helpful in maintaining indigenous cultural identity. It was agreed that appropriate codes of behaviour should be prepared as integral elements of the master plan.

173. The Workshop noted the initiatives of the Tourist Council of the South Pacific (TCSP) in developing strategies for tourism and hospitality training, for studies on tourism employment needs and for exploring new ways to meet future demands for labour in the tourism sector. It was noted that some previous training programmes had not achieved the expected outcomes and new strategies would be needed to meet the emerging demands for the number of workers in the tourism, travel and hospitality industries in order to meet the challenges to provide the quality of service expected by the increasingly discriminating traveller.

174. The Workshop noted the contribution which the Asian Development Bank (ADB) could make to member countries by various forms of assistance to the tourism sector in Pacific Island countries. The range of projects and programmes which could be supported by ADB finance was noted. It was recognized that in addition to direct assistance to tourism projects and programmes, ADB provided substantial indirect assistance to the business sector through loans in such sectors as energy, transportation, communications, water supply and urban development, which support the tourism sector. ADB has clear guidelines for assessing project worthiness, and it was noted that major tourism development such as hotels, resorts and attractions was more properly the responsibility of private sector finance.

175. It was agreed that such agencies as national planning offices and finance departments should have demonstrated to their national governments the potential contribution of tourism development to national economic prosperity. It was believed that national governments could integrate tourism projects into the prospectus they present to the ADB and other financing institutions for various forms of assistance. The Workshop agreed that raising the profile of tourism activity would achieve improved government support, and access to the ADB and other financing institutions for technical and financial assistance as a result.

176. The Workshop noted the difficulties faced by integrated resort developers in the Pacific region. It was agreed that the image often associated with foreign investors was largely an inaccurate reflection of the genuine commitment to product development, which was the driving force for many investors. The problems in the negotiation and planning process were noted. It was agreed that the particular difficulties of land negotiation, labour recruitment, planning and design were not well understood by some departments of governments. Therefore, it was agreed that NTOs should seek to better inform those government departments which had some involvement in issuing permits for foreign-funded tourism development.

177. It was noted that the geographical distribution of attractions, the problems of inter-regional travel and the emerging competition from Australian and South-East Asian resorts would force the Pacific resorts to pursue strategies of value-added. The Workshop recognized that foreign investors’ interest in the Pacific region may not translate directly into more resorts or more job opportunities. Rather, off-shore interest in investment may translate into improvements in quality, innovation and niche market operations. Therefore, more investor interest may be directed more towards product style and quality rather than quantity. In any case, it was noted that potential investors would need to be encouraged and facilitated by well-designed integrated planning and decision-making systems.

178. The Workshop noted the range of issues and challenges facing air transport in the Pacific Island region. Among the important issues were the problems of poor financial performance by several regional carriers as a result of the lack of appropriate policy directives from governments. It was recognized that the future success of tourism development would depend to a large extent on a stable air transport system in the region. It was agreed that there was a direct interdependency between the availability of hotel rooms and airline seats. Furthermore, available statistics showed that the growth of tourism and air transport in the region could be severely constrained if no additional hotel rooms were developed in the near future. The Workshop recognized the need to improve the processing of hotel bookings and recommended that consideration be given to the development of computerized hotel reservation system(s) in the region.

179. Recognizing the important role of air transport to the development of tourism and considering the particular problems associated with airline operations in the region, it was agreed that NTOs should use their influence on their governments to adopt clearly-defined aviation policies and directions for their national carriers. The Workshop noted the pending challenges of air route liberalization, privatization of airlines, profitability ratios, route negotiations and bilateral arrangements, and the inescapable fact that island countries were basically in competition with each other, particularly in short-haul markets. It was agreed that regional cooperation on aviation issues, especially in view of how these issues interact with levels of tourism development (and by inference, national economic prosperity), was matter needing urgent attention.

180. The Workshop noted the need to integrate spatial aspects of planning with economic, environmental, social, cultural and related matters. In particular, it agreed that pro-active strategic land use planning based on thorough and systematic assessment of land suitability would provide a sound basis for building tourism master plan. It was noted that techniques, methodologies, models and concepts from land use planning were appropriate for the circumstances of tourism planning, and adoption of these methodologies and techniques would facilitate the integration of tourism planning with every other aspect of development which required land space to fulfil their functions. Land tenure systems and their implications could be better understood if displayed graphically. Land ownership, land use, land potential and policy directions could then be interpreted coherently in their exact spatial relationships, thereby facilitating improved levels of integrated tourism planning.

181. It was agreed that more systematic analysis of land suitability could lead to greater levels of confidence and understanding of the ramifications of land use decisions. The potential for improving the knowledge base and the decision-making capacity was acknowledged, and the Workshop agreed that a better degree of integration between land use and tourism planning could create economic, social and environmental benefits.

182. The Workshop concluded that the nature of the tourism product, especially its contribution to national (and regional) economic prosperity, social welfare and environmental conservation, would be improved by adopting the process, methodology, techniques and practices of integrated planning.

183. The Workshop identified the following problems and constraints commonly faced by most Pacific Island countries in further expanding tourism:

- (a) Lack of a coherent national tourism development policy or master plan, including an implementation programme;
- (b) Lack of awareness of the importance of tourism development and the benefits that can accrue to the national economy and the local community;
- (c) Limited accessibility by international air;
- (d) Shortage of quality hotels, convention centres and other facilities for visitors that are internationally competitive;
- (e) Limited tourist sites and suitable activities to attract large numbers of tourists;
- (f) Lack of adequate infrastructure for travel within the country;
- (g) Shortage of local financial resources for hotel and resort development;
- (h) Inadequate arrangements for management of natural environmental assets;
- (i) Lack of a systematic training programme for all levels, including hotel and catering services, guide and reception services, transport and travel agency services;
- (j) Lack of management and entrepreneurial expertise among the indigenous people to enable them to participate in the ownership and management of tourism-related enterprises;
- (k) Lack of awareness in the main generating markets about the host country and the tourism products available;
- (l) Small size of the destination and geographical isolation resulting in high transportation costs;

- (m) Lack of suitable land for tourism projects due to the complicated land tenure system;
- (n) Inadequate intersectoral coordination among government agencies directly or indirectly involved with tourism;
- (o) Insufficient cooperative arrangements between the government tourism agency and the private sector in the tourism industry;
- (p) Insufficient marketing activities due to limited availability of funds;
- (q) Lack of reliable and consistent statistical data on tourism; and
- (r) Lack of human resources to implement tourism development plans.

Recommendations

184. The Workshop recommended that government agencies responsible for tourism development should pursue integrated tourism planning and development in close coordination with other government agencies directly or indirectly involved in tourism. The ESCAP Guidelines on Integrated Tourism Planning in Pacific Island Countries could be a useful tool for that purpose.

185. The Workshop recommended that ESCAP should explore the possible ways to secure funding to assist, upon request, Pacific Island countries to undertake studies on the economic impact of tourism.

186. The Workshop recommended that when pursuing integrated tourism planning and development, government tourism agencies should make every effort to realize the following points.

- (a) Enhance the priority of tourism development within the national development plan based on an appraisal of the economic impact of tourism.
- (b) Take the initiative to formulate a tourism master plan with well-defined strategies for implementation.
- (c) Work towards establishing mechanism to ensure intersectoral coordination among agencies directly or indirectly involved in tourism development.
- (d) Pursue policies to promote types of tourism which would spread economic benefits to a wide segment of society.
- (e) Integrate environmental and socio-cultural considerations into tourism planning and development.
- (f) Work towards improving air transport and other tourism-related infrastructure.
- (g) Strengthen cooperation with various segments of the tourism industry, particularly in marketing destinations.
- (h) Formulate marketing strategies which should include measures to promote eco-tourism, among others.
- (i) Maintain continuous dialogue with various segments of the tourism industry to ensure that the entire host community benefits from a vibrant tourism sector.
- (j) Strengthen regional cooperation among government agencies responsible for tourism development, particularly in the areas of training and marketing.

187. The Workshop recommended that in order to facilitate finalization of the Guidelines on Integrated Tourism Planning in Pacific Island Countries, the participating countries should offer their additional comments, if any, immediately on their return home.

188. The Workshop recommended that airlines, hotels and other segments of the tourism industry should continue to extend all possible cooperation to national tourism organizations and regional organizations, such as TCSP and PATA, in marketing Pacific Island destinations. Their cooperation could include providing complimentary or discount air tickets and hotel rooms.

189. The Workshop recommended that industry associations should continue their efforts to create awareness among governments of the socio-economic benefits that the community can derive from tourism.

190. The Workshop recommended that national airlines should develop clearly-defined short and long-term policies for expansion, taking into account the significance of tourism in air transport.

191. The Workshop recommended that inter-airline cooperation be strengthened in the areas of joint flight operations, marketing Pacific Island destinations and training.

192. The Workshop recommended that major resorts in Pacific Island countries should install computerized reservation systems to offer competitive services to their customers.

193. The Workshop recommended that ESCAP, TCSP, WTO, PATA, ASPA, ADB, the Forum Secretariat, UNDP and other international organizations directly or indirectly involved in tourism should make all possible concerted efforts in their areas of special competence to assist Pacific Island countries in pursuing integrated tourism planning and development and in solving the problems identified by the Workshop, with emphasis on the following issues:

- (a) Integrated tourism planning
- (b) Economic impact of tourism
- (c) Socio-cultural impact of tourism
- (d) Environmental management of tourism development
- (e) Marketing
- (f) Development of eco-tourism
- (g) Human resources development
- (h) Tourism investment
- (i) Air transportation and other tourism-related infrastructure development
- (j) Land use policy for tourism development.

194. The Workshop recommended that ESCAP should further assist government tourism agencies through advisory services and/or country-level workshops in order to achieve integrated tourism planning and development based on the ESCAP Guidelines.

ANNEX

COUNTRY REPORTS

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1. THE NORTHERN MARIANA ISLANDS

– Norman C. Berg

1. General trend in outbound tourism

As our annual report and attached statistics show, the Northern Mariana Islands has experienced a period of continued sustained growth of “inbound” tourism since maintaining annual visitor statistics in 1978. Due in large part to the Northern Mariana Islands’ proximity to the Asian market (Japan, Republic of Korea, Taiwan Province of China, Hong Kong), *no visa* requirements and availability as a “USA destination” we have enjoyed a rate of growth that has seen to our economy stabilizing as well.

2. Economic significance of tourism

In terms of overall contribution to the economy, it is conservatively estimated that one out of every four to five persons is involved directly in the tourism/hospitality industry. Certainly, the pass-through effect of each visitor dollar is felt directly throughout the entire economy. Without significant alternative industries (fishing, agriculture, manufacturing, etc.), the tourism/hospitality servicing sector could be considered the mainstay of economic growth for the Northern Mariana Islands. For example, about \$US 439,818,176 was spent in the Northern Mariana Islands in fiscal year 1994 as a result of optimal tourism expenditure.

3. General policy/priorities on tourism development

The Northern Mariana Islands was created as an Act of Legislation giving it the ability to aid in the promotion, maintenance and in some cases, the creation of new tourist markets. Under a reorganized government structure, tourism in the Northern Mariana Islands effectively comes under the Department of Commerce for coordination purposes while still retaining its semi-customary independence to effectively promote the destination. However, there is now a greater need to join tourism promotional efforts with those of trade development or other opportunities for the islands. In general, the Executive Office is taking the different departments, (Commerce, Finance, etc.) with funding from many others to stimulate the economy and off-set any shortfall that may occur in outbound tourism markets. Understanding the volatility of the international tourism market, we will look aggressively at all opportunities to expand our economic base beyond tourism.

4. Tourism planning

A master plan was commissioned in 1990 to set guidelines, directions and as an information resource base from which to develop a clearer image of where tourism could take the Northern Mariana Islands. In regard to the reality of the tourism market, as new markets become available from increased direct flight routes, new airline route opportunities, new points of departure from our existing market base, etc., we find that a master plan is just a guideline for growth, and is not set in stone. As the markets change, so do the parameters of the master plan. In many cases, we have outgrown the master plan already and also we have lagged behind in certain points. Thus, we will continue to look forward and move toward success as an indicator of the effectiveness of the overall plan.

5. Major tourism development projects

As specified from the Coastal Resources Management Agency:

(a) Tinian

Lone Star Casino and Resort Project currently has a small training facility in operation, in anticipation of having 50,000 square feet, full casino operations being erected in August 1995. There are plans for a 300-room hotel and full resort complex.

(b) Rota

Rota Resort and Country Club is currently opened with 60 rooms, (2,3 and 4-bedroom units). The first phase of the championship golf course is nearing completion, with the front 9 holes set to open by June 15, the back 9 to be completed by December 1995.

Vista del Mar plans a 35 plus room deluxe small hotel that should be opening before the end of this year or by early next year.

(c) Saipan

World Resort will be a 450-room deluxe/4 star property to be built on the northern area of Saipan, along beautiful Pau Pau Beach, and is currently under review.

Talofoto Golf Course, code named "King Fisher", is a championship-designed 18 hole golf course set to open by the end of the year, although full plantings and vegetation will take longer to mature.

Garapan Hotel will be a 300 plus room beach front property, which will bring much needed accommodations to the most populated tourism area in Saipan. Plans are under review and public hearings have been conducted.

Hafadai Beach Hotel will expand existing facilities, adding another 160 rooms to the inventory. Completion will be in 1996.

Pacific Islands Club is making a total renovation of all existing rooms. Phase Two will expand the facility by another 60 rooms and increase the scope of the water park area.

AIBIC Hotel is a much talked about 1,000 room property in the San Antonio area, close to PIC. However, no permits have been given and no plans are under review.

Hotel Stanford is a smaller Korean owned and managed property. It would add 60 rooms to the islands' inventory and should open in late June 1995.

Marianas Resort anticipates expansion of their existing facility. Plans are under review, but no completion date has been stated.

Interest has been shown by Hilton Hotels, Marriott International and the Ritz-Carlton Company, which have been in contact with our office to find out more about infrastructure developments and potential market growth.

6. Problems and constraints faced by the Government in tourism development

There is a lack of hotel rooms as a result of conflicts pending on Land-Leases Agreements previously managed. This has created a lack of confidence on the part of investors to commit their resources to the Northern Mariana Islands.

There is a relative monopoly situation with continental airlines. We hope to keep the Northern Mariana Islands as a direct stop destination for our major markets, to avoid becoming a one-stop destination via Guam.

We will need to address other potential markets, such as China, Australia, New Zealand and the United States of America to help offset any loss of visitors from Japan. This means there is a need to increase promotion and visibility.

7. Suggested follow-up activities after the Workshop

More diligence is needed in enforcing the recommendations. How do we creatively get countries, individuals and companies to support the recommendations? We need to find ways to develop positive incentives and rewards to follow the recommendations.

It would be useful to hold an annual conference at the level of governors, ministers and directors to address the state of the tourism industry in an issue-oriented format. Participants would prepare reports on the industry in their country and, more importantly, report on how they have adopted any of the recommendations.

Table 1. Northern Mariana Islands visitors arrival statistics between fiscal year 1978-1994

	<i>Japan</i>	<i>United States</i>	<i>Republic of Korea^a</i>	<i>Hong Kong^b</i>	<i>Taiwan Province of China^b</i>	<i>Australia^a</i>	<i>Others</i>	<i>Total</i>
1978	58 812	24 901					2 995	86 708
1979	74 094	23 026					3 237	100 357
1980	84 448	21 519					4 788	110 755
1981	91 801	19 544					3 567	114 912
1982	89 806	17 992					3 375	111 173
1983	101 521	18 259	1 002	78	621	125	2 418	124 024
1984	104 156	22 511	938	189	558	204	3 267	131 823
1985	108 455	26 258	1 608	560	1 084	194	4 125	142 284
1986	122 618	26 877	1 854	632	1 051	172	4 003	157 207
1987	145 008	34 045	2 560	582	491	127	3 390	186 203
1988	182 793	41 488	3 695	596	422	201	4 096	233 291
1989	227 529	54 813	10 451	778	272	2 543	5 793	302 179
1990	314 144	69 070	17 034	1 184	476	5 747	9 491	417 146
1991	308 395	72 916	20 184	2 360	3 585	3 430	13 589	424 459
1992	345 971	79 142	31 615	4 480	11 163	2 594	13 365	488 330
1993	374 727	78 132	52 963	4 012	11 370	1 855	13 204	536 263
1994	388 170	79 012	91 155	3 078	7 735	1 127	13 280	583 557

Note: ^a Totals for the Republic of Korea and Australia from 1978-1984 are included in the Others column
^b Totals for Hong Kong and Taiwan Province of China from 1978-1983 are included in the Others column.

Table 2. Northern Mariana Islands visitors arrival statistics, April 1995

	<i>Gender</i>	<i>Japan</i>	<i>%</i>	<i>Republic of Korea</i>	<i>%</i>	<i>Taiwan Province of China</i>	<i>%</i>	<i>Hong Kong</i>	<i>%</i>
0-17	M	1 539	10.8	49	1.6	4	2.1	25	14.6
	F	1 605	13.0	55	1.7	5	3.0	14	8.5
18-19	M	116	0.8	6	0.2	0	0.0	0	0.0
	F	183	1.5	12	0.4	0	0.0	2	1.2
	M	1 368	9.6	108	3.6	5	2.7	8	4.7
	F	2 606	21.1	605	18.2	17	10.4	15	9.1
	M	2 438	17.1	1 182	38.9	34	18.1	20	11.7
	F	3 051	24.7	1 140	34.3	52	31.7	37	22.4
	M	2 075	14.5	639	21.1	39	20.7	35	20.5
	F	1 514	12.2	293	8.8	35	21.3	44	26.7
	M	1 639	11.5	222	7.3	30	16.0	29	17.0
	F	879	7.1	206	6.2	9	5.5	25	15.2
	M	1 380	9.7	158	5.2	29	15.4	23	13.5
	F	665	5.4	167	5.0	19	11.6	11	6.7
45-49	M	1 422	10.0	166	5.5	13	6.9	14	8.2
	F	590	4.8	198	6.0	10	6.1	11	6.7
	M	860	6.0	158	5.2	11	5.9	4	2.3
	F	443	3.6	209	6.3	4	2.4	4	2.4
	M	574	4.0	141	4.6	10	5.3	6	3.5
	F	355	2.9	198	6.0	6	3.7	1	0.6
60-64	M	415	2.9	93	3.1	5	2.7	4	2.3
	F	227	1.8	138	4.2	3	1.8	1	0.6
65+	M	445	3.1	113	3.7	8	4.3	3	1.8
	F	255	2.1	98	3.0	4	2.4	0	0.0

Table 3. Number of visitors by purpose of visit, 1995

<i>Country</i>	<i>Tourist</i>	<i>Business</i>
Japan	27 281	119
Republic of Korea	9 662	298
Hong Kong	339	39
Taiwan Province of China	354	8
Philippines	341	79
Other	8 054	158
Total	46 031	701

Table 4. Visitor arrivals by island, 1995

	<i>Saipan</i>	<i>Tinian</i>	<i>Rota</i>
Japan	26 812	0	588
United States	6 302	16	998
Republic of Korea	9 958	0	2
Taiwan Province of China	362	0	0
Hong Kong	378	0	0
Philippines	419	0	
Other	862	0	34
Total	45 093	16	1 623

Source: Business arrivals taken from CNMI Immigration Services Incoming Passengers Monthly Report.

Table 5. Northern Mariana Islands monthly visitor arrival statistics

<i>1992</i>	<i>Japan</i>	<i>United States</i>	<i>Republic of Korea</i>	<i>Hong Kong</i>	<i>Taiwan Province of China</i>	<i>Australia</i>	<i>Others</i>	
October	24 634	6 205	1 535	205	436	270	1 151	34 436
November	25 567	5 948	1 514	220	345	265	1 159	35 018
December	28 839	6 609	2 130	355	554	338	1 267	40 092
January	32 176	5 713	2 872	212	369	311	1 145	42 798
February	30 222	6 122	2 236	634	1 169	116	1 242	41 741
March	31 595	6 385	1 659	354	739	148	1 232	42 112
April	24 016	6 827	1 468	306	1 195	295	1 422	35 529
May	30 748	7 832	2 156	221	1 092	184	826	43 059
June	27 948	7 689	2 863	794	1 220	162	993	41 669
July	29 676	8 375	3 992	360	1 417	199	1 112	45 131
August	28 637	6 411	6 709	509	1 371	142	905	44 684
September	31 913	5 026	2 481	310	1 256	164	911	42 061
Grand Total	345 971	79 142	31 615	4 480	11 163	2 594	13 365	488 330
<i>1993</i>	<i>Japan</i>	<i>United States</i>	<i>Republic of Korea</i>	<i>Hong Kong</i>	<i>Taiwan Province of China</i>	<i>Australia</i>	<i>Others</i>	
October	27 459	6 810	3 157	268	312	157	971	40 134
November	28 292	5 375	3 328	255	016	104	989	39 359
December	32 259	7 076	4 468	548	139	207	1 321	47 018
January	32 869	6 246	7 767	574	657	193	897	50 203
February	31 528	6 037	4 189	240	881	143	967	43 985
March	34 333	6 584	3 269	329	921	95	1 185	46 716
April	23 369	6 539	3 586	544	928	170	1 558	36 694
May	29 971	6 924	3 955	180	807	143	1 167	43 147
June	27 893	7 605	3 377	308	577	156	1 137	41 053
July	33 543	7 561	5 170	281	919	193	1 050	48 717
August	39 792	6 295	6 971	335	717	113	1 007	55 230
September	33 419	5 080	3 726	150	496	181	955	44 007
Grand Total	374 727	78 132	52 963	4 012	11 370	1 855	13 204	536 263

Table 6. Northern Mariana Islands visitor arrival statistics by month and country or area of origin, fiscal year 1994-1995

	<i>From Hong Kong</i>			<i>From Philippines</i>			<i>From other areas</i>		
	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>
Total to Date	1 581	1 978	25	2 978	2 861	-4	4 946	6 258	27
October	178	182	2	462	385	-17	757	966	28
November	121	305	152	374	358	-4	375	781	108
December	266	258	-3	514	535	4	783	760	-3
January	148	267	80	362	413	14	646	762	18
February	372	367	-1	334	391	17	965	1 005	4
March	240	221	-8	531	359	-32	731	1 088	49
April	256	378	48	401	420	5	689	896	30
May	163			464			575		
June	276			375			553		
July	292			422			935		
August	488			381			1 593		
September	277			383			803		
Year Total	3 077	1 978		5 003	2 861		9 405	6 258	

	<i>Arrivals to Saipan</i>			<i>Arrivals to Rota^a</i>			<i>Arrivals to Tinian^a</i>		
	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>
Total to Date	322 650	348 199	8	7 876	17 417	121	220	23	-90
October	42 587	43 238	2	1 451	1 732	19	13	3	-77
November	42 593	48 410	14	944	1 539	63	22	0	-100
December	47 391	50 885	7	1 045	2 720	160	5	0	-100
January	51 524	53 793	4	1 071	2 660	148	43	0	-100
February	48 036	52 174	9	995	3 144	216	13	0	-100
March	50 275	54 606	9	1 306	3 999	206	15	4	-73
April	40 244	45 093	12	1 064	1 623	53	109	16	-85
May	45 518			1 044			20		
June	41 893			1 183			1		
July	52 365			1 112			3		
August	57 618			1 505			1		
September	49 337			1 211			0		
Year Total	569 381	348 199		13 931	17 417		245	23	

Note: ^a Rota and Tinian reflect only those passengers who traveled directly from Guam and whose initial point of entry was those islands. This does not include passengers who came to Rota and Tinian via Saipan.

**Table 7. Northern Mariana Islands visitor arrival statistics
by month, fiscal year 1994-1995^a**

	1994	1995	Percentage change
October	44 051	44 973	2
November	43 559	49 949	15
December	48 441	53 605 ^b	11
January	52 638	56 453	7
February	49 044	55 318	13
March	51 596	58 609 ^b	14
April	41 417	46 732	13
May	46 582		
June	43 077		
July	53 480		
August	59 124		
September ^b	50 548		
Total	583 557	365 639	11

Note: ^a Total air and sea arrivals.
 ^b Revised.

Table 8. Northern Mariana Islands visitor arrival statistics, by type of arrival and origin, fiscal year 1994-1995

	<i>Air Arrivals</i>			<i>Sea Arrivals</i>			<i>From Japan</i>		
	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>
Total to Date	323 250	359 577	11	7 496	6 062	-19	221 863	220 916	0
October	42 990	44 565	4	1 061	408	-62	29 694	27 160	-9
November	43 559	49 949	15	0	0		30 696	31 521	3
December	46 677	52 438	12	1 764	1 167	-34	31 612	32 361	2
January	50 248	53 960	7	2 390	2 493	4	33 728	32 430	-4
February	48 442	54 970	13	602	348	-42	32 949	33 485	2
March	49 917	56 963	14	1 679	1 646	-2	36 825	36 559	-1
April	41 417	46 732	13	0	0		26 359	27 400	4
May	46 193			389			30 270		
June	43 077			0			27 611		
July	52 907			573			35 727		
August	58 561			563			36 432		
September	50 087			461			36 267		
Year Total	574 075	359 577		9 482	6 062		388 170	220 916	

	<i>From United States (including Guam)</i>			<i>From the Republic of Korea</i>			<i>From Taiwan Province of China</i>		
	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>	<i>1994</i>	<i>1995</i>	<i>Percentage change</i>
Total to Date	45 233	53 101	17	49 341	77 428	57	4 804	3 097	-36
October	7 101	6 787	-4	5 436	9 025	66	423	468	11
November	5 902	6 983	18	5 658	9 564	69	433	437	
December	6 846	8 026	17	7 720	11 345	47	700	320	-54
January	6 474	7 117	10	10 820	15 081	39	460	383	-17
February	5 838	7 340	26	7 662	11 984	56	924	746	-19
March	6 616	9 532	44	5 449	10 469	92	1 204	381	-68
April	6 456	7 316	13	6 596	9 960	51	660	362	-45
May	6 701			7 719			690		
June	7 194			6 465			603		
July	7 190			8 400			514		
August	7 105			12 525			600		
September	5 589			6 705			524		
Year Total	79 012	53 101		91 155	77 428		7 735	3 097	

Table 9. Estimates of visitor expenditures in the Northern Mariana Islands

(in \$US)

	Fiscal year 1993			Fiscal year 1994			Fiscal year 1990-1992		
	Japan ^a	United States ^b	Other foreign ^b	Japan ^a	United States ^b	Other foreign ^b	Japan ^a	United States ^b	Other foreign ^b
On-Island Daily Expenditure	275.00	324.00	101.00	230.00	324.00	101.00	291.54	232.59	101.00
Average Length of Stay	3.6 days	3.0 days	4.3 days	3.5 days	3.0 days	4.3 days	3.6 days	3.0 days	4.3 days

^a Information is based on the Tourist Exit Survey conducted with Japanese visitors during fiscal year 1992-1994. Visitors from other countries were not a part of this project due to a low response rate of those surveyed. Plans have been established to conduct tourist exit surveys in Japanese, English, Korean and Chinese during 1995.

^b Information on United States and other foreign visitors are based on a Tourist Exit Survey conducted in 1988 as part of the Tourism Master Plan developed for the Marianas Visitors Bureau.

Table 10. Monthly hotel occupancy rates for Saipan only^a

(percentage)

	1992	1993	1994
January	82.3	83.4	77.5
February	87.9	85.0	84.9
March	80.1	74.9	76.3
April	70.3	62.0	64.3
May	75.0	67.2	68.9
June	77.3	64.5	64.6
July	76.2	69.3	73.3
August	77.7	87.2	88.6
September	85.9	79.9	86.6
October	73.8	67.6	69.4
November	78.4	73.6	84.7
December	75.1	71.4	77.4

Note: ^a The rates are an average occupancy rate for the largest hotels in Saipan only or the members of the Hotel Association of the Northern Mariana Island (HANMI). The rates are provided by HANMI.

Table 11. Projections of visitor arrivals and room demand, 1994-2000^a

	Total number of visitors	Percentage change	Number of visitors per day	Rooms required
1994	583 557	5	5 756	3 837
1995	612 735	5	6 043	4 029
1996	643 372	5	6 346	4 230
1997	675 540	10	6 663	4 442
1998	743 094	10	7 329	4 886
1999	817 404	10	8 062	5 375
2000	899 144	10	8 868	5 912

^a This model assumes that visitors stay an average of 3.6 days and have an occupancy of two persons per hotel room at 75 per cent occupancy.

2. COOK ISLANDS

Rairi Rairi

1. Government tourism policy

The Government of the Cook Islands has formulated a tourism policy which will ensure that future development will be guided by those policies.

The benefits of tourism must be spread throughout the community and shared by all Cook Islanders. There must be maximum participation by all Cook Islanders in all aspects of the tourism industry, and opportunities for that participation must be backed by readily available finance and management support. Participation must be kept to one area of the industry, thus ensuring that the benefits are spread widely.

The policy is set up within the framework a plan that will take note of (a) future population dynamics in all islands; (b) the saturation levels for the Cook Islands with due regard to water resources, waste disposal, ecological constraints, food requirements, shelter and the overall quality of life for all Cook Islanders; (c) the direct flow of tourism wealth and its retention within the Cook Islands; and (d) the decentralization of tourism development with planned and controlled growth. The plan will ensure that the standard of tourism facilities and services is upgraded and maintained at a high level at all times. It will give full support to the development of those facilities and services, ensuring that they are properly licensed and controlled.¹

2. The tourism master plan

At the Tourism Forum in December 1988, the need for planned development of tourism was a commonly-expressed concern. The Forum concluded that tourism should be directed and controlled so that it would develop at a pace and a manner acceptable to all parties. It was recommended that the Government, in consultation with the industry and the community, undertake as a matter of urgency the preparation of a comprehensive and integrated national tourism development plan.²

The Tourism Master Plan has been adopted by the Government of the Cook Islands as the basic development document for tourism in the Cook Islands. Unfortunately, relevant government departments have failed to build the principles and programmes of the Tourism Master Plan into their operations. This had led to approval of some inappropriate development projects. Some public servants now assert that the plan is out of date, while in practice, implementation of the development principles adopted by government are even more urgent now than when they were adopted in 1991.

The project to develop a master plan was financed by a technical assistance grant from the Asian Development Bank to the Government of the Cook Islands through which a team of consultants, led by RPT Economic Studies Group of the United Kingdom was contracted to prepare the Cook Islands Tourism Master Plan.

The purpose of the project was threefold, namely, to prepare for the Cook Islands: (a) a long term conceptual and perspective strategic plan for tourism development, (b) specific, short and medium-term policies, programmes and projects and (c) an assessment and recommendations related to areas of concern for the tourism sector.

The general aims of the Tourism Master Plan were to assist the Government and the private sector to generate sustainable growth in the tourism sector in a socially acceptable, environmentally sound and economically viable manner. It is comprised of short and medium-term tourism development

The Government of the Cook Islands, (1994) Tourism Policy for the Cook Islands.

² CITA, Cook Islands Tourist Authority (1994), Fact Sheet.

action plans, including specific requirements for their effective implementation. The Plan has been endorsed as the blueprint for tourism development for the Cook Island. Considerable consultation and discussion about the future of the tourism industry, its future direction and recommended growth strategies are all embodied in the recommendations of the Master Plan.³

The report for the Tourism Master Plan made several observations and recommendations. The Cook Islands has developed its tourism in a largely unplanned, unsystematic and uncontrolled fashion. This led to fluctuating patterns in tourism growth, variable standards of tourist operation and unreliable profit performance.

Now, tourism in the Cook Islands was on the verge of a major growth period with the introduction of the Air New Zealand direct United States-Rarotonga route, the building of the first five-star resort (the Sheraton) on Rarotonga and the establishment of the Hospitality Training and Tourism School. These developments will ensure strong arrivals growth and showed the urgency for the development of clear strategies and implementation mechanisms for tourism development. The small land mass and population could not provide the scale of human, financial and technical resources to absorb, manage or control mass tourism, or sustained high-level growth in tourism. It is envisaged that tourism product development should be based on the full range of the country's attractions, with a balanced and controlled development. The stock of tourist accommodations should increase from 700 to 1,100 rooms by 2000. These will include the Sheraton with 199 rooms, 12 to 15 rooms in Manihiki and small mid-scale Polynesian-style resorts. This will be three properties on Aitutaki, up to 100 rooms comprising additions to existing properties or new small-scale development at any location.

The emphasis during the 1990s should be on upgrading and improving the performance of existing properties, rather than seeking further expansion. The main focus for tourism development during the remainder of this century should be on Aitutaki. Improvement of the tourism product on Aitutaki will be needed before there is any basis for significant expansion. The infrastructure which tourism needs is either inadequate or lacking on any island other than Rarotonga or Aitutaki.

Considerable technical assistance and business guidance will be needed for these other islands, where tourism should be encouraged only on the basis of for the islands, by the islands, as they want it.

Tourist arrivals targets set in the plan are for arrivals to grow to 57,800 by 1995 and to 69,900 by the year 2000. Major growth markets are likely to be the United States, Canada, and the United Kingdom/Europe. New Zealand and Australia will remain the main tourist generating countries.

The marketing and promotion strategy should seek to achieve two aims: (a) differentiate the Cook Islands from its neighbours in the Pacific and (b) build the perception of the Cook Islands as a destination providing quality attractions, facilities and experiences. To achieve these strategic aims it is appropriate to identify an appropriate image for the Cook Islands and move towards higher quality marketing and product development. To sustain the central tourism development strategy proposed in the plan, the following sub-sector and support strategies will be vital:

- (a) highly targeted, cost effective marketing and promotion;
- (b) the sale of Government tourist accommodations/properties;
- (c) provide assistance to upgrade existing low and mid-grade operations;
- (d) encourage international air services in line with tourist arrival targets;
- (e) decrease the leakage of tourism expenditures;
- (f) undertake environmental awareness programmes;

³ Hon. T.J. Marsters (1994) Tourism Forum 1994, Opening Speech.

- (g) upgrade the infrastructure;
- (h) develop more positive attitudes towards tourism;
- (i) conduct a full range of human resource development programmes; and
- (j) strengthen the capabilities of the CITA and the GLA and to establish a Master Plan Implementation Committee.

A development programme has been now proposed for the period 1994-1998 to carry out these strategies through the NZODA Tourism Implementation Assistance Programme. They include institutional, public awareness and education, training, environmental, product development, marketing and market implementation and infrastructure projects. Employment in the tourism sector of the Cook Islands will show significant growth with growing demand for skilled staff, supervisors and managers and entrepreneurs/investors.

Realizing these aims of the Plan will require the following operational objectives: (a) comprehensive long term strategic policy guidelines; (b) a concept and mix of tourist development which takes account of the special attractions of the Cook Islands; (c) establishing the conditions and standards of accommodation, facilities and services in a sustainable manner and (d) a development programme, comprising recommended projects and other important activities.

3. Tourism master plan implementation assistance programme (NZODA)

Tourism is the cornerstone of the Cook Islands economy and a major element of the country's development strategy. Both the Cook Islands and New Zealand governments have recognized that the assistance in the implementation of the Master Plan represented an opportunity to develop a coherent, planned approach to development assistance to tourism. The development of a long-term programme was also seen as a mechanism to improve the efficiency with which assistance is delivered. The programme has ten projects grouped under two major themes:

(a) Implementation Planning:

- Project 1. Schools Tourism Issues Awareness
- Project 2. Other Islands Implementation Planning
- Project 3. Aitutaki Visitors Centre
- Project 4. Aitutaki Lagoon Assessment

(b) Industry Development:

- Project 5. Tourism Industry Quality Assurance Scheme
- Project 6. Schools Hospitality Training
- Project 7. Tourism Publications
- Project 8. Tourism Amenities
- Project 9. Tourism Product Development
- Project 10. Marketing.

The programme was developed in response to jointly held concerns of the New Zealand and the Cook Islands governments to improve the effectiveness and targeting New Zealand assistance to the tourism sector, rather than at specific project approvals. Both governments wanted to move away from an annual round of project approvals to a long-term programme which would minimize the administrative burden, be flexible enough to respond to changing circumstances and have regular monitoring and review.

The programme was developed through visits to Rarotonga for consultations with the Cook Islands Government and other interested parties. The final shape of the programme was determined during a third visit in 1993 when the following eight-step strategy was adopted:

- (a) review of the Tourism Master Plan
- (b) identify a range of potential projects

- (c) analyze the projects on technical grounds.
- (d) prepare an assessment of the project options
- (e) review of assessment and discussion of a draft programme with the Cook Islands government and interested parties.
- (f) prepare the draft final programme
- (g) review the draft programme design with the Cook Islands Government and interested parties and have a full meeting of the Tourism Master Plan Implementation Committee (TMPIC).
- (h) finalize the programme design.

The key to the development of the programme was the need to promote a range of projects where assistance can make a meaningful contribution to the implementation of the Tourism Master Plan.

The Tourism Master Plan Implementation Assistance Programme was designed to complement existing projects such as training, environmental monitoring and small business development. In all cases, the intention was to make funds available by cooperative action with the Cook Islands Government agencies and other interested parties.

Over the last 20 years there have been some significant changes in the Cook Islands economy due to local influences and the trends in the world economy. There are significant markets for the tourism products and services which exist and can be developed in the Cook Islands. The small-scale tourism development in the Cook Islands, means that the potential markets are large in relation to the number of visitors which must be attracted despite the range of competing destinations. Tourism development has focused largely on Rarotonga, with Aitutaki becoming increasingly important. Development in other southern group of islands has been modest. A programme should pay particular attention to those islands where there is still a significant opportunity to influence both the rate and the pattern of tourism development.

The Cook Islands Government has taken a number of steps to help promote the industry, including promote the development of the Sheraton Hotel, the establishment of the Cook Islands Tourism and Hospitality Training School and the establishment of the Tourism Master Plan Implementation Committee. NZODA's contribution to tourism development can be traced to construction of the international airport in Rarotonga, support for the development of the Rarotongan Hotel and allocation of funding to support marketing and a range of ad hoc projects. Other donors directly active in the tourism sector are UNDP/ WTO with its contribution to the establishment of the Cook Islands Tourism and Hospitality Training School and UNEP with funding to establish coral reef monitoring expertise for lagoon assessment.

The Cook Islands government has a range of programmes directly and indirectly related to tourism. These programmes include market development, contribution to running the Tourism and Hospitality Training School and the funding of the General Licensing Authority, (GLA).

Other agencies which play a role are the Ministry of Education, Cultural Development. Internal Affairs, Conservation Services, the Small Business Advisory Unit, Cook Islands Development Bank, the National Advisory Board and the Ministry of Finance.

The Tourism Master Plan Assistance Programme is designed to support the implementation of the Tourism Master Plan. Achievements of the programme will depend on a wide range of actions taken by the Cook Islands Government, the private sector and the island communities at large. The programme is expected to contribute to the sustainable development of tourism through market development, effective community participation in tourism development, implementation of the Master Plan at the island level, provision of community facilities for tourism amenities and small businesses, extension of schools' hospitality programmes, development of new tourism products and improvement in published information about the Cook Islands.

The programme is intended to provide long-term assistance in the tourism sector with the overall goal of assisting the social and economic development by supporting the Tourism Master Plan. The programme will be realized through achieving ten objectives of the Plan and will run from February 1994 to June 1998. The programme is intended to support tourism development so that Cook Islanders will be the potential beneficiaries as well as the visitors who will use the amenities.

4. Facts about the Cook Islands

Cook Islands is comprised of fifteen islands, divided into two main groups spread over 2 million square kilometres of ocean. The Southern Group includes Rarotonga, Aitutaki, Manuae, Mangaia, Atiu, Takutea, Mauke and Mitiaro. The Northern Group includes Penrhyn, Manihiki, Pukapuka, Rakahanga, Nassau, Palmerston and Suvarrow. The combined land area of the two groups is only 244 square kilometres. The largest island and administrative centre is Rarotonga with a land area of 67 square kilometres. Cook Islands is located in the South Pacific, east of the international dateline between 9 degrees and 22 degrees latitude. Its neighbours are Tonga to the west, American Samoa to the northwest and French Polynesia to the northeast.

The capital of the Cook Islands, Rarotonga, is approximately 1,147 km from Papeete, 3,012 km from Auckland and 4,730 km from Honolulu. Other Pacific distances to Rarotonga are considerable; 5,632 km from Sydney, 9,493 km from Tokyo and 7,884 km from Los Angeles. Since 1965, the islands have been self-governing in free association with New Zealand. The total population is approximately 19,500 of whom 9,700 live on the capital island of Rarotonga.

The economic development of the Cook Islands has been hampered by the limited land, particularly cultivable area, the wide geographical spread of the islands, the small population and the long distance from major markets. Industrial growth and diversification have been further limited by a small, fragmented domestic market, scarcity of industrial raw materials and relatively high labour costs. The islands are heavily dependent upon New Zealand which supplies most of the foreign aid and is its principal trading partner. Family ties and remittances create strong links between the two countries. Citizenship, currency and tariff regimes are shared. Historical and cultural factors such as the land tenure system also have a significant influence on the extent of Cook Islands' economic development.

5. Characteristics of tourism in the Cook Islands

Organized tourism began in 1975 with the completion of the Rarotonga International Airport and the opening of the Rarotongian Resort Hotel in 1977. Tourist arrivals rose from less than 10,000 in 1976 to over 52,000 in 1993. Tourist accommodations increased from 35 properties offering a total of 682 rooms in 1988 to 56 establishments offering 851 rooms for 1994.⁴ The accommodations offered are diverse in nature and standard of operation falling into three broad types: (a) international style (b) New Zealand style and (c) budget style

The Cook Islands' traditional tourist generating market has been New Zealand, for which the Cook Islands is a terminating or main destination. In 1993, the actual arrivals from this market was 14,277 people with a market share of 27 per cent. The market share for 1992 was 32.2 per cent and the actual arrivals were 16,600. A slight drop was seen in 1994, with 14,867 arrivals recorded. For Australia, the fastest growth was achieved in the middle 1980s from under 1,000 in 1982 to 5,100 in 1986. This was due to direct air service from Sydney to Rarotonga operated by the Cook Islands International Airline. Australian arrivals for 1993 showed an 11 per cent share of the market, with 5,806 actual arrivals.

The United States' performance over the 1980s moved in line with the availability of air access. Growth was attributed to the use of Air New Zealand's Nadi-Rarotonga service on multi-country trips to Fiji, Rarotonga, Tahiti. The introduction by Air New Zealand of a direct Los Angeles-Rarotonga weekly air service has already boosted United States arrivals figures in the Cook Islands. For 1993, there were 7,790 arrivals from the United States with a market share of 14.7 per cent. This has been the highest number of visitor arrivals ever recorded from this market. There were 7,744 arrivals recorded for 1994, a decline of 0.59 per cent.

Canada's potential as a tourist market has been restricted by the lack of good airline service connections. The recently Air New Zealand services Los Angeles-Honolulu-Rarotonga and Los Angeles-Papeete-Rarotonga, have resulted in strong Canadian market growth for 1993. Canada produced 2,386 visitor arrivals, with a market share of 7 per cent 1992. Its best performance was in 1993, with 4,026 visitor arrivals was recorded. The 1994 figures showed a decline of 1.56 per cent (3,963).

CITA, Cook Islands Tourist Authority *Fact Sheet*, 1994.

Up to 1985, tourists from the United Kingdom/Europe were a relatively insignificant share for the Cook Islands, contributing only 1,987 visitor arrivals. The next five years saw a trebling in United Kingdom /Europe tourist numbers to the Cook Islands, an average annual growth rate of 24.5 per cent between 1985 and 1990. The importance of the United Kingdom /Europe market remained up to 1993 when 17,524 visitors was recorded, making it the number one market for the Cook Islands. The 1994 figures showed a record arrival from the United Kingdom/Europe of 20,310 arrivals.

Table 1. Visitor arrivals by country of residence, target and actual, 1990-1995

(thousands)

	1990		1991		1992		1993		1994		1995
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target
New Zealand	10.9	10.9	11.7	11.2	12.4	13.4	13.1	10.9	13.9	14.9	14.7
Australia	4.9	4.9	5.3	5.7	5.7	5.3	6.2	5.3	6.7	5.1	7.2
United States	4.4	4.4	5.3	4.4	6.3	6.0	7.6	7.8	9.1	7.7	10.9
Canada	2.4	2.4	2.8	3.9	3.3	3.7	3.9	4.0	4.6	3.9	5.5
United Kingdom/ Europe	6.0	6.0	6.7	8.4	7.5	13.7	8.4	17.5	9.4	20.3	10.6
Cook Island Overseas residents	3.7	3.7	3.9	3.9	4.1	3.6	4.3	3.9	4.5	3.8	4.7
Other	1.9	1.9	2.2	2.3	2.6	4.3	3.1	3.4	3.6	5.2	4.2
Total	34.2	34.2	37.9	39.9	41.9	50.0	46.6	52.8	51.8	57.3	57.8

Source: Cook Islands Tourist Authority, *Visitor Arrivals by Country of Residence*, 1993.

Table 2. International tourist arrivals in the Cook Islands, by generating country, 1984 – December 1994

(thousands)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
New Zealand	10.3	11.9	11.4	11.6	12.1	11.5	10.9	11.3	13.4	10.9	11.5
Cook Islanders, Overseas residents in New Zealand	2.0	2.3	2.8	3.3	3.8	3.4	3.3	3.5	3.2	3.3	3.3
Australia	3.2	4.1	5.1	5.0	5.4	5.3	4.9	5.7	5.3	5.2	4.6
Cook Islanders, Overseas residents in Australia						0.2	0.3	0.3	0.3	0.5	0.4
United States	3.1	3.0	3.3	2.9	3.3	3.3	4.3	4.4	6.0	7.8	7.7
Canada	3.1	3.1	2.9	2.3	2.0	1.7	2.4	3.9	3.7	4.0	3.9
United Kingdom/Europe	2.1	2.0	3.2	5.3	5.5	5.6	6.0	8.4	13.7	17.5	20.0
Other Pacific Islands	1.2	2.0	2.1	1.3	1.4	1.4	1.4	1.6	2.6	2.6	4.4
Asia	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.6	0.4
Other Countries	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Total	25.5	28.8	31.2	32.1	33.9	32.9	34.2	39.9	50.0	52.8^a	57.3^b

Source: ^a Cook Islands Tourist Authority *Visitor Arrivals by Country of Residence*, 1993.

^b Cook Islands Tourist Authority *Visitor Arrivals by Country of Residence*, December 1993.

Among the remaining source regions for tourists, the Pacific Islands accounted for 2,613 visitors for 1993 and 4,428 arrivals for 1994. Asian countries provided 652 tourist arrivals in 1993, which was a 1.2 per cent market share. The Asian share declined in 1994 to 474 arrivals.

Different generating markets reveal several features. The Cook Islands is a main destination for New Zealanders, attracting various age groups. The pattern is similar for Australians, except that one in three travellers combine their visit to the Cook Islands with another destination, usually New Zealand or Samoa. Australian visitors are also younger than New Zealanders, an average age of 42 years compared to 47, and Australians stay less time, 9 nights compared to 11 nights average for New Zealanders. The United States/Canadian and United Kingdom/European markets have similar characteristics, being predominantly multi-destination travellers spending up to a week. Long-haul travellers are generally young, 40 per cent of North Americans and over 70 per cent of Europeans are under 35 years, less than one in seven North American visitors and only a small number of Europeans are over 55 years.

Table 3 shows projections of Cook Islands visitor arrivals from 1994 to 2000. For the purpose of these projections, 1994 was taken as the base year and Cook Islanders residing overseas are excluded from the calculation. The average length of stay is placed at eight nights and room density is placed at 1.8 persons per room.

Table 3. Projections of visitor arrivals, 1994-2000

	<i>5% annual increase</i>	<i>Room night equivalent</i>	<i>8% annual increase</i>	<i>Room night equivalent</i>	<i>10% annual increase</i>	<i>Room night equivalent</i>
1994	55 500	246 600	57 100	253 700	58 100	258 500
1995	58 300	260 000	61 600	274 100	64 000	284 000
1996	61 200	272 000	66 600	296 000	70 400	312 700
1997	64 000	285 300	72 000	319 700	77 400	344 000
1998	67 400	299 500	77 700	345 200	85 100	378 400
1999	70 350	330 600	90 600	402 700	10 300	457 800

The development of facilities is largely characterized by a style more suited to the New Zealand budget traveller, and the supply of tourist accommodations has increased as visitor arrivals increased, as shown in table 4.

Table 4. Tourist arrivals and tourist accommodations in the Cook Islands, 1988-1993

<i>(thousands)</i>				
	<i>Tourist arrivals</i>	<i>Percentage change over previous year</i>	<i>Number of tourist accommodation room</i>	<i>Percentage change over previous year</i>
1988	33.9	5.5	682	5.1
1989	32.9	-2.9	682	-
1990	34.2	4.0	691	1.3
1991	39.9	16.8	671 ^a	-2.8
1992	50.0	25.1	735	9.5
1993	52.9	5.72	790	7.5

Source: Cook Islands Tourist Authority.

Note: ^a Reduction caused by closure of rooms for renovations.

A three-pronged strategy in on tourist accommodations is proposed: (a) development of new, high quality, full-service hotels in Rarotonga and a number of small mid-scale Polynesian-style developments on Aitutaki later in the 1990s; (b) Government assistance to existing low and mid-grade operators to upgrade their plant to full service hotels and (c) the earliest possible sale and major new refurbishment of the Government's tourist properties.

Table 5. Room requirement targets, 1994-2000

<i>Beginning year</i>	<i>Existing rooms</i>	<i>New rooms</i>	<i>Total rooms</i>
1994	711	60	770
1995	770	209	979
1996	979	50	1 030
1997	1 030	10	1 040
1998	1 040	40	1 080
1999	1 080	10	1 090
2000	1 090	10	1 100

Source: CITA.

CITA figures for 1990 show that over 84 per cent of tourists stay at some form of commercial tourist accommodation, 53 per cent are hotels and 31 per cent are motels. Overall, as many as 88 per cent of tourist nights were spent at a commercial establishment, while the remaining 12 per cent were spent in non-commercial accommodation.

Table 6. Type of accommodation used by country of residence, 1991

(percentage)

	<i>New Zealand</i>	<i>Australia</i>	<i>United States</i>	<i>United Kingdom</i>	<i>Germany</i>	<i>Other Europe</i>	<i>Canada</i>	<i>Pacific</i>	<i>Others</i>	<i>Total</i>
Large Hotels	49	56	40	15	30	33	18	18	22	39
Medium Hotels	18	21	16	8	25	12	20	14	12	18
Small Hotels and other	16	17	42	51	45	51	59	38	47	31
Private Accommodation	17	6	2	25		4	3	30	19	12
Total	100	100	100	100	100	100	100	100	100	100
Tourist nights	7 626	3 809	5 588	1 526	3 141	2 921	5 974	578	461	31 624

Source: TCSP, Survey Report No. 13, 1991.

The 1991 Visitor Survey indicated that the average room occupancy was recorded at 70 per cent. Room occupancy levels achieved in the Cook Islands in 1993 ranged from 60 and 70 per cent, as shown in table 7.

The majority of tourists to the Cook Islands are holiday makers, consistently about 92 per cent. Business/conference and visits to friends/relatives are the other important categories, each accounting for about 8 per cent.

According to the 1992/1993 visitor arrivals, the Cook Islands' peak tourism month is between June and December, with the month of December being the main month for most markets. The figures show that 5,536 visitors were recorded for the month of December 1993.

Table 7. Room occupancy, 1993

<i>Month available</i>	<i>Room nights occupied</i>	<i>Room nights</i>	<i>Occupancy rate (percentage)</i>
January	17 296	10 388	60.06
February	17 648	11 900	67.43
March	17 984	12 671	70.46
April	18 366	14 108	76.82
May	18 956	12 136	64.02
June	18 652	12 742	68.31
July	17 831	12 632	70.84
August	17 981	13 423	74.65
September	17 745	13 288	74.88
October	18 912	14 250	75.35
November	18 476	13 288	71.92
December	14 229	10 335	72.63

Source: CITA, Cook Islands Tourist Authority, 1994.

Table 8. Tourists by purpose of visit and market area, 1993

<i>Purpose of visit</i>	<i>New Zealand</i>	<i>Australia</i>	<i>United States</i>	<i>Canada</i>	<i>Europe</i>	<i>CIO^a</i>	<i>Others^b</i>	<i>Total</i>
Vacation	8 368	40 496	7 507	3 916	17 382	1 651	2 063	44 936
Business	995	95	69	26	6	75	752	2 658
VFR	502	156	56	16	15	1 756	95	2 596
Government affairs	185	38	36	6	4	5	186	460
Employment	219	78	12	5	12	19	3	348
Education and study	34	35	25	5	12	0	1	112
Other/not specified	616	205	85	52	53	402	345	1 758
Total	10 919	5 256	7 790	4 042	17 524	3 908	3 445	52 868

Source: Cook Islands Tourist Authority.

Notes: ^a CIO is Cook Islanders Overseas.

^b Others include Tahiti, Asia, Other Pacific Islands and Countries.

For the New Zealand and the Australian markets, the largest number of arrivals is recorded in December, which is boosted by Cook Islanders residing overseas returning to visit families. For the United States and Europe, the market peaks are between October and March. The Cook Islands markets complement each other, with the nearby markets peaking at different times of the year to the main months of visit from the long-haul travellers' regions.

The average length of stay in 1984 was calculated at ten days.⁵ The overall average length of stay for all tourists in 1991 to the Cook Islands was 9.5 days, reflecting little change from a 1988 survey figure of 9.7 days.

⁵ S. Milne, The Economic Impact of Tourism in The Cook Islands, Department of Geography, University of Auckland, Occasional Publication 21, August 1987.

The Cook Islands resident overseas is likely to spend a lengthy period on home visits (typically two to four weeks). Given the fact that this category of visitor is unlikely to be an extensive user of tourist accommodations or facilities, it is desirable for tourism planning purposes to exclude Cook Islanders living abroad from the calculations.

Multi-destination travel by European tourists and tourists from other countries is particularly high with average number of countries visited being about three. Most European tourists combine their visit with New Zealand and/or the United States of America. The majority of New Zealanders combined their trip with North America (71 per cent) and Fiji (33 per cent); while the Australians combined their trips with New Zealand (46 per cent) and Samoa (45 per cent). The Australian pattern was due to the route taken at the time by the Polynesian Airline services from and to Rarotonga.

A number of holiday market segments have been identified which are judged to represent strong potential for the Cook Islands over the 1990s. These form the cornerstone on which the marketing strategies and action plans presented elsewhere in the Tourism Master Plan are based.

Several conclusions and patterns have underpinned the selection of the Cook Islands' target market segments:

- the ageing of the population
- the growing incidence of double-income households with no (or few) children.
- single-person households
- the growing importance of travel to all strata of society
 - young people's desire to experience overseas travel
- the more adventurous nature of holiday taking
 - young people
- honeymooners
- couples without children
- families (with children)
- retirees
- relaxation in a tropical environment⁶

Table 9. Length of stay by purpose of visit for overseas tourists, 1991

<i>Length of stay</i>	<i>(percentage)</i>				
	<i>Pleasure</i>	<i>Business</i>	<i>VFR</i>	<i>Other</i>	<i>Total</i>
1-3 nights	9	14	2	5	8
4-7 nights	42	61	24	38	42
8-14 nights	40	10	28	35	41
15-21 nights	7	7	24	5	7
22-28 nights	1	3	4	2	
29+ nights		5	17	15	
Total	100	100	100	100	100
Mean	9.3	10.0	17.7	17.4	9.5
Number of tourists	3 210	106	46	55	3 417

Source: TCSP, Cook Islands Visitors Survey, Report 13, 1991.

⁶ RPT Economics Studies Group, Tourism Master Plan Cook Islands, 1991, pp 2/24.

6. Tourism development strategies

The proposed development strategy has six principal components.

- (a) There will be no significant new tourist development in any location before the year 1994, except for the Sheraton project.
- (b) "Natural" increases in properties and new small-scale developments (up to ten units) are permitted, providing licensing requirements are met.
- (c) Small and mid-scale development (12 to 15 rooms) will be allowed on Manihiki for official/business/ traveller type traffic.
- (d) Development of new small and mid-scale (30-60 rooms) Polynesian-style resorts will be allowed between 1994 and 2000, adding a total of 120 rooms (one of 60 rooms, two of 30 rooms), all on Aitutaki, but no further new development on Rarotonga (apart from the Sheraton) in this century.
- (e) Tourism development will be encouraged on the outer islands (except for Rarotonga and Aitutaki) on the basis of "for the islands, by the islands, as they want it".
- (f) Considerable technical and business guidance and assistance will be needed from the central government. Conventional resort type properties should not be encouraged on the outer islands.

Increasing the economic impact of tourism in quality terms involves several strategies. One is increasing individual tourist expenditure through improving the product, providing more and better activities for tourists and providing higher quality goods to buy and/or increasing the length of stay. A second strategy is decreasing the leakage from tourist expenditures. A third strategy is to reduce imports to service the tourism sector. This can be done by maximising the use of local building materials, minimising the use of luxury materials, minimising the use of expatriate staff and maximising the employment of Cook Islanders, maximising the use of locally-grown produce and locally-manufactured products, increasing the involvement of local entrepreneurs in tourism and related businesses and improving inter-island shipping and airline services.

The objectives of the Government's economic policy should also include the wider distribution of economic benefits within the Cook Islands. The overall strategy to be pursued includes product development on outer islands, including both accommodations and tourist facilities and tours; maximum retention of tourism expenditure in the outer islands; better shipping services; and priority given to Cook Islanders in the sale of Government hotels in the outer islands and any development of these hotels to be of a scale and form to attract Cook Island operators.

The Cook Islands Development Bank should be the vehicle through which many of the recommended business ventures are effected, although the commercial sector both within and outside the Cook Islands should also be utilized.

The tourism sector provides an increasing number of business opportunities in both tourism and tourism-related areas. Such opportunities need further market research and planning. This includes development of small resort hotels on the outer islands; restaurants serving Polynesian/other foods; a wider variety of tours and shows; specialist food and beverage items; flower farms; handicrafts; videos featuring aerial views of the island(s), natural scenery, music and dance, etc; fish farming; fruit and vegetables (particularly on the outer islands); and gifts and gift boxes/containers.

Some assistance could be considered by the Government to help with the development of export-oriented small industries located in a manufacturing estate and a market place facility in Central Avarua.

A number of improvements in the area of incentives are needed. There is a need for publication of brochures or leaflets setting out the incentives available. There should be increased funding through the CIDB for tourism sector development to encourage upgrading and expansion of existing tourist accommodations, with specific incentives included. It may be necessary to consider an increase in quota restrictions on the import of foreign-made handicrafts. Training incentives need to be broadened and expanded. Costs of housing for returning Cook Islanders need to be offset against tax for an initial three to five-year period. The resale of businesses should be subject to less restrictions. Concessions should be directed equally to Cook Islanders and foreign investors. The Government should ensure that a regular and appropriate inter-island shipping service is in place, through the use of

incentives and subsidies where necessary. A package of incentives/disincentives should be developed to promote wise environmental management. Incentives should only be given for tourism developments which are consistent with and which assist Government policy. Consequently, incentives would not be automatically granted, but be selective. For example, if a developer wants to develop a project which is too large or located in an environmentally-unsuitable area, then incentives should not be granted.

Estimates have been made of the economic impact of the strategy. Tourism expenditure is targeted at \$NZ 63.3 million for 1995 and \$NZ 98 million for the year 2000. The retained earnings targeted for 1995 and 2000 are \$NZ 34.8 million and \$NZ 58.5 million, respectively at current prices. This is \$NZ 28.7 million in 1995 and \$NZ 39.8 million in 2000 at constant 1990 prices. Between 1,200 and 1,400 full and part-time jobs will be generated by the tourism sector. The accommodation sector will generate about 385 full and part-time jobs, and this number is projected to grow to over 800 by 1995. Government revenue generated by the sector is estimated to amount to approximately \$NZ 15.0 million in 1990. By 1995, the Government could be deriving about \$NZ 18 million in revenue, and this could increase in real terms to over \$NZ 20 million by the year 2000. If inflated by five per cent a year these revenue figures would increase to \$NZ 20 million and \$NZ 25 million, respectively.

7. Tourism Master Plan implementation

The strategies and action programme of the Master Plan should be promoted through presentations, seminars and discussions involving other Government departments/agencies, outer island councils and communities, private sector operators and prospective investors in the sector and by distributing the published document to the range of organisations detailed previously, along with bilateral and multilateral aid agencies. Effective implementation of this Plan will require full and close cooperation between the various departments/agencies of the Government of the Cook Islands, at the operational level through CITA.

A Tourism Master Plan Implementation Committee (MPIC) has been established to programme, monitor and review the execution of the Plan. The Tourist Authority Act provided for the establishment of a Tourism Advisory Council, comprising a wide representation of interests, including the outer islands, to advise and assist in the formulation of appropriate tourism policy and development. This council has been superseded by the Tourism Master Plan Implementation Committee.

The primary purposes of MPIC would be to develop and facilitate the programme of projects and activities in fulfilment of the Master Plan; to ensure full coordination and liaison between different organizations involved in the Plan's tourism projects and activities; to monitor and review progress of the execution of the Plan's programming of projects and activities; to initiate remedial actions and other actions, as necessary, to ensure the full and effective execution of these projects and activities and to review on at least an annual basis and, if necessary, prepare recommendations to the Government on the revision of the objectives and targets set out in the Master Plan.

The MPIC reports directly to the Government minister responsible for tourism. MPIC has a full-time secretarial service provided by CITA. The MPIC's activities include meetings throughout the country, with committees related to specific projects or issues, planning the organization (with CITA) of an annual National Tourism Forum and contracting consultants for specific project inputs. Under the direction of MPIC, each of the broad eight project/activity areas indicated under the NZODA Implementation Assistance Programme, have a working group (or sub-committee) responsible for programming, taking appropriate actions and reporting back to the full committee of MPIC. Other working groups with specific projects (such as the proposed sewage/solid waste disposal project) have been established. It is proposed that the following procedure should be followed in each case: (a) appointment of working group (or sub-committee); (b) holding of a workshop, with all relevant interests invited to participate, to launch the Plan's recommendations/proposals on the project/activity in question; (c) development of a specific plan of action with assigned responsibilities and (d) carrying out the plan of action, directed and monitored by the full committee of MPIC.

The Outer Islands Tourism Development Committee was established as the counterpart to the National Tourism Master Plan Implementation Committee. It is specifically oriented towards providing local coordination and consultation in the implementation of projects within the Plan and those under the New Zealand-funded Tourism Master Plan Implementation Assistance Programme. Its role and function

are important, but there is a need to broaden the scope of responsibility of the Committee so that consideration of wider issues affecting overall tourism development on the other islands also comes under its purview. The Outer Islands Tourism Development Committee plays a vital role in the process by providing the framework for key interest groups in the community to participate. It contributes to sorting out issues and priorities, monitoring and coordinating the progress of the plan, programmes and providing necessary feedback.⁷ Important interest groups in the community are already represented on the committee, with other parties to be incorporated when the need arises. Most committees have representation from the following interest parties:

- Island Council Representative
- Government Representative
- Representative of the Aronga Mana
- Ministry of Health
- Ministry of Education
- The Conservation Services
- Tourist Operators
- Religious Organisation
- Ministry of Cultural Development
- Airline Representatives
- Ministry of Agriculture

The Outer Islands Tourism Development Committees also have the task to prepare the Tourism Development Plan for their own islands, whereby the community has an input in the way tourism should develop for their own islands on the basis, "for the island, by the island, as they want."

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3. FEDERATED STATES OF MICRONESIA

– Edgar Santos

1. Introduction

Tourism in the Federated States of Micronesia is generally recognized as having great potential to contribute significantly to economic development through employment, exports, national and state revenues. This can occur only as additional quality accommodations, better transport connections and improved recreational activities are developed in each of the four states.

Both the national and state governments of the Federated States of Micronesia have watched with keen interest as world and regional tourism have experienced rapid rates of growth over the past ten years, with an increasing share of the market going to third world countries. Not surprisingly, the development and promotion of tourism is being undertaken by both the state and national governments.

While each state has developed tourism development plans, these have not been coordinated with the national government or with the other states. Moreover, the role of the national government in the development of tourism vis-à-vis the states has still not been clearly defined. Although some may argue that tourism development is best left to the individual states, there is unquestionably an efficiency to be gained from the synergy created by having state efforts supported by the national government and in the sharing of information and resources between the states and the national government.

This plan recommends a goal, objectives and the nationwide strategies necessary to achieve significant and beneficial tourism growth in the Federated States of Micronesia. Additionally, this plan describes the role of the national government in the development of tourism as one of the three major areas for national economic development.

The situation analysis, goal, objectives, strategies and government roles were presented at the first National Tourism Conference held in Chuuk 18 to 22 July 1994 and sponsored by the Secretary of Resources and Development. Delegates from all states attended, including government officials and representatives from private industry. The conference was valuable for its ability to present a forum for the sharing of ideas and concerns and an appreciation for the requirements regarding the development of tourism within each state. Of particular significance was the unanimous agreement by all state delegations and the national government on the kind of tourism to be pursued, the role of the national government and the strategies to be pursued by the national government, state governments and the private sector.

2. Value and benefits of tourism

Tourism can result in significant positive contributions to the states and the nation. While none of these accrue automatically, they can be reasonably projected and cultivated. Identifying the desired outcomes to be expected from tourism development in advance can help to insure they are realized.

Tourism can be a significant tool for economic development, because tourism creates jobs in businesses that are both directly and indirectly involved. Directly involved are those which provide a service for tourists, such as hotels, tour guides and car rental companies. Indirectly involved includes those which support businesses in the tourism industry such as accountants, farmers and carpenters.

Tourism supports economic diversification within a country. Tourism requires products and services and, therefore, stimulates the development of other economic sectors such as agriculture, fisheries, construction, retail, professional services, transportation, and financial services.

Tourism generates tax revenues. National and state government revenues are generated through various taxes and fees including the gross revenue tax, hotel tax, car rental tax, airport tax and fuel tax. Moreover, some of these government revenue sources have a multiplier effect. For example, while a gross revenue tax is collected from a restaurant on the revenues generated from sales to tourists, it also collects a gross revenue tax from the food distributor that sells the food to the

restaurant. Tourism stimulates private investment. The success and accompanying growth of tourism attracts the attention of foreign entrepreneurs and foreign investment. The foreign investment occurs not only for businesses directly in tourism, but also for those indirectly involved.

Tourism provides for infrastructure expansion and improvement. Tourism can increase the demand for additional infrastructure facilities such as roads, sewerage, water, and power. It is common practice for the tourism industry to contribute towards the development of these infrastructure facilities through taxes, assessment fees and construction of shared usage facilities (such as roads or wells). Tourism fosters the development of public facilities. Tourism can provide for various public facilities such as parks, schools, beaches, swimming pools, hiking and biking trails and preserved botanical gardens. Many of these can be accomplished by government with the additional revenues generated from tourism. Many will come from the private sector as their contribution to the improvement of the quality of life of the resident population.

One of the major reasons why tourists visit foreign destinations is to learn about and experience other cultures and lifestyles. In meeting this need, residents and businesses are stimulated to learn and explain the history of their own culture and lifestyle as exhibited in such areas as dance, music, dress, cuisine, language and stories. This self-education fosters pride and self-esteem as individuals see and feel the interest and appreciation genuinely expressed by tourists. The result is a rekindling of interest in one's own heritage and the resurgence of things that are genuinely and uniquely Yapese, Chuukese, Kosraean or Pohnpeian.

Tourism can also result in the development of art displays, museums and galleries, and restoration and preservation of historical and archaeological sites. Some occurs as a result of the cultural resurgence, others come as a response by the private industry to please the desires of tourists and to demonstrate a social responsiveness to the local community. In any case, tourism growth in the Federated States of Micronesia can mean incorporation of traditional architectural design in public and commercial buildings, such as government buildings, libraries, shopping centers and hotels; restoration and preservation of historical sites and artifacts such as former gun emplacements, Nan Madol and Lelu; adoption of cultural history and tradition into the public school curriculum.

Finally, tourism can serve to enrich the local population through their first-hand experience of foreign cultures, traditions, values and lifestyles. While much can be learned from books about Asia, Western Europe and the United States, there is no substitute for the knowledge gained from personal interaction with tourists from these areas. With tourism, the world becomes smaller, friendlier and less intimidating for the visitor and the host.

As one way of measuring the economic impact of tourism, certain government revenues from taxes and fees were considered for analysis. The analysis presented here is not intended to be comprehensive, but serves to illustrate the significant kinds of government revenues that could be derived under a defined scenario. Analysis was confined to three common government revenue sources: gross revenue tax, hotel tax and airport departure fee. As such, the suggested potential government revenues, while significant, are still considerably understated.

In this particular instance, the analysis is based upon an annual visitor count to the Federated States of Micronesia of approximately 100,000 visitors, averaging a length of stay of four days. This is slightly over three times the annual visitor count the country has experienced over the last four years. The visitor count over the last four years has basically flattened out and remained in the high twenty thousands.

The calculations indicate the shortcomings of focusing on number of visitors per year and ignoring other significant factors such as the length of stay, expenditures per day, number of states visited and kinds of activities conducted during the visit.

The following assumptions are made:

- 100,000 visitors per year
- average length of stay of four days
- 400,000 visitors days per year
- average expenditures per day of \$US170
- average number of 1.5 states visited per visit

Average expenditures per day per visitor

- hotel \$US50
- meals \$US25
- transportation \$US20
- activities \$US50
- shopping \$US25
- total \$US170

Computation of gross revenue tax (GRT)

- \$170 per day x 400,000 visitor days = \$68 million x 3 % = \$2.04 million

Computation of hotel tax revenues

- \$50 per day x 400,000 visitor day = \$20 million in hotel revenues
- \$20 million hotel revenues x 10 % hotel tax rate = \$2 million

Computation of airport departure fee (ADF)

- 100,000 visitors per year x \$10 per visitor = \$1 million
- \$1 million x 1.5 states visited per visit = \$1.5 million

Computation of government revenues derived from tourism

- GRT \$2.04 million
- Hotel Tax \$2.0 million
- ADF \$1.5 million
- Total \$5.54 million x multiplier factor of 1.5 = \$8.3 million

These calculations do not include:

- Import tax on goods sold to tourists and residents benefiting from the tourism sector; or support to the tourism sector such as fuel, construction materials, or equipment
- Car rental tax
- Diving fee
- Possession tax
- Airport landing fees
- Business license fees

3. Goal

The Federated States of Micronesia has selected tourism as one of three areas of focus for economic development (the other two are agriculture and fisheries). In developing the tourism sector, national and state government officials and the private sector have stressed the importance of doing so in a controlled manner so that no serious sociological or environmental problems arise. At the same time, they recognize the reality that tourism development will inevitably pose some threat to cultural traditions and the environment. The goal is to strike a balance between the two and to let each state decide the best course of action based on each situation.

The goal is not just overall tourism development, but development of a tourism product that is defensible and sustainable over the long-term by incorporating the unique culture and resources of the Federated States of Micronesia. This is particularly important as the tourism product then offers a unique competitive advantage in what is already a highly competitive market, because it encompasses attributes that cannot be duplicated by competitors.

Specifically, the stated national tourism development goal is,

To create a sustainable tourism industry as a significant contributor to the nation's economic development based on the Federated States of Micronesia's particular natural and cultural resources and that optimizes the economic benefits while addressing the cultural and environmental impacts.

4. Objective

A more specific, quantifiable objective is suggested. This will not only be of use in planning for specific strategies and programme development, but also serve as a benchmark for measurement and evaluation.

The tourism marketing objective was selected based on a number of factors. These included the number of visitors in recent years, condition of infrastructure, handling capacity, planned hotel development, ability to develop and maintain sustainable tourism and the generation of significant revenues. Also considered was the desire to be somewhat aggressive without having a dangerous impact on traditional lifestyles and culture. While more aggressive numbers can be developed, the following objective reflects a situation that would allow the Federated States of Micronesia to consider the social and economic impact of achieving its objective without putting it in a position of having uncorrectable consequences. It is an incremental objective, reflecting a cautious attitude. The marketing objective over the next three to five-year period is to attract 100,000 visitors per year with an average length of stay of four days. This would be equal to an average of 1,095 visitors per day and 400,000 visitor days per year.

5. Positioning strategy

A positioning strategy describes the unique character that is to be perceived and experienced. The position should be such that it would motivate the target market to action by visiting. The position should be attainable and, once adopted, drive the specific development of the marketing factors of product, place, price, promotion and process.

In order to achieve the marketing goal and objective, it is recommended that the Federated States of Micronesia adopt the following positioning strategy:

Marketing activities will position a visit to Micronesia as a magical, other-world experience, one of rebirth and rejuvenation. It is a unique experience, bringing one in touch with a special island way of life found only in Micronesia. That spirit is personified in its people, shrouded by the mantle of its natural beauty and its pristine waters and landscape, exemplified in its culture and reflected in its activities.

A visit to Micronesia is a vacation back in time and back to nature: away from congestion and pollutants. It is one of pristine oceans and rain forests, teeming with life; where flora, fauna and wildlife flourish in their natural state untouched by development. It is an adventure and cultural experience characterized by authenticity.

Micronesia offers more than one experience because it is more than one state. While the Micronesian experience is common in a visit to any of the states, it is presented differently in each. Each has its own separate character and personality thus providing new experiences to the repeat visitor on each successive visit.

Micronesia provides the traveler a quality experience and returns high value for consumers.

While no theme is suggested at this point, the general positioning encompasses a theme similar to "Magnificent Micronesia" in that all of the Federated States of Micronesia are promoted with no focus on any one particular state. The suggestion is that, ultimately, one must visit all of the states in order to have truly experienced Micronesia.

The character of each state is different, yet all come together to form the whole. Each state has its own personality and charm and offers something different to visitors. While each state offers ecotourism, adventure tourism, and cultural tourism, the following focus is suggested for each of the states:

Pohnpei offers ecotourism and adventure tourism. This is supported with such attractions as Nan Madol, waterfalls, mangrove forest, reefs, carving and weaving of handicrafts, remote and private islands. Potential activities include hiking, cycling, camping, kayaking, scuba diving, snorkeling and fishing.

Yap offers cultural tourism and adventure tourism. This is supported with such attractions as men's house, cultural village, stone money and stone money banks, dancing,

handicraft-making, marine life and mangrove forests. Potential activities include cultural events, guided tours of cultural sites, cycling tours, kayaking, hiking, reef diving and fishing.

Chuuk offers adventure tourism with specific emphasis on wreck diving. This is supported with such attractions as historical sites of the Second World War on various islands and in the lagoon. Potential activities include wreck and reef-diving, hiking, and kayaking.

- Kosrae offers ecotourism and cultural tourism. This is supported with mangrove forests, Leluh, beaches and handicraft making. Potential activities include cultural events, guided tours of cultural sites, reef-diving, hiking and kayaking.

6. Competition

While all major destinations are competitors, there are three travel destination areas that are of particular concern. They are:

- (a) The Caribbean, which is a sun-and-sea destination promoted worldwide with multi-million dollar promotional budgets for mass advertising for mass markets.
- (b) Other Pacific Islands, such as Bali, Papua New Guinea, Palua, Fiji, Vanuatu, Tahiti, American Samoa, Guam, Saipan, island destinations which appeal to adventure, culture, ecotourism, and water sports enthusiasts.
- (c) Asian and Pacific destinations (Thailand, China, Malaysia, Singapore, Japan, Australia) have major appeal to adventure and cultural tourists, with promotion worldwide with multi-million dollar promotional budgets for mass advertising in mass markets.

The Federated States of Micronesia need to monitor these destinations, with particular attention to their positioning strategies and target markets. This competitive information will be useful in maintaining a competitive differentiation.

7. Target audiences

Key target audiences for a successful tourism program are:

- (a) Residents – The local population must understand, endorse and support the value of tourism and the requirements for a sustainable tourism product.
- (b) Current visitors – (business and leisure) The best potential customer is the existing customer. They not only can become repeat customers, but they can influence others to become customers. Marketing to existing customers is much more cost-efficient than developing new ones.
- (c) Past visitors – These individuals already have some first-hand experience. Their negative concerns can be addressed with new information. Promotional programs would leverage the positive experiences. Marketing to past customers is much more cost-efficient than developing new ones.
- (d) New visitors – These include adventure tourists, cultural tourists, and ecotourists. Niche groups would include military buffs and veterans and scuba divers. The new visitor target group would be described as adventurous, reclusive, experimenters, and environmentally and culturally-sensitive. They are people who desire something different, out of the ordinary and prefer no crowds.
- (e) Visitor industry professionals – This includes travel writers and wholesalers, individuals who help in reaching and persuading the potential visitor.

While target audiences can be found in countries around the world, the following countries offer the highest potential for success and greatest return in investment in attracting visitors: the United States, Japan, Europe (Germany, France, Italy, Switzerland), Australia, and Canada. These are targets for a combination of reasons, including a concentration of divers, adventure and cultural tourists; geographical proximity to the Federated States of Micronesia; and propensity for the population within those countries to travel.

8. Marketing strategies

To achieve the desired goal and objective, twelve strategies are recommended. (Those with an asterix are recommended as the most immediate strategies to be developed, funded and implemented as detailed programmes).

- (a) Improve the quality and reliability of the country's infrastructure.*

The ability to cultivate any industry growth, attract more tourists and foreign investors is directly dependent upon the development and maintenance of a high quality reliable infrastructure. These infrastructure elements include transportation, communications, waste disposal, energy, and water. Specifically, this means the consistent availability of effective and efficient roads, airport operations, drinking water, electricity, road and a clean environment.

- (b) Define the role of the national government, state government and private industry in the development of tourism and an organizational structure involving these three parties.

Currently, there is a confused mix and disagreement over the expected role of each of the major players in tourism development. Until these are resolved to the satisfaction of all, efforts could be at cross-purposes or without the necessary resources to make them effective.

- (c) Educate residents, businesses and government officials on the value of tourism, the requirements for successful tourism development and their role in that development.*

Tourism development will require tough decisions regarding commitment and use of limited resources. The quality of the decision-making process is dependent upon the knowledge and commitment of all of those who have an impact on tourism development. This strategy is directed at those directly involved in the tourism industry as well as those from the public and private sector involved in other areas. This includes national and state policy-makers; government officials in immigration, customs, agriculture, fisheries, taxation, education and transportation.

- (d) Improve the technical competence of those working directly and indirectly in the tourism industry.

Travelers have defined expectations regarding those working in public and private service industries and agencies. Currently, the level of performance is below visitor expectations in many areas and this works against repeat visits or travel by others who are influenced by them. This strategy is aimed at improving the skills of hotel and restaurant workers, guides and tour operators as well as store keepers and police, news media and residents.

- (e) Cultivate strategic alliances and partnerships in tourism industry development and promotion.

There are numerous national and regional organizations and associations, governments and businesses who would benefit from tourism development in the Federated States of Micronesia. It is also understood that there is strength in numbers and in pooling resources. The gain for the Federated States of Micronesia is additional financial resources, increased knowledge and access to markets not available if done alone.

- (f) Develop more refined visitor information and analysis.*

Efficient and effective planning and evaluation of tourism marketing efforts require quality, timely and accurate information about visitors. This means the establishment of coordinated processes at the state and national levels that measure the number of tourists, purpose of visit and the number of previous visits, length of stay, whether group or individual travel, type of travel package, expenditures per day and type, activities used and satisfaction level.

- (g) Identify or create dedicated funding sources for tourism promotions.

Tourism development and promotion is a long-term process requiring long-term planning and commitment. Currently, there are no long-term financial commitments to tourism promotion, and as such it is difficult to develop long-term plans and cultivate strategic alliances and tourism promotional partnerships. Funding sources should be identified which allow those funds to be used exclusively for tourism development or promotion. Examples of such sources include the hotel tax, airport departure fee, diving fee or a portion of the GRT.

- (h) Integrate the development of tourism with other economic development programmes.

A viable and sustainable national and state economic development program should leverage many industries while integrating them to maximize resources and gain the synergy of their interdependence. For example, this could include tourism and agriculture; the local harvesting of vegetables and fruits that tourists eat, either exclusively available locally or those familiar to the visitor.

- (i) Integrate and cultivate the indigenous culture and arts into the tourist experience.*

Sustainable tourism development requires adhering to and promoting the unique aspects of the product offering. In this instance, the indigenous culture and arts of each of the Federated States of Micronesia are the unique product offering. No other nation can use that as an enticement. It is the unique culture and art that the Federated States of Micronesia offers that attracts tourists. It is the ability to consistently deliver that product in a manner meeting or exceeding customer expectations that keeps the customer coming back and recommending a visit to others. The indigenous culture and art of the individual states can be integrated into the tourist experience and displayed in various ways: architecture, literature, music, painting, sculpture, apparel, decorations, language, information, packaging and branding. The more ways that are used, the better.

- (j) Coordinate national, state and private industry tourism development programmes.

Successful tourism development requires the integration of product, pricing, place, promotion and process into a viable and cohesive unit. It is thus critical that the efforts of all the players in these five areas be coordinated to avoid duplication, lack of focus or counter-productive objectives and efforts. Coordination and cooperation can result in cost reductions and improved efficiencies and effectiveness.

- (k) Develop and implement programmes to preserve historical sites, environment and marine life.*

All of the Federated States of Micronesia possess assets that can be duplicated only in very few places in the world. In some instances they cannot be duplicated anywhere else in the world. These assets serve to give the Federated States of Micronesia a competitive differentiation. Once the assets are gone, they are gone forever.

- (l) Conduct beautification and clean-up programmes.*

It is often said that you do not have a second chance to make a first impression. As visitors, our impressions are guided by what we first see on arrival at the airport, the ride to the hotel, and the hotel itself. Just as we would clean our homes because we have guests coming, so too visitors are affected by the presence or lack of hospitality signals. The litter and lack of maintenance of homes and buildings fosters a feeling that residents lack pride, that they do not care about visitors, that visitors are not welcome. It also sets a bad example for visitors, in essence telling them that it is acceptable to litter and destroy the environment. On the other hand, well-maintained and attractive areas foster a sense of welcome, enhance the natural beauty of the states and instill in visitors a similar value, encouraging them to also take care of the environment.

Annex table 1. Hotel carrying capacity in the Federated States of Micronesia, 1995

<i>Number</i>		<i>Average occupancy rate</i>					
<i>Carrying capacity (percentage)</i>	<i>100</i>	<i>90</i>	<i>80</i>	<i>70</i>	<i>60</i>	<i>50</i>	
Pohnpei	220						
Yap	53						
Chuuk	141						
Kosrae	43						
Total	457						
Room nights per year	166 805	150 125	133 444	116 764	100 083	83 403	
Visitors per year @1/rm	33 361	30 025	26 689	23 353	20 017	16 681	
Visitors per year @2/rm	66 722	60 050	53 378	46 705	40 033	33 361	
Required							
Visitor count per year	40 000	40 000	40 000	40 000	40 000	40 000	
Hotel rooms @1/rm	548	609	685	783	913	1 096	
Shortfall	(91)	(152)	(228)	(326)	(456)	(639)	
Hotel rooms @2/rm	274	304	342	391	457	548	
Shortfall	183	153	115	66		(91)	
Required							
Visitor count per year	100 000	100 000	100 000	100 000	100 000	100 000	
Hotel rooms @1/rm	1 370	1 522	1 712	1 957	2 283	2 740	
Shortfall	(913)	(1 065)	(1 255)	(1 500)	(1 826)	(2 283)	
Hotel rooms @2/rm	685	761	856	978	1 142	1 370	
Shortfall	(228)	(304)	(399)	(521)	(685)	(913)	

4. FIJI

– *Samisoni Tikomaimaleya Sawailau*

1. Development of tourism in Fiji

Fiji's tourism industry did not develop from tourism demand within the economy or simply from metropolitan citizens who visit Fiji. Rather, tourism had its origin in the trans-Pacific shipping trade in the early twentieth century. Australian and United States' shipping lines used Fiji as a principal transshipment port while passengers disembarked and changed ships for their north or south-bound section of the Australian – North American route. When ships were rarely able to keep to their advertised timetable, hotel, boarding houses and other services were established.

Fiji's first landmark accommodation was the Grand Pacific Hotel (GPH) built in 1914 to complement five other boarding houses that had been established. Simultaneously, a White Settlement League was formed by the early white settlers with terms of reference, "...to make recommendations with a view to popularising the colony to tourists, to provide facilities to tourists to visit places of interest, to consider the best suitable methods of providing funds for the objects it desired to attain...". Tourists were also encouraged to return and purchase land for investment purposes.

The League was institutionalized as the Fiji Publicity Board in 1924, and by 1952 the name was changed to Fiji Visitors Bureau (FVB). Through this institution, the FVB began acquiring membership in relevant international organisations such as PATA in 1958, in order to conduct a comprehensive study of the tourism potential of Fiji.

The development of tourism in Fiji over the years may be considered in four phases. (See annex figures 1 to 4 which shows the patterns.)

The first phase was prior to 1964. Tourism in Fiji was very much at an embryonic stage. Since the inception of one hotel in 1914, the GPH, plus other boarding houses, there were 1,328 landing visitors, 6,426 cruise passengers and 13,923 through passengers to Fiji in 1937. In 1963, 31,000 tourists visited the country.

The second phase, the period from 1964 to 1971, saw the development of mass tourism. In 1965, visitor arrivals numbered 40,000 and there were less than 700 hotel rooms. The average annual growth rate was about 20 per cent this period. There was expansion of room numbers, development in the aviation sector and greater attraction in the shipping industry. The Hotels Aid Act was introduced and the Fiji Visitors Bureau was formally constituted as the promotion and marketing arm of the Government. There were also duty free shopping incentives.

The third phase was a period of hesitant growth from 1971 to 1984. This hesitant growth was attributed to the global energy crisis of the early 1970s, the rationalization of air-traffic, the devaluation of Australian and New Zealand currencies and natural disasters in Fiji.

The fourth phase was the period of recovery growth from 1984 to 1986. Recovery was attributed to the political crisis and its negative impact on the country's economy, the devaluation of Fiji's dollar, greater emphasis by the government to aggressively re-establish Fiji's tourism image in the international market place and the Fijian people.

2. Tourism sector policies

Policies and strategies for the development of the sector focus on:

- (a) active marketing and promotion of the tourism industry through the Fiji Visitors Bureau and the private sector to boost visitor arrivals and diversify source markets;
- (b) securing adequate airline capacity through the attraction of additional foreign airlines into Fiji;

- (c) encouraging investment in tourism plant to realize the full development potential of the industry;
- (d) strengthening linkages with the rest of the economy to ensure that increased shares of the tourist dollar are retained through local participation and
- (e) enhancing Fijian participation, particularly in rural areas, through encouragement of small business/commercial activities in secondary tourism activities, eco-tourism and direct links to established tourist plants.

3. Review of visitor statistics

The performance of the industry over the years is summarized in table 1.

Table 1. Visitors, length of stay and expenditure in Fiji, 1986-1993

	1986	1987	1988	1989	1990	1991	1992	1993
Visitors (thousand)	258.0	190.0	208.7	250.6	279.0	259.0	278.5	287.5
Length of stay	7.9	8.3	8.5	9.2	8.8	8.6	8.7	8.5
Visitor days (million)	2.0	1.6	1.8	2.3	2.5	2.2	2.5	2.4
Expenditure (million of dollars)	185.0	148.9	184.0	292.4	294.6	285.7	328.5	363.6

After a record level of 258,000 visitors in 1986, the industry suffered a major setback in 1987. There was loss in profitability, employment and investment in tourism in Fiji. The industry recovered slightly in 1988 and advanced to full recovery in 1994, when a new record number of visitors arrivals was set at 318,000, while tourism earnings were \$419 million. However, visitors arrivals in 1991 fell by 7.2 per cent to 259,000, and subsequent tourism earnings fell to \$285.7 million. Visitors stayed an average of 8.6 days. The decline in visitors arrivals in 1991 was mainly due to the recession in major markets, coupled with increased competition from other destinations.

Faced with the recession in Australia and New Zealand, the government and the industry in association with airlines and hotels prepared special packages of low airfares and low-cost accommodations, combined with intensive marketing to improve visitors arrivals to Fiji.

While maintaining traditional source markets, efforts will continue to diversify Fiji's source markets as a means of sustaining visitor flows to Fiji. Table 2 indicates the changes in visitor sources from 1986 to 1993.

Table 2. Share of visitor arrivals to Fiji by source markets, 1986-1993

	<i>(percentage)</i>							
	1986	1987	1988	1989	1990	1991	1992	1993
Australia	33.5	34.4	36.2	38.7	37.1	33.4	31.4	27.0
New Zealand	8.8	8.5	10.3	11.2	10.5	11.8	13.4	14.2
United States	27.0	24.7	20.2	13.7	13.2	12.3	12.5	14.8
Canada	9.2	8.9	8.1	6.6	6.6	5.9	4.5	4.3
United Kingdom	3.9	4.5	4.1	4.6	6.0	6.4	6.0	7.0
Continental Europe	5.9	7.8	9.8	9.5	9.8	10.1	10.6	10.4
Japan	4.6	2.9	1.6	5.5	7.7	10.7	12.9	13.3
Pacific Islands	4.9	5.9	6.8	7.2	6.2	6.3	5.6	5.9
Others	2.2	2.4	2.8	2.9	2.6	3.1	3.1	3.1
Total	100.0	100.0	100.0		100.0	100.0	100.0	100.0

The period from 1986 to 1993 has been characterized by a decline in the United States and Canadian markets, taken up by growth in the share of other markets including Australia, New Zealand, Continental Europe and Japan. The significant decline in the share of the United States market and Canada is mainly due to the withdrawal in 1988 of both Continental Airlines and Canadian Pacific, leaving Fiji's tourism industry without the services of a North American carrier for a period of time. Polynesian Airline's plan to begin services from Australia to North America through Fiji should help restore visitor arrivals from the North American market. This is in line with government policies to securing adequate airline capacity through attracting additional foreign airlines into Fiji. Air Pacific's new services to Los Angeles from July 1994 greatly boosted visitor arrivals from the American market.

The 1990-1993 period has been characterized by strong growth in the United Kingdom, Continental Europe and Japanese markets. Active marketing in these source markets by the industry and the Tourism Council of the South Pacific (TCSP) contributed to the trend. The share of the Japanese market, in particular, has increased significantly from 7.7 per cent in 1990 to 13.3 per cent in 1993. Japan has become Fiji's fourth largest source market, surpassing the United States market. The opening of the Japan Travel Bureau (JTB) in Nadi shows the commitment and confidence the Japanese travel industry has in Fiji's tourism industry.

Table 3 shows the purpose of visit of tourists to Fiji for the period from 1990 to 1993. It indicates that majority of the visitors visit Fiji came for holiday/relaxation purposes.

Table 3. Number of visitor arrivals by purpose and (percentage), 1990-1993

	1990	1991	1992	1993
Business	24 478 (9.5)	18 113 (7.0)	17 175 (6.1)	20 723 (7.2)
Holiday	212 774 (76.3)	209 146 (80.6)	228 517 (82.0)	233 081 (81.0)
Visit friends and relatives	13 643 (5.6)	14 146 (5.4)	16 997 (6.1)	16 912 (5.8)
Education and training	3 093 (1.1)	2 621 (1.0)	2 727 (0.9)	2 725 (0.9)
Others	21 008 (7.5)	15 324 (6.0)	13 118 (4.7)	14 021 (4.8)
Total	278 996	273 534	278 534	287 462

4. Fiji's hotel statistics

Table 4 shows the most recent hotel data identifying the concentration of hotels in the western region of the main island of Viti Levu. The weather is exceptionally ideal throughout the year. The islands and the coast line are rich with white sandy beaches.

Table 4. Summary of Fiji's hotel statistics, 1 April 1995

Region	Total hotels	Total rooms	Total dormitories	Total bungalows	Total beds
Western	101	3 631	114	415	8 907
Central	60	956	35	120	2 092
Northern	44	325	10	79	696
Eastern	24	73	9	29	212
Total	229	4 985	168	643	11 907

Table 5 shows the trend in hotel turnover from 1988 to 1992.

Table 5. Hotel financial statistics and turnover, 1988-1992

(million \$US)

	1988	1989	1990	1991	1992
Sales of meals and accommodation	71.5	101.2	131.0	121.8	123.1
Sales of liquor	15.2	20.8	21.6	20.1	20.2
Miscellaneous sales	7.0	9.6	11.2	11.9	11.9
Total turnover	93.7	131.6	163.8	153.8	155.2

After the decline of hotel turnover in 1987, there was slight recovery in 1988. The peak was in 1990 when it was set at \$163.8 million. However, with recession in major source markets and increased competition from other tourist destinations, hotel turnover declined in 1991 and then rose slightly to \$155.2 million in 1992.

In terms of room occupancy, the trend has been similar. After recovering in 1988, room occupancy advanced to full recovery in 1990 when an occupancy rate was recorded at 60.2 per cent. However, the occupancy rate has declined from 1991 to reach a low 51.3 per cent in 1992. It improved marginally in 1993 and 1994. See Table 6.

Table 6. Hotel occupancy analysis, 1988-1992

	1988	1989	1990	1991	1992
Capacity: Number of rooms available	1 493 198	1 500 742	1 531 622	1 616 782	1 626 959
Occupancy: Number of rooms sold	698 817	838 915	922 037	839 110	834 630
Room occupancy rate (percentage)	46.8	55.9	60.2	51.9	51.3

5. Incentives offered by the government

The Fiji government introduced the Hotel Aid Act in 1958 to attract foreign investors and help the country diversify economically into other sectors. This approach considers the restrictions in the country's natural resources subject to the smallness of the island nation. It has enabled the country to substantially develop and vigorously pursue improvement in the hotel industry. Details of the Act and procedures are in the annex.

6. Benefits and economic impact of tourism in Fiji

Tourism is now Fiji's largest foreign exchange earner, exceeding sugar for the past five years. A study undertaken in 1990 and reviewed by the Central Planning Office confirms that tourism is now a mainstay of Fiji's economy. Table 7 shows the economic impact of tourism earnings in the country. Table 8 shows a comparative analysis of earnings acquired by the major industrial sectors in Fiji.

Although the gross foreign exchange earnings are quite substantial, there is also a very high leakage of 56 per cent. However, mining and manufacturing also have relatively high leakages, 52 per cent and 51 per cent respectively.

Table 7. Visitor arrivals and corresponding foreign exchange earnings, 1990-1994

	<i>Visitor arrivals</i>	<i>Percentage Growth</i>	<i>Foreign exchange earnings (\$F million)</i>	<i>Percentage growth</i>
1990	278 996	11.3	294.6	9.3
1991	259 350	7.0	286.3	-2.8
1992	278 534	7.3	328.1	14.6
1993	287 462	3.2	363.3	10.7
1994	318 874	10.9	419.0	15.3

Table 8. Comparison of foreign exchange earnings by industry, 1988-1993

(\$F million)

	<i>Tourism</i>	<i>Sugar</i>	<i>Fish</i>	<i>Gold</i>	<i>Timber</i>
1988	186.5	190	48.9	81.3	25.6
1989	259.5	225	50.0	25.2	32.2
1990	294.5	224	60.5	75.7	37.8
1991	256.3	220	59.8	45.5	31.2
1992	328.1	221	41.3	60.7	35.7
1993	353.6	230	45.5	54.0	37.0

Source: Bureau of Statistics.

7. Conclusion

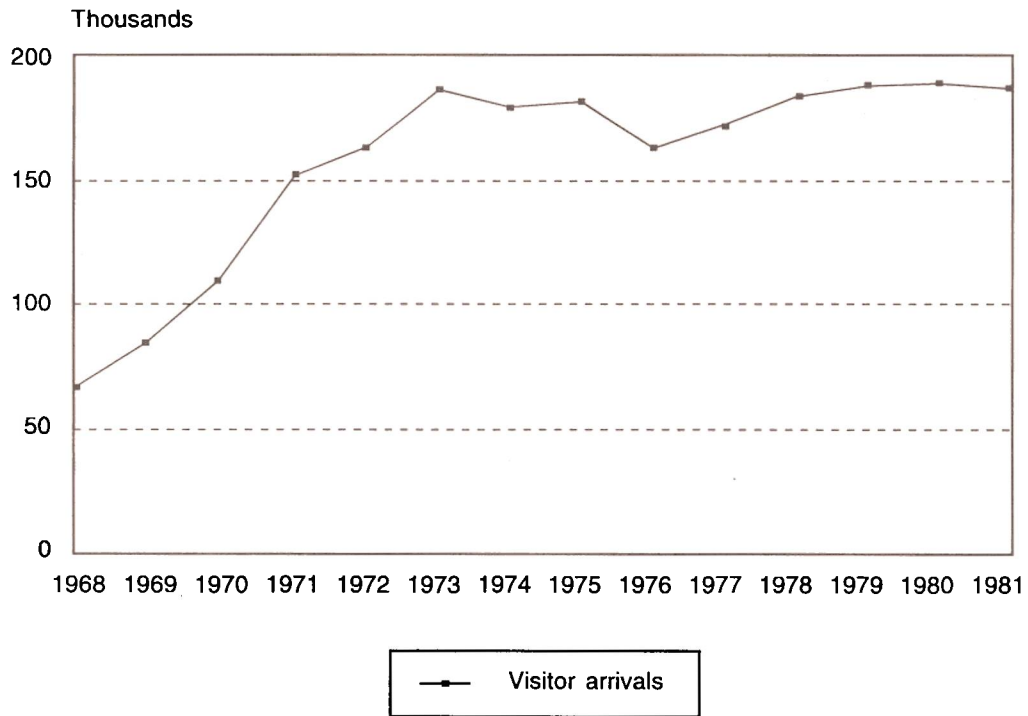
The tourism industry has not only recovered since the crisis of 1987, but has attained records for visitor arrivals and corresponding foreign exchange earnings. It is the largest employer in the country, providing around 14 per cent of the total wage labour. Tourism in Fiji also contributes about 16 per cent of the GDP and the tourist dollar has enormous multiplier effects, ultimately making the industry a great contributor to Fiji's economic growth now and in the future.

There is, however, a concern that the country has not been able to provide extra executive class hotel rooms as demanded by the market trends. The members of the industry, including local funding institutions, are seriously considering ways and means to build new up-market accommodations.

It is envisaged that with a broader outlook and positive attitude, Fiji would be able to expand accommodation capacity and initiate new strategies in ground and marine-based activities in eco-tourism, in particular. This will enable Fiji to offer a better and more attractive package when competing with the other tourism destinations in the international market place.

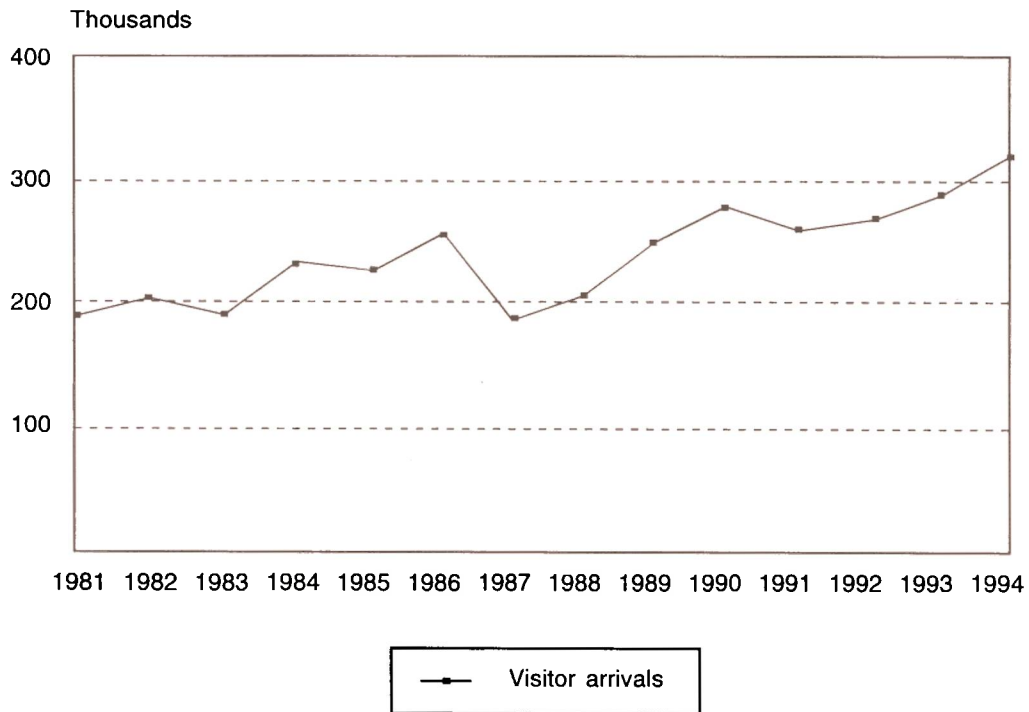
Annex figures

Annex figure 1. Number of visitor arrivals to Fiji, 1968-1981



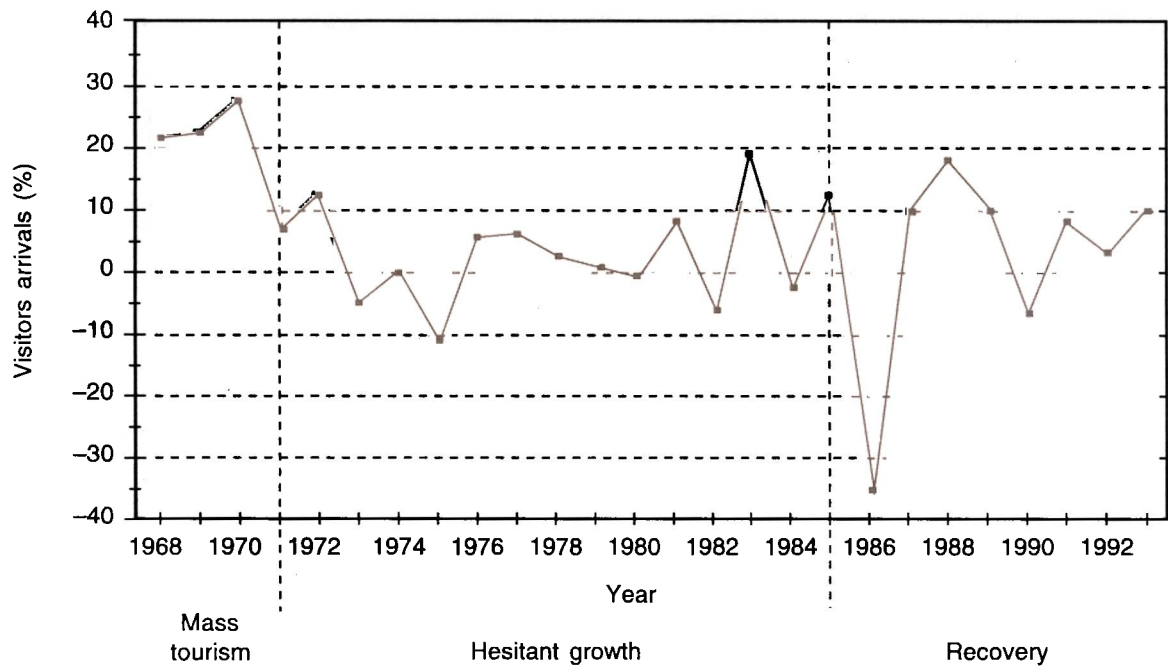
Source: Department of Tourism.

Annex figure 2. Number of visitor arrivals to Fiji, 1981-1994



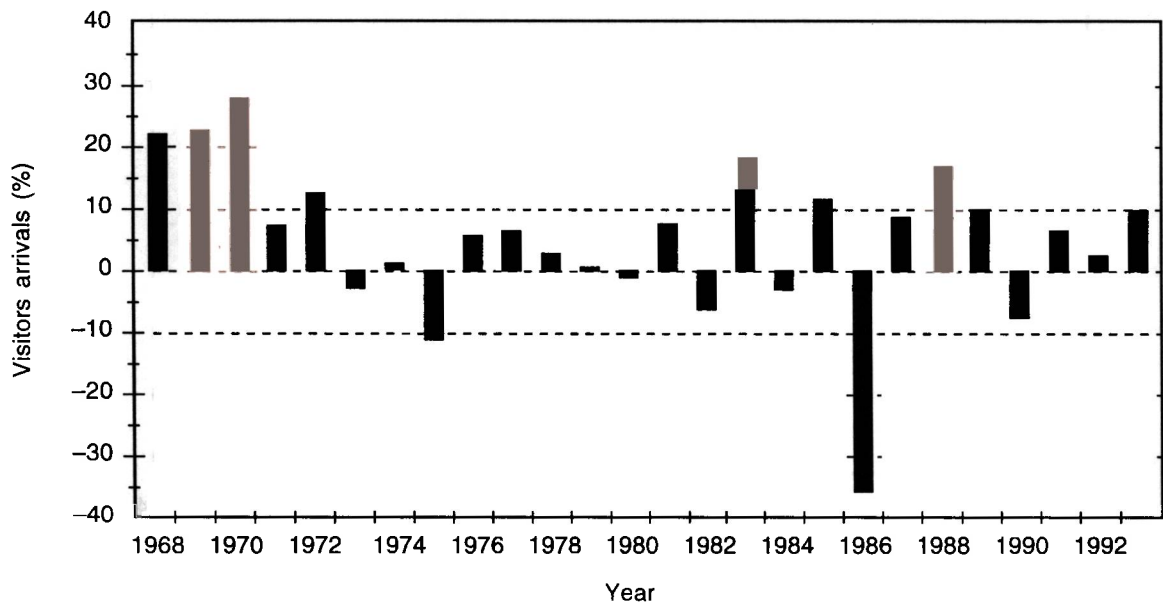
Source: Department of Tourism.

Annex figure 3. Percentage change in visitor arrivals in three phases, 1968-1994



Source: Department of Tourism.

Annex figure 4. Percentage change in visitor arrivals, 1968-1994



Source: Department of Tourism.

Annex

INVESTMENT PROCEDURES AND INCENTIVES

Legislation

The Hotel Act, introduced in 1958, has undergone several amendments since and provides a range of incentives and concessions to the industry. A hotel owner may apply for concessions for a new hotel project, or for extension. These apply to expenditure on buildings, plants, fixtures, fittings and equipment, but not on land.

Government approval

The Department of Tourism of the Ministry of Commerce, Industry and Tourism deals with tourism-related policies: in particular, it is responsible for administering the incentives under the Hotels Aid Act, encouraging investment in tourism development, promoting local involvement and monitoring progress of existing developments. MCIT and the FTIB would be approached on possibilities for investment in Fiji. Having made inquiries, the investor will make a formal submission to the FTIB as the main agency responsible for investment promotion, project appraisal and approval and co-ordination of links with other government bodies.

The project proposal is then submitted by the FTIB to the Tourism Committee for initial approval. The Committee consists of senior officials from the Ministry of Commerce, Industry and Tourism, the Ministry of Fijian Affairs and Native Lands Trust Board with FTIB acting as Secretariat. Recommendations are then passed on for further appraisal to the Projects Committee which meets every fortnight. The Projects Committee makes recommendations to the Minister of Finance and Public Enterprise and the Minister of Commerce, Industry and Tourism as to whether the project should be approved and the level of concessions that should be granted to the investor. Following ministerial approval, the FTIB conveys the decision to the investor. The above procedure normally takes eight weeks.

Having received approval, the applicant should liaise with such relevant authorities as:

- the Reserve Bank of Fiji regarding issue of shares and transfer funds, etc, in the case of foreign company or joint venture;
the Department of Customs and Excise for approved duty concessions;
the Ministry of Home Affairs for work permits;
the Commissioner of Inland Revenue and the FTIB, informing them of the actual date of hotel construction and operation in cases where concessions under the Hotels Aid Act are granted;
the Native Lands Trust Board or Lands Department for land approval and the Department of Town and Country Planning for land subdivision.

FISCAL INCENTIVES

Investment allowance

Projects for approved hotel building or expansion may be entitled under the Hotels Aid Act to receive an investment allowance. Under this, in addition to normal depreciation, 55 per cent of the approved capital expenditure on the project, excluding the cost of land, may be set off against the hotel owner's annual taxable income until claimed in full. Where it has not been possible to fully utilise the investment allowance against profits derived from the extension within five years from the time the project was completed, the balance can be used to reduce profits of any other hotel operated by the hotel owner.

The provisions under this Act were recently extended, and application can now be put forward for use of the investment allowance in renovations and refurbishing of hotels. Such applications will be considered by both the Minister for Tourism and the Minister of Finance on a case-by-case basis, each application on its merits.

Carry forward of losses

Tax losses incurred in any year may be set off against profits earned during the next succeeding six years. Where relief is claimed under the Hotels Aid Act, the six year period will commence from the last year in which relief under the Act is fully utilised or five years from the year in which the hotel began trading, whichever occurs first.

Tourist vessel investment allowance

A sea-going vessel constructed in Fiji and costing a minimum of \$100,000, used principally for the transport of tourists may entitle the owner to offset 55 per cent of the cost of construction against income from the vessel. Where the allowance remains un-utilised after the first three years, it may be set off against the income of other ships or income from other tourist activities carried on by the vessel.

Investment allowance of supportive projects

A cost write-off of 55 per cent may be allowed to a taxpayer against profits from the project or any other tourist activities, in setting up projects for the display as a tourist attraction, of the flora, fauna and other natural characteristics of Fiji, the history, traditions, cultures and the way of life of the Fijian peoples.

Company and dividend tax

Company tax in Fiji is 35 per cent. The Minister of Finance and Public Enterprise has the authority to exempt from tax part of the income of an approved enterprise for a period of up to five years. This exemption is fixed at a percentage of the capital, which can range from 15 to 25 per cent depending on the number of full-time employees. Dividend tax is not payable by non-resident companies on profits repatriated out of Fiji nor payable on dividends paid to a Fiji resident company. Interest-withholding tax is payable at a rate of 15 per cent on non-Fiji interest payable to a non-resident. However, applications may be made to the Minister of Finance to waive this amount. Non-residents are liable to income tax on profits arising from the sale of land in Fiji.

Personal income tax

Tax rates in Fiji have recently been revised. The introduction of Value Added Tax in 1992 has been accompanied by reductions in income tax rates. There is now three-brand system of flat rates of 15, 25 and 35 per cent applicable at incomes above \$4,500, \$7,000 and \$15,000 respectively.

Import duty concessions

Import duties are generally low on plant and equipment for hotel development and items not available locally. Examples include furniture, fittings and furnishings, building materials, equipment, including office equipment, etc. These items carry a fiscal duty of 10 per cent and a customs duty of 7.5 per cent. Boats and cruise vessels have a similar customs but a higher fiscal duty of 25 per cent. Substantial duty concessions are available under Code 122 of the Customs Tariff Act on items such as refrigerators, air conditioners, washing machines, etc. However, concessions are not granted for food and beverage items and on any type of motor vehicle.

Marketing tax allowance

Since 1982, all contributions to marketing and promotion activities organised or endorsed by the FVB are given a 150 per cent tax allowance. Expenditure qualifying for this assistance includes participation in FVB's promotional and marketing programmes, FVB endorsed cooperative or individual marketing efforts, and advertisements co-transportation, and agents fees.

5. FRENCH POLYNESIA

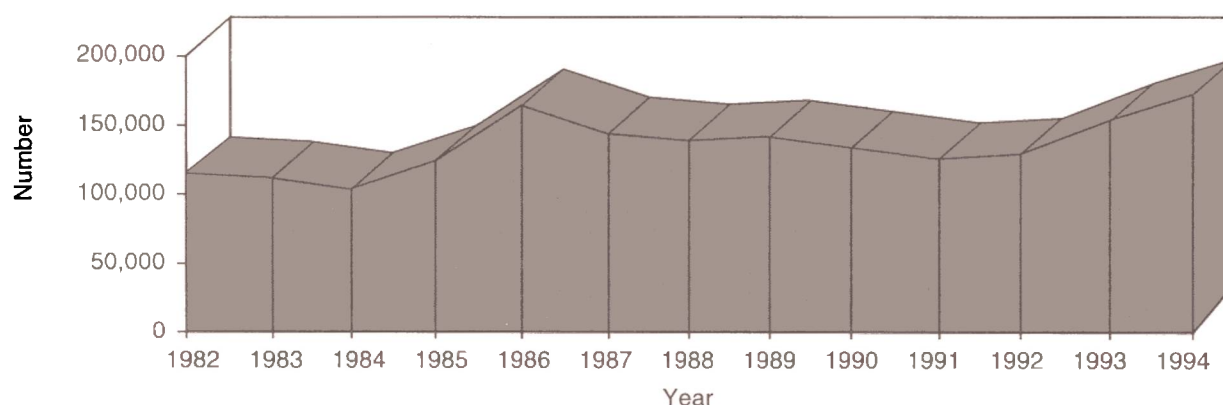
*Henriette Faremiro
Deat Eric*

1. General trends in inbound tourism

Table 1. Number of tourists to French Polynesia, 1984-1994

	<i>Number</i>	<i>Percentage change</i>
1984	101 505	-8.55
1985	122 086	20.17
1986	16 238	32.07
1987	142 820	-11.42
1988	135 387	-5.20
1989	139 705	3.19
1990	132 361	-5.26
1991	120 938	-8.63
1992	123 619	2.22
1993	147 847	19.60
1994	166 086	12.33

Figure 1. Trends in number of tourists, 1982-1994



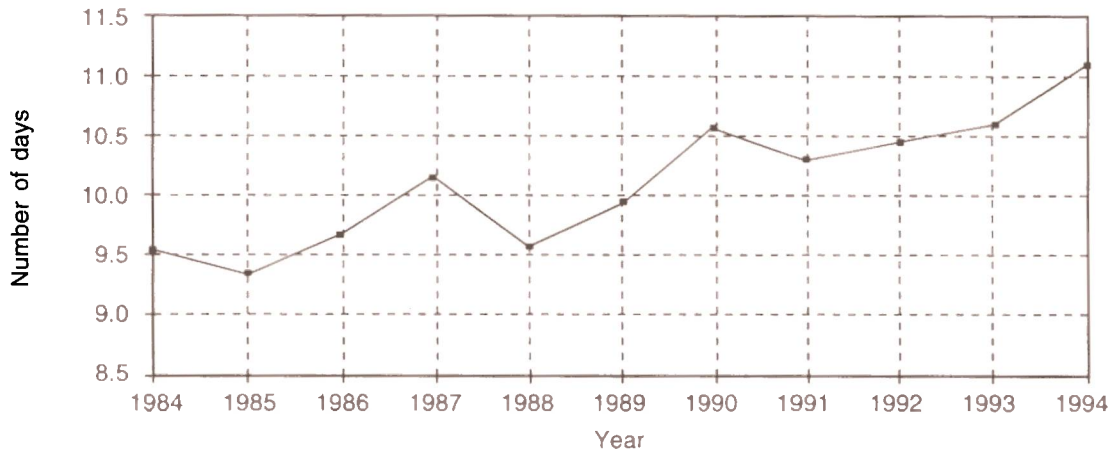
From 1982 to 1994, the change in tourist numbers followed a curve related to the combination of hotel capacity and seats offered on airlines.

In 1986, there were 161, 238 visitors, but from 1987 to 1991, visitor numbers declined. These results are explained by several factors. In 1987, the cruise ship "Liberté" stopped operating. There was a reduction of air frequency at the end of 1989 when Continental Airlines decided to pull out of PPT. There was the world economic crisis and the Gulf War. Since 1992, there has been a recovery of the tourist flow which continued in 1993 and 1994. This occurred because of (a) the extension of seats offered in international air transport, 15.6 per cent increase in 1994, with about 399,351 seats offered, (b) a modification of the tariff structure linked to the French charter company CORSAIR and (c) a growth in the hotel capacity which increased by 79 rooms.

In 1994, the average length of stay was 11.14 days. The average length of stay was longer than that of 1993 by 0.55 days. This is due to the fact that visitors consider Tahiti and other islands as a distinct destination trip for 69.8 per cent and less as part of a South Pacific tour (30.2 per cent).

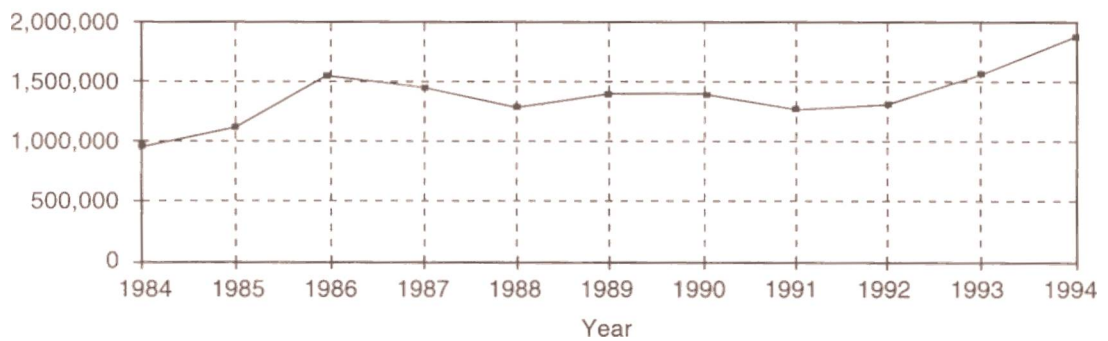
The average length of stay is shown in figure 2.

Figure 2. Change in average length of stay, 1984-1994



Tourist overnight stay is shown in figure 3.

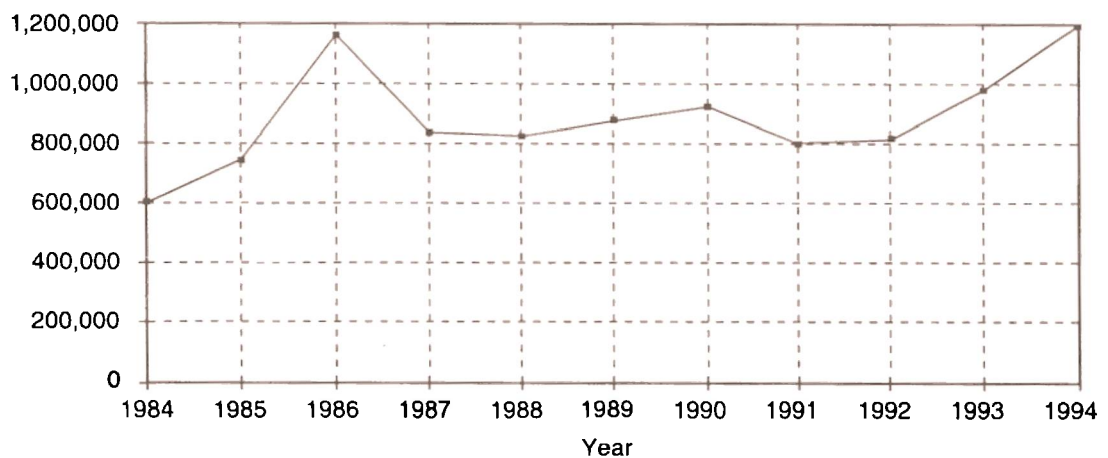
Figure 3. Tourist overnight stay



A clear increase of the tourist overnight stay can be observed for 1994, which represents 18 per cent more than in 1993.

Hotel overnight stays are presented in figure 4.

Figure 4. Hotel overnight stay

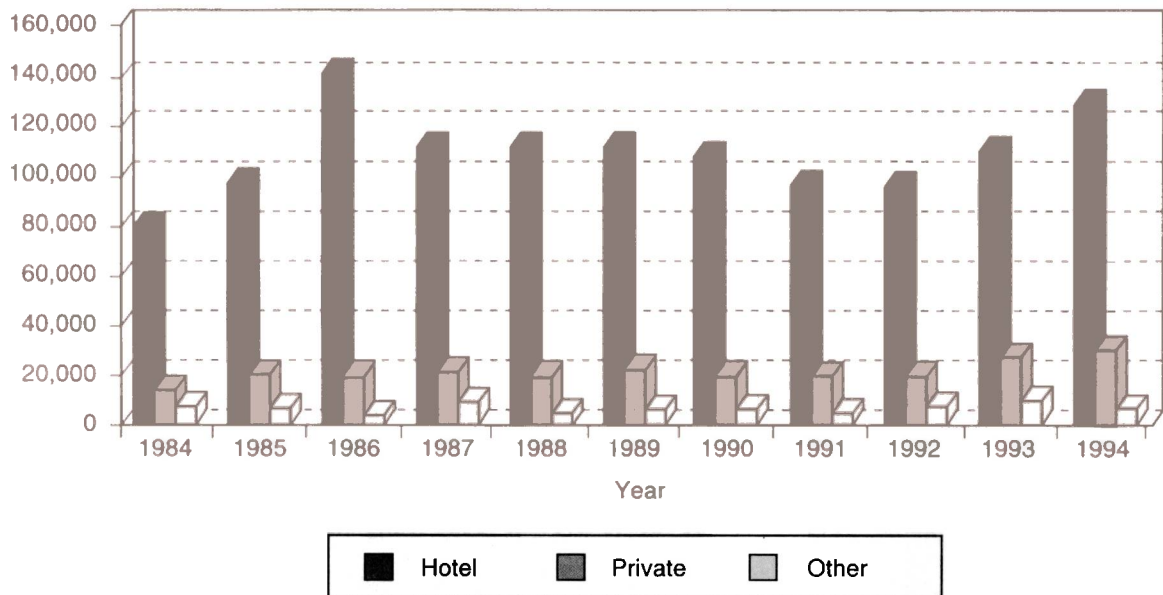


French Polynesia has crossed the threshold of 1 million hotel overnight stays in 1994 which was 198,417 more than in 1993, representing an increase of 21 per cent.

According to 1994 figures, 71,060 tourists were from Europe, 39,875 were from the Pacific, 5,200 were from South America and 48,173 tourists were from North America. Comparing the results of the most important areas, there is an increase for all, except for North America.

The good results for the European market are explained by an active promotion in retail and media networks. France, with 7,892 more tourists showed an increase of 24.7 per cent and became the second largest market after the United States. Germany is the second most important European market, with 1,314 more tourists in 1994 than in 1993. Italy has shown an increase of 19.8 per cent. Japan has also increased its share and surpassed initial targets. The main declines were in the American and Australian markets. The American market decline in 1994 is explained by a 29 per cent reduction of the South Pacific tour traffic and the reduction of sea transport traffic. Australian tourists decreased due to the lack of airline seats.

Figure 5. Types of accommodations



As a consequence of the increased tourist flow, stays at hotels are increasing. Lodging at private places results from the fact that many visitors come to French Polynesia to visit their friends and family. Since the arrival of the airline company CORSAIR and a decline in air fares, their number is increasing.

2. Economic significance of tourism

French Polynesia now seems to have evolved in new directions in economics and at the social level. However, many sectors face serious difficulties.

The suspension of the nuclear tests in 1992 showed the necessity of redefining the territory's way of development. The aim was for economic autonomy that would be well balanced. The tourism sector could be the main area for French Polynesia's development in the future, looking at the induced effects, which represented about fcp 23 billion (\$US261 million) for 166,000 tourists in 1994.

Employment created in activities directly linked to tourism showed that a total of 3,510 jobs were created. In the hotel subsector, first class/ luxury hotels had 2,400 jobs; small/ middle class had 350 and cruises had 250 jobs. Travel agencies accounted for 160 jobs, tourist transportation 120 jobs, touristic animation 170 jobs and administration accounted for 60 jobs.

Employment created in activities indirectly linked to tourism included inter-island air transport with 625 jobs, international air transport with 150, taxi services with 160, inter-island sea transport with 50, tourist restaurants with 590 and airport services with 830 jobs. The total employment was 2,405 jobs.

The total of 5,915 jobs represents 14 per cent of the total number of 42,480 jobs in French Polynesia.

3. General policy and priorities in tourism development

In 1991, French Polynesia signed a Progress Agreement with the French Government. The main objective is to find a way to develop French Polynesia and make it more independent. It set many objectives in various sectors.

Tourism development is based on the following Progress Agreement objectives: The aim is for 300,000 tourists by 2003. This increase will be based on a segmentation of the market into specialized niches corresponding to geographic markets. The different market segments are: (a) relaxation and seaside resort tourism (b) nautical tourism (c) honeymooners (d) eco-tourism and cultural tourism (e) sport tourism (diving and sport fishing) (f) business tourism (incentives/ congress) and (g) South Pacific Tours tourism International standard hotels should reach a capacity of 5,000 rooms in 2003, which means creation of 200 rooms each year.

The priority is to extend hotels of international standard and to improve small and medium hostelry. This would include a great luxurious resort style hostelry with an architecture adapted to the Polynesian environment. The medium and small class hostelry would be developed with quality and adapted to the specific situation of each island. This hostelry has a pavilion style, a local architecture, bungalows on water and activities with particular themes such as diving, sailing, sport fishing, relaxation or ecology.

4. Tourist planning – process and mechanism

In order to help French Polynesia's economic development, an agreement was signed between France and the Polynesian government so as to provide supporting measures for a time period of ten years starting in 1994.

Based on the objectives mentioned above, to fulfill these aims the strategic development plan for tourism introduced by the Ministry of Tourism, stems from a decision to bring together and strengthen the backgrounds of tourism professionals. It also involves the will of the elected representatives and the local population.

As described in the plan outline, the method guideline was to describe the general background and major shifts from an international viewpoint as well as from a local viewpoint, in order to reveal the potential for our destination.

Once the potential is identified, a positioning strategy would be put into place to locate French Polynesia among all tropical and resort destinations, but also differentiate tourism-oriented islands and archipelagos by giving them a specific asset.

This conclusion is the result of close cooperation among elected representatives, the population and tourism professionals.

Once these steps are taken, the method proceeds to define the development strategies to match each product, and to propose the suitable equipment, planned investments or regulations to implement in order to have the necessary conditions for developing the tourism industry and achieving economic take off. These measures will include an update of marketing and promotion policies for the destination of Tahiti.

5. Major tourism development projects

Table 1. International standard hotels

	<i>Existing</i>		<i>Planned</i>		<i>Projected</i>		<i>Objectives in 2005</i>
	<i>Number</i>	<i>Units</i>	<i>Number</i>	<i>Units</i>	<i>Number</i>	<i>Units</i>	<i>Units</i>
Tahiti	12	1 179	5	316	17	1 495	1 600
Moorea	14	995	6	89	20	1 084	1 500
Huahine	7	208	1	41	8	249	400
Raiatea/Tahaa	5	69	5	51	10	120	300
Bora Bora	8	465	6	269	14	734	800
Society	46	2 926	23	766	69	3 682	4 600
Rangiroa	3	71	3	30	6	101	120
Autres	1	16	4	109	5	125	130
Tuam/Gambier	4	87	7	139	11	226	250
Marquisas	3	27	3	42	6	69	120
Australs	0	0	1	10	1	10	20
Total	53	3 040	34	957	87	3 987	4 990

An average increase of 180 rooms each year will lead to 5,000 rooms in 2005. This is an increase of 66 per cent over the existing capacity of 3,040 units

In the next few years, development of cruises in the Pacific zone and French Polynesia can be forecasted to create a privileged destination. This forecasted increase is based on several factors. There has been a major increase in international market of cruises of 9 per cent a year for the past 12 years. The European cruise market has grown, associated with the saturation of Mexico-Caribbean destinations. There has been a transfer of the East American market to the West coast. Marketing of cruises has modified its profile.

With reference to the pensions, the main actions have been: (a) the amelioration of the actual quality and extension of the pensions in islands with tourist priorities (Tahiti, Moorea, Bora Bora, Raiatea, Rangiroa) and (b) the settling of new units in Marquesas, Australs, Gambier and North Tuamotu archipelagoes to prepare their opening in a mid-term to an international hostelry.

Inter-island cruises should develop cruise themes to find well-targeted clients. The objective is to reach 600 cabins in 2003 with the settling of four medium units of 80 to 100 cabins or two to three big units of 150 to 200 cabins. Charter navigation should be encouraged in order to double the fleet composed of approximatively 100 boats at the present time. This increase will allow the organization of tours to others archipelagoes, not only in the Society archipelago.

6. Problems and constraints in tourism development

The major issue that needs to be pointed out is the limitation of the economic resources and an important need for job creation. From this standpoint, it is absolutely necessary to successfully develop tourism. This development will allow the territory to open new outlets for all local fields of production (agriculture, fishing industry, construction industry, craftsmen, intermediary consumption, etc.) and all services. The development of tourism brings in its wake a flow of foreign currency, which creates new jobs and achieves a development adjustment favouring isolated archipelagos.

The constraints for the destination can be identified in four major groups:

- (a) Geographic constraints which are of two types. First, even though being far away from major markets could be seen as a strength, it becomes a drawback if we consider that tourists generally dislike long flights. Second, even within French Polynesia, our archipelagos are remote one from the other and the islands are spread over a territory as big as Europe. This situation requires tremendous investment in the field of basic equipment and represents additional costs for the visitors should they move around within French Polynesia. These two geographic aspects reveal the importance of air transportation and the dependence on both international air frequencies and high domestic transportation costs.
- (b) The economy and tax constraints with reference to customs and tax regulations are seen as a drawback in terms of funding and running tourist facilities. This situation requires tourism of high quality in order to match the image of our destination. It also requires important efforts and initiatives to improve the quality/price ratio of our destination.
- (c) Social constraints are related to the necessity that the entire population and every leading actor of the territory be involved and support the development of tourism in French Polynesia. In order to strengthen this support and guarantee lasting development, the respect and value of the environment are absolute conditions.
- (d) Constraints of volume mean that in order to ensure international promotion and the positive value of our destination, a minimum threshold has to be reached to make our destination attractive enough to be included in foreign distribution networks. While new hotel projects are less numerous, it is imperative that such projects be reactivated with incentives attractive enough for foreign investors, a physical environment properly organized by zoning and the constitution of tourist land reserves and the resolution of joint possession issues. Training is also important to improve people's qualifications at all levels.

7. Suggested activities by government and international organisations as follow-up to the workshop

In relation to integrated tourist development and for the entire Pacific area, it would be a better idea to draw up common and complementary development strategies, especially in the case of organized tours. This common strategy could also include an approach in terms of product and suitable development as part of organized tours in the Pacific; a marketing approach in order to better promote the Pacific region and, more particularly, the South Pacific region as a whole and a common strategy concerning air transportation service to Pacific destinations.

6. MARSHALL ISLANDS

– Angela DeBrum

1. Introduction

Tourism for the Marshall Islands is in an infant stage. Until recently, little attention was paid to the tourism sector of the economy.

2. The country

The Marshall Islands is a nation of low-lying coral atolls scattered over 750,000 square miles of the central Pacific. There are five islands and 29 atolls comprised of more than one thousand islets lying in two parallel chains running north and south, the Ratak (Eastern) chain and the Ralik (Western) chain, with a total land area of only 70 square miles.

The Marshall Islands lie between 4 degrees and 19 degrees north latitude and between 160 degrees and 175 degrees east longitude. It lies west of the international date line. Majuro Atoll, the government and commercial centre of the Marshalls, is 2,285 miles west of Honolulu, 1,624 miles east of Guam, and 2,625 miles southeast of Tokyo.

The climate is tropical oceanic tempered by a cooling sea breeze and frequent rain. Tradewind's blow steadily from the north from December through March. The winds shift in the summer and rains usually become more intense. The wettest months are usually October and November.

The Marshall Islands were believed to be first settled some time before 0 B.C., when determined voyagers journeyed to Micronesia in sturdy canoes. The name "Marshall Islands" was not proclaimed until 1788 when the British sea captain William Marshall, on his ship, "Scarborough", sailed though these atolls en route from Botany Bay (Australia) to Cathay (China). The nineteenth century saw beachcombers, blackbirders (like the legendary Bully Hayes), German traders, missionaries from Hawaii, whalers from the United States and the United Kingdom. Finally, in the late nineteenth century, Germany claimed sovereignty. Following the First World War, under a League of Nations mandate, Japan governed until 1945 when the United States of America took control under a United Nations Trusteeship.

Independence for the Marshalls finally arrived in two steps. A sovereign government was established 1 May 1979, and in 1986 the Compact of Free Association took effect, giving independent nation status to the Marshall Islands along with a close continuing relationship with the United States.

Given its history, geographic characteristics and its remoteness, the Marshall Islands possess certain attributes that could be developed to attract visitors.

3. Attractions

The following have been identified as key attractions to be incorporated into the Marshall Islands overall tourism development initiatives:

- (a) Outer Island Escape
- (b) Abundant marine life accessible for scuba diving and snorkeling
- (c) Historic sites from the Second World War
- (d) Historic sites from the copra trade
- (e) Sport fishing
- (f) Various water sports
- (g) Cultural heritage and village life

4. Macro-economic perspective

Economic development in the Marshall Islands is constrained by the physical factors of its extreme smallness in land size and its remoteness relative to the metropolitan commercial centres. The virtual lack of land-based resources is an impediment to the development of the tourism sector, particularly with regard to physical infrastructure development. The Marshall Islands earns a little more than \$US23 million from exports, mainly of copra and chilled fish. It imports most of its food and construction needs. With imports exceeding exports by nearly three times, the government realizes the need to increase its economic base and expand foreign exchange earnings, thereby improving positively its balance of trade and its balance of payments. Tourism offers a viable vehicle for attainment of these objectives.

5. Tourism resource assessment

The hotel room inventory for the Marshall Islands is concentrated on Majuro with 121 rooms in seven hotels. Total number of rooms for the whole of the Marshall Islands is 158. Two small hotels with self-catering facilities are also located on Mili and Jaluit Atolls. Most of the hotels on Majuro are located in the urban Darrit-Uliga-Delap area. Daily rates vary from about \$45.00 to \$103.00 with the facilities varying among the hotels. Data on hotel occupancy rates are just beginning to be collected, although it is estimated that they have varied from 55 to 85 per cent in the recent past. Plans are underway to construct a 200-room resort in Mili and a 150-room hotel in Majuro.

Electricity and fresh water are available on most parts of Majuro, as well as on the islet of Ebeye at Kwajalein, although supplies may not always be available 24 hours a day. A salt-water sewer system is in the process of being completed on Majuro. Satellite communications are available between the Marshall Islands and international points. Majuro and Ebeye are the only locations that have paved roads. Transportation to 24 of the outer atolls and islands is provided by the Airline of the Marshall Islands on at least a weekly basis from Majuro, with more frequent service to Arno, Kwajalein, Jaluit, Maloelap and Ailinglaplap. Transportation from Majuro to other parts of the nation is also available by field trip ships. On Majuro, rental cars, taxis and a bus service are available for local transportation.

Tourism at present has only a small impact on the physical environment, due to its small size. Since the marine environment is a primary attraction for tourists, any significant threat to this resource will have a negative impact on tourism. Presently, parts of the Majuro lagoon are polluted, not from tourism, but from the development and growth that has occurred in the urban area. Most land in the Marshall Islands is communally owned and cannot be sold to non-citizens, although it can be leased. Physical development in the Marshall Islands is guided by the Planning and Zoning Act of 1987.

6. Tourism planning

The Marshall Islands does not have a comprehensive tourism plan which serves as a blue print for its tourism development initiatives. However, an entire section in its Five-Year Development Plan has been devoted to tourism development. The Government's policy, as indicated in the economic development plan, is generally to encourage small-scale eco-tourism type operations in the outer islands. This policy reflects the government's conservative approach toward tourism product development in light of the fragile nature of the islands.

In the existing plan, various objectives, strategies, programmes and projects have been adopted as the government's tourism development policy. The tourism sector's objectives presented in the plan are to increase visitor arrival to the Marshall Islands, to develop outer island destination resorts, increase tourism awareness and develop training opportunities and programmes for employees in the hospitality industry.

7. Constraints

- Remoteness (with lengthy travel times) from main markets;
Limited airline capacity and frequency of international flights;
Very limited number of hotels and accommodation;

- Absence of visitor accommodation and facilities on most outlying atolls (the main potential new attraction/destinations);
- Inadequate infrastructure for coping with and hosting tourists;
Limited training for the wide variety of skills and awareness required;
Undeveloped safety and amenity provisions; and
- Limited financial and human resources dedicated to tourism development and promotion.

8. Tourism projects being undertaken

- Establishment of RMI Visitor's Authority:** The RMI Visitor's Authority will be established to promote and develop tourism in the Marshall Islands. It will implement the Visitors Authority Act. The Authority will also take steps to develop conservation areas in several northern atolls for use by day visitors.
- Tourism Information Centres:** Tourism Information Centres will be placed at the Majuro International Airport and downtown area with a view to provide information on all matters of interest to the visitors.
- Tourism Promotion/Brochure:** Tourism promotional materials such as posters, maps information packets and video cassette tapes will be produced and distributed to overseas tourism agencies and interested parties to serve as a source of information on the attractions of the Marshall Islands as a tourist destination.
- Tourism Infrastructure:** To increase tourism attractions and destinations within the Marshall Islands, infrastructure such as outer island guest houses, resorts, cultural centres, etc. will be built on selected atolls.
- Tourism Master Plan:** The purpose of this project is to develop and document the Republic, infrastructures such as outer island guest houses, resorts, cultural centres, etc. will be built in selected atolls.
- Development of Tourism Business Plans:** Business plans will be developed for tourism related activities, such as for outer island guest cottages, small resorts, dive operations, etc. in order to provide information to the private sector on possible business opportunities in this sector.
- Public Tourism Awareness Programme:** A public tourism awareness campaign will be developed and implemented for the next five years with a view to make the general public aware of the benefits of tourism development in the Marshall Islands. The increased awareness, in turn, will help to open new business opportunities.

Table 1. Inventory of Rooms in the Marshall Islands

<i>Hotel</i>	<i>Number of rooms</i>	<i>Location</i>
Robert Reimers Hotel	39	Majuro Atoll
Royal Garden Hotel	24	Majuro Atoll
Eastern Gateway Hotel	12	Majuro Atoll
Capital Terrace Hotel	15	Majuro Atoll
Hotel Majuro	18	Majuro Atoll
Hotel Elten	7	Majuro Atoll
Seamen Corner Hotel	6	Majuro Atoll
Anrohasa Hotel	21	Ebeye, Kwajalein Atoll
DSC Hotel	8	Ebeye, Kwajalein Atoll
Midtown Hotel	8	Ebeye, Kwajalein Atoll
Planned Hotel in Majuro	150	Majuro Atoll
Planned Resort in Mili	200	Mili Atoll
Total	508	

Figure 1. Passenger arrivals/vacationers to the Marshall Islands

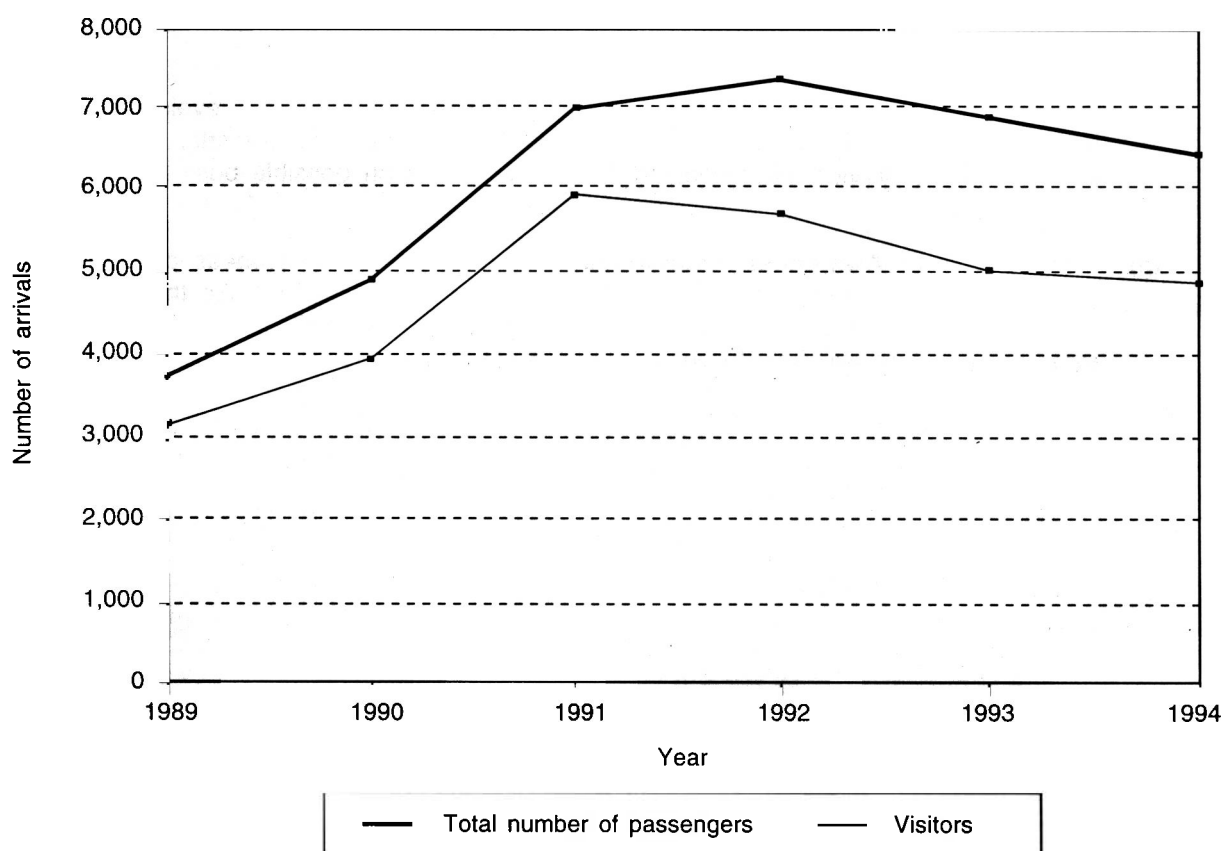


Table 2. Visitors to Majuro by month and main purpose of visit, 1992

	<i>Transit/stopover</i>		<i>Business</i>		<i>Holiday/Vacation</i>		<i>Visiting friends/relatives</i>		<i>Other</i>		<i>Not stated number</i>	<i>Total</i>	
	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>		<i>Number</i>	<i>Per cent</i>
January	105	8.0	162	7.6	70	8.5	29	4.0	64	9.8	9	439	7.7
February	133	10.1	254	12.0	69	8.3	45	6.2	45	6.9	1	547	9.6
March	973	7.4	248	11.7	122	14.7	89	12.2	93	14.2	5	654	11.5
April	102	7.8	193	9.1	74	8.9	74	10.2	59	9.0	2	504	8.9
May	134	10.2	172	8.1	48	5.8	48	6.6	25	3.8	2	429	7.5
June	100	7.6	133	6.3	60	7.2	39	5.4	30	4.6	4	366	6.4
July	128	9.7	191	9.0	64	7.7	86	11.8	60	9.2	3	532	9.4
August	126	9.6	172	8.1	48	5.8	68	9.3	74	11.3	2	490	8.6
September	111	8.4	156	7.4	59	7.1	46	6.3	83	12.7		455	8
October	72	5.5	143	6.7	60	7.2	31	4.3	40	6.1		346	6.1
November	95	7.2	189	8.9	47	5.7	56	7.7	48	7.3	1	436	7.7
December	111	8.4	107	5.0	107	12.9	117	16.1	33	5.0	11	486	8.6
All	1 314	100.0	2 120	100.0	828	100.0	728	100.0	654	100.0	40	5 684	100.0

Source: Office of Planning and Statistics, RMI.

Table 3. Visitors to Majuro by month and main purpose of visit, 1993

	<i>Transit/stopover</i>		<i>Business</i>		<i>Holiday/Vacation</i>		<i>Visiting friends/relatives</i>		<i>Other</i>		<i>Not stated number</i>	<i>Total</i>	
	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>		<i>Number</i>	<i>Per cent</i>
January	119	9.9	164	8.7	73	9.6	63	8.8	48	10.9	5	472	9.3
February	209	17.5	175	9.2	46	6.0	52	7.2	43	9.8	4	529	10.5
March	89	7.4	184	9.7	46	6.0	22	3.1	49	11.2	3	393	7.8
April	93	7.8	203	10.7	43	5.6	66	9.2	35	8.0	5	445	8.8
May	116	9.7	199	10.5	62	8.1	64	8.9	41	9.3	16	498	9.9
June	38	3.2	68	3.6	30	3.9	37	5.1	13	3.0		186	3.7
July	89	7.4	188	9.9	45	5.9	79	11.0	50	11.4		451	8.9
August	124	10.4	173	9.1	66	8.7	135	18.8	67	15.3	8	573	11.3
September	86	7.2	147	7.8	100	13.1	38	5.3	17	3.9	2	390	7.7
October	33	2.8	129	6.8	129	16.9	59	8.2	30	6.8		380	7.5
November	128	10.7	219	11.6	62	8.1	53	7.4	27	6.2		489	9.7
December	73	6.1	45	2.4	61	8.0	51	7.1	19	4.3		249	4.9
All	1 197	100.0	1 894	100.0	763	100.0	719	100.0	439	100.0	43	5 055	100.0

Source: Office of Planning and Statistics, RMI.

Table 4. Visitors to Majuro by month and main purpose of visit, 1994

	<i>Transit/stopover</i>		<i>Business</i>		<i>Holiday/Vacation</i>		<i>Visiting friends/relatives</i>		<i>Other</i>		<i>Total</i>	
	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>	<i>Number</i>	<i>Per cent</i>
January	106	10.9	108	5.2	19	3.4	28	3.2	17	4.2	278	5.7
February	37	3.8	78	3.7	27	4.8	22	2.5	22	5.4	186	3.8
March	79	8.2	165	7.9	44	7.8	61	7.0	41	10.1	390	7.9
April	86	8.9	297	14.2	59	10.5	80	9.1	20	4.9	546	11.1
May	51	5.3	264	12.6	57	10.1	136	15.5	50	12.3	558	11.4
June	48	5.0	193	9.2	25	4.4	106	12.1	42	10.3	415	8.5
July	57	5.9	149	7.1	40	7.1	85	9.7	24	5.9	355	7.2
August	84	8.7	172	8.2	74	13.1	65	7.4	57	14.0	453	9.2
September	95	9.8	225	10.8	53	9.4	77	8.8	26	6.4	476	9.7
October	99	10.2	194	9.3	35	6.2	40	8.0	41	10.1	440	9.0
November	53	5.5	144	6.9	80	14.2	41	4.7	43	10.6	361	7.4
December	174	18.0	103	4.9	51	9.0	106	12.1	24	5.9	458	9.3
All	969	100.0	2 092	100.0	564	100.0	877	100.0	407	100.0	4 909	100.0

Source: Office of Planning and Statistics, RMI.

7. NAURU

– Julie Olsson

1. Introduction

To date, Nauru has depended on its one product, phosphate, which for the past 90 years has been the cornerstone of Nauru's economy. The life of phosphate is finite and as such, its supply will be depleted in the near future. With this one industry, the economic resource base is negligible aside from the ocean, and there is heavy dependence on imports. The Government of Nauru has invested mainly in real estate, finance, fisheries and airlines in anticipation of the post-phosphate era. Just two years ago, the Division of Culture and Tourism was established within the Department of Island Development and Industry. Tourism is not seen as a panacea to future economic prospects, but rather as one of the identified investment undertakings that can be optimized to contribute to attaining sustainable development which is a priority on the Government agenda. Tourism and cultural aspirations are at the rudimentary stages.

Besides the physical disadvantages that face Nauru, the island perhaps suffers more than any other Pacific Island country from natural environment problems through systematic phosphate mining. Years of mining has made seven-eighths of the land area not only uninhabitable, but also devoid of natural vegetation. Therefore, environmental conservation to optimize the return of the coastal area that has escaped mining, is central to tourism development at this time. Similar strategies apply to the reef that encircles the island and which has over the years been subject to gradual degradation due to lack of public awareness about conservation issues.

Land is the fundamental element for retaining, conserving and developing culture and tradition and its scarcity mirrors the cultural status quo. Along with the loss of land, so too disappears an immeasurable quantity of culture and tradition. The revival and strengthening of culture and elements of tradition plays an important role in the development of the tourism industry for quality tourism experiences and local participation.

The population of Nauru is one of cultural diversity with people from different backgrounds being contracted in the main by the Government and the Nauru Phosphate Corporation. The private sector is now also contracting people from outside of Nauru, which until recently was not a common practice.

According to the 1992 Census, the population of 9,919 people was comprised of 68.9 per cent Nauruans; 23.7 per cent Other Pacific Islands, 5.9 per cent Asians (Chinese, Indians, Filipinos and South-East Asians); and 1.5 per cent of Caucasians (Australians, New Zealanders and Europeans).

Nauru has never promoted mass tourism nor has it been considered as a tourist destination. In the past as now, Nauru has had a steady flow of visitors and tourists en route to other destinations through the availability of an airline service. Initial planning and development strategies will thus focus on improving and optimizing quality tourism experiences for the short time spent in transit by same-day visitors and tourists on one-night stop-overs. Hence tourist receipts are based on the policy of low volume, high yield traffic.

During the last six months of 1994, almost 10,000 people travelled to Nauru. Among these, 10 per cent were returning residents, 25 per cent were tourists 11 per cent were same-day visitors and 53 per cent were others coming to Nauru for work, business, official and diplomatic purposes, of which Pacific Islanders accounted for 47 per cent of this group.

2. Tourism strategy

The primary objective of Nauru's tourism strategy is to bring about the development of a sustainable tourism industry that contributes to economic, environmental and social well-being and at the same time protects and enhances opportunities for the future. The tourism industry will be managed and developed to minimize any negative social, cultural and environmental impact.

The broad aims of the tourism strategy cover five areas:

- (a) Economic aims are to maximise the tourism industry's contribution to national revenue, increase employment opportunities, encourage and develop local capacity to retain tourism income, create and nurture a favourable economic environment for industry development and optimize industry opportunities for local and foreign investment.
- (b) Environmental aims are to encourage investment through the promotion and protection of the environment, ensure responsible planning and management practices and promote the conservation of the natural and cultural heritage.
- (c) Social aims are to provide quality tourism experiences, ensure that tourism-induced products are in the public interest and develop the product base, raise industry standards and protect the public interest.
- (d) Cultural aims are to promote and protect the cultural heritage, encourage the development and revival of traditional and cultural practices, encourage authentic and quality presentations and prevent devaluation of culture through commercialization.
- (e) Organisational aims are to provide means and support to facilitate the necessary planning, coordination, promotion, impact studies, research and statistical support and to assist and monitor the development and growth of the industry.

3. Tourism development strategies

The main thrusts of tourism development during the next few years would be in eight areas.

(a) Culture and Tourism Office

The establishment of an efficiently staffed National Culture and Tourism Office (CTO) to coordinate, facilitate and implement policies and strategies for planning and developing the tourism industry is central to building the foundation of the tourism industry and its structural framework. Proposed under the office is the establishment of a committee comprising representatives from the airline and hotel sectors. This body will enable cross-industry discussions on tourism planning and direction. The national private sector's participation is initially to be addressed by the CTO and gradually phased into the special committee as its course and participation role becomes better defined.

(b) Identify and develop tourism products

A variety of attractions, activities, entertainment facilities and services need to be identified and developed which will meet the different interests and preferences of travellers with a view to enhancing quality time spent on the island and increasing expenditures by international tourists. The main thrust will be to preserve and enhance existing natural and cultural assets and avoid commercialization. The programme includes the development of natural and culture-based tourism products and landscape beautification and enhancement.

Culture and arts would be developed as integral components of tourism development. This will provide opportunities for the development of diversified cultural and entertainment services and encourage local participation in the programme.

(c) Marketing and promotional activities

Development in this area requires improved market knowledge and information about Nauru. Also, there is the desire to increase and improve tourist access to Nauru, particularly with airline flexibility and to increase the overseas travel industry's capability and willingness to market Nauru consistent with special interests corresponding to Nauru's strengths.

Development and marketing strategies will adopt value tourism and special interest tours focusing on culture and nature, interpretative tours of historical significance and adventure activities, including game fishing and deep sea diving. The quality of tourism services is incorporated in these

activities and includes the elements of safety, access, health and consumer protection, which are aimed at satisfying and protecting the consumer. Careful selection of technological means of operation need to be identified so to increase and enhance quality services. A local tourism awareness programme is an essential part of the strategy which would serve to create national identity based on an increasing appreciation of the special cultural, historical and social attributes of Nauru.

Air Nauru, the national carrier and single airline servicing the island, is currently reviewing its marketing strategy with proposed route designations concentrating around the lower Micronesian region. Tourism growth is dependent on the services of the airline.

(d) Private sector participation and investment in the tourism sector

The current situation has the Government and semi-government institutions at the heart of infrastructure development. Financial incentives to encourage greater private sector participation and investment are being considered. The private sector is expected to initiate and develop new, varied tourism products with a view to sustaining tourism interest in the country.

(e) Human resources development and training in the tourism sector

Unemployment was gauged in the 1992 Census at 18.2 per cent. Those between the ages of 15 and 19 years were the worst off, with 33 per cent of males being unemployed, and 52 per cent of this age group were unemployed females. With the development of tourism infrastructure, the high unemployment rate could be lowered.

In order to be able to absorb a certain proportion of these people, training and education in all aspects of the industry, from the base level is required, allowing for flexibility of the skills of the available human resources. At the same time, to improve the quality of services and understanding of the industry, attention is to be given to training government personnel and people involved in the industry to facilitate an effective and efficient tourism sector.

(f) Legislation

The area of legislation is one that requires to be looked at. Moreover, any legislation needs to be realistic and be possible to implement.

(g) Sustainable development

Sustainable development is at the heart of national development plans. In this regard, both the natural and cultural environments need to be protected through responsible planning and implementation of legislation so as to minimize further impact and maintain the long-term sustainability of the country's development. Fundamental to tourism development and growth is the proper management of the investment of capital, the land, so as to ensure its ability to continue offering future returns. During this year, a consultation for a national environmental management strategy was carried out, but remains in draft form.

Rehabilitation of the mined-out phosphate land is a priority. A study on a comprehensive rehabilitation programme was completed in July of last year and recommendations are being reviewed. Tourism zones have been incorporated in the rehabilitation plans.

(h) Challenges

The development and management of tourism are challenges to Nauru because tourism does not operate in a sphere within itself. It is one part of a holistic approach to national development plans. At the same time, any development plan on the island is affected by the traditional land tenure system, which is perhaps the greater domestic challenge, aside from land rehabilitation.

8. NEW CALEDONIA

Jacques Wadrawane

1. Introduction

The New Caledonia economy has been dominated for a century by the mining sector. Taking the international context into account, this type of activity cannot remain the only source of revenue for the territory. The natural assets of New Caledonia have obviously led authorities in the provinces and territory to undertake a voluntary policy of tourism development to diversify the economy.

Within this framework, the development of tourism in New Caledonia is characterized by its immaturity and the need for continuing progress. Investments in tourism have been advanced by numerous methods of assistance mainly by the provinces and territory. Finally, the integration of New Caledonia in the regional body of the South Pacific constitutes an element of the policy of tourist development.

2. General policy

The principal objective of tourism development in New Caledonia is to ensure that the territory becomes an international destination.

To achieve this objective, the GIE "DESTINATION NEW CALEDONIA", groups together institutional partners and travel industry members. It has developed three images for New Caledonia aimed at its principal international markets:

- (a) The theme "Island Closest to Paradise" with its untouched native beauty and unique setting, such as the Isle of Pines, is the image which underlines New Caledonia's promotional efforts in the Japanese market.
- (b) The theme "Vive la Difference" is based on the tropical environment of New Caledonia, the existence of Melanesian culture and its role as a little bit of France in the South Pacific. This has been the underlying theme of advertising campaigns in the Australian and New Zealand markets.
- (c) "New Caledonia-Land of Adventure and Discovery" emphasizes where American and European tourists have the possibility of sporting holiday, scuba diving in the biggest lagoon in the world, horse riding and canoeing. This is the image developed for markets in Europe and North America.

In conjunction with this international promotion, there has been considerable development in hotel investment to increase and improve accommodations with particular concern for consistency in space allocation of hotel programmes and diversification of categories.

In three years, several establishments in the South, North and Islands Provinces have undergone renovation to bring them up to a standard of accommodation equivalent to 1, 2 or 3 star. Two new 3-star hotels opened in the North: Villa Kouloué (50 rooms) managed by Club Med and Malabou Beach Resort (40 rooms) managed by the Accor Group. On a seasonal basis, the prestigious Yacht Club Med II offers 4-star capacity of 400 beds.

As a complement to hotel development, numerous tourist attractions have been put into place: the floating pontoon, opening of new duty-free shops, establishment of diving clubs and excursions with an emphasis on nature and discovery

Lastly, new prospects in tourism development have opened up with the recent changes in airlines tariffs leading to a reduction in transport costs, for the European markets in particular

To summarize, the strategy of tourism development currently underway in New Caledonia is global and seeks to develop all aspects of this sector at the same time.

3. Economic impact of tourism

In the South Pacific, New Caledonia is considered a developed territory. Its GNP is \$US1.8 billion. In relation to its population of 165,000, this gives a per capita GNP of \$US11,000.

A primary indicator of the impact tourism has on the economy is the number of jobs it generates. Over the period 1986-1993, the overall figure went from 1,594 to 2,487, an increase of 56 per cent in eight years. Despite the ongoing and significant evolution, employment directly linked to the tourism sector still represents only about 5 per cent of the working population for 8.9 per cent contribution to the GNP.

Direct tourist expenditure in 1994 was estimated at about \$US102.8 million, which is the equivalent of 28.5 per cent of export earnings in the mining sector.

Despite unfavourable economic climates in New Caledonia's principal markets (Japan, Australia and New Zealand), the poor exchange rate of New Zealand and Australian Dollars to French Pacific Francs and the competition from other Pacific destinations, there was no negative effect on the overall number of visitors for the period 1990-1994. In fact, there was an increase of 1 per cent.

Despite a decline in the number of tourists between 1991 and 1992, from 80,930 to 78,264 (-3.2 per cent), the statistics have remained constant mainly due to the increasing number of cruise ships which visited the territory

Table 1 indicates the total visitor arrivals for 1994 by country of origin and length of stay.

In 1992, hotel capacity in each province was as follows: Northern Province had 264 rooms, Southern Province had 1,475 rooms, Noumea had 1,263 rooms and the Islands had 57 rooms, which gave a total of 1,796 rooms.

At the beginning of 1995, 2,174 rooms were available.

Table 1. Visitor arrivals and length of stay, 1994

	<i>Number</i>	<i>%</i>	<i>Length of stay</i>
Japan	23 695	28	7
Australia	17 445	20	9
New Zealand	8 761	10	9
France	21 172	25	34
Others	14 030	17	
Total	85 103	100	15

4. Difficulties and constraints

The constraints to the development of tourism in New Caledonia are primarily linked to the immaturity of this sector (hotel capacity, tourist attractions and staff training) and the difficulties in air transport.

Airline tariffs for travel to New Caledonia are gradually decreasing. This positive trend should lead to an increase in tourist arrivals from the European and American markets in particular. It would be advisable to implement package tickets, which would combine international and domestic air travel.

It is possible to distinguish the current development in tourism in New Caledonia as a first stage which must be continued with recourse to overseas investment.

5. Foreign investment in tourism development

At the present time, foreign investment is not very developed in New Caledonia. Only a few companies have foreign investment in economic activity. However, some of the most important operators in international tourism, such as Accor group, Club Med, le Meridien and Travelodge are already operating in New Caledonia.

Foreign investment in New Caledonia is governed by the Referendum Act of 9 November 1988, the Territory Fiscal Code and by the Province's Investment Codes.

Foreign Investment is subject to prior authorization. A system of fiscal incentives will be applicable to foreign investment, which may also benefit from extensive forms of assistance of other kinds, especially on the part of the provinces.

Referendum Act of 9 November 1988 gives competence in tourism development to the Provinces. Within this framework, each of the three provinces of New Caledonia has established a system of investment aids. In the Northern Province, the Provincial code for assistance to economic development (CODEV) 4 comprises two parts: (a) general provisions and the modalities of their application and (b) provisions by sector of economic activity.

The general arrangements and modalities of application (Res 113/90 of 27 March 1990) state that eligibility is for a project approved by the Provincial authorities. Recipients are any physical or legal person of any legal form and of any nationality, born in and/or residing and/or taking up residence in the Province for the purpose of carrying on activities there. Examination of a project is done by the Province's examining department.

The main kinds of assistance and the associated rates are aid to primary infrastructural projects at 45 per cent, aid to investment and equipment at 30 per cent, aid to vocational training at 50 per cent and aid to job creation to an upper limit of 50 per cent of the guaranteed minimum wage.

The Northern Province has instituted a system of specific assistance in many sectors. The relevant texts for tourism development are:

- (a) Res. 130/90 for tribal lodging and village tourist accommodation

<i>Project cost \$US</i>	<i>20,000 < cost < 200,000</i>	<i>cost > 200,000</i>
rate	50%	30%
upper limit	–	150,000

- (b) Res. 131/90 for tourist leisure activities

<i>Project cost \$US</i>	<i>20,000 < cost < 200,000</i>	<i>50,000 < cost < 100,000</i>	<i>cost > 100 000</i>
rate	60%	50%	40%
upper limit	–	50,000	50,000

- (c) Res. 132/90 for mass tourism industry

<i>Project cost \$US</i>	<i>cost < 200,000</i>	<i>cost > 200,000</i>
rate	30%	15%
upper limit	–	300,000

The investment code in the Southern Province is covered by Resolution 28-91/APS of 7 May 1991, amended by Resolutions 52-91/APS of 9 August 1991 and 01-93 of 5 March 1993 which established various aids in the form of financial incentives to investment. Recipients are any natural or legal person constituted under private law, companies in which the public shareholding is less than 50 per cent, that undertake to implement an approved investment programme in the Province. Sectors concerned are production industries and cottage industries, tourism hotels, provision for tourist leisure activities, including transport, agriculture, cattle-raising, sylviculture, logging, commercial sea-fishing and aquaculture. Concurrence of assistance may not exceed 40 per cent of the amount of the investment in Noumea and 60 per cent in the other communes, and may not exceed the sum of \$US200,000 unless a derogation has been granted by decision of the Assembly of the Province.

The financial aid that may be granted is aid to primary infrastructure for water, electricity, roads at 40 per cent maximum, with an upper limit of \$US40,000 and an employment premium for a maximum of 25 jobs.

Along with this general scheme, there is a system of specific modalities for certain sectors, tourist hotels in particular.

Loyalty Island Province has the Provincial Code and Resolution 44/89 dated 17 November 1989 of the Assembly of the Province established a Provincial Code of aids to economic development. The fields of application of this code contain the tourism sector.

The Code of the Loyalty Island provides aid for equipment and employment premiums. Projects which are equivalent to \$US100,000 or more will be subject to specific examination.

Other aids include:

- (a) New Caledonia and Promotion Fund (FEPNC) which was established under Article 87 of the Referendum Act. FEPNC is managed by the High Commissioner. Potential investors may apply for financing by the State through this fund. Projects which are granted by the FEPNC shall benefit from an exemption from duties and general tax on imports.
- (b) Financing institutions of the State and the Provinces are able to take capital shareholdings in companies contributing to economic development. These institutions are the following:
 - (1) The State: Institut Caledonien de Participation (ICAP: New Caledonia Institute of Participation): 5, rue de Barleux – BP J1 Nouméa Tél: (687) 24.62.18. – Fax: (687) 28.22.00.
 - (2) The Northern Province: Société de Financement et d' Investissement de la Province Nord (SOFINOR: Northern Province Financing and Investment Holding Company): 21, avenue des Frères Carcopino, immeuble Carcopino, BP 66 Nouméa Tél: (687) 28.13.53. – Fax: (687) 25.80.95
 - (3) The Province of the Loyalty Island: Société de Développement et d' Investissement de la Province de la Province des Iles (SODIL: Loyalty Islands Province Development and Investment Company): 14, rue Georges Clémenceau, BP 2217 Nouméa Tel: (687) 27.66.63. – Fax: 27.67.09.

Generally many forms of aid shall be provided to foreign investors in New Caledonia

6. Technical and economic cooperation

More positive steps to integrate New Caledonia in the South Pacific group is one of the principal directions indicated by the Referendum Act. The experience of our neighbours, as well as common constraints (insularity) are factors which contribute to the emergence of a regional awareness of common interests.

New Caledonia has been a member of the following international tourism organizations, through the intermediary of GIE "Destination New Caledonia" established on 2 January 1990:

- PATA (Pacific Asia Travel Association)
- JATA (Japan Association of Travel Agents)
- TAANZ (Travel Agents Association of New Zealand)
- AFTA (Australian Federation of Travel Agents)
- WTO (World Tourism Organization)

Furthermore, the GIE "Destination New Caledonia" has signed an agreement with "Maison de la France" to represent New Caledonia in the German, British, Italian, Swiss, Canadian and the United States markets, as well as the Republic of Korea, Hong Kong and Taiwan Province of China markets. Both the memberships and agreements allow New Caledonia to be present in markets where it is not feasible to have permanent representation. This assistance has resulted in limiting the operations budget and making lower cost market surveys which are essential to promotional activity.

New Caledonia will continue to be a member of the above organizations. Since 1993, it is also a member of the Tourism Council of the South Pacific, which directs a regional programme of tourism development, financed by European Development Fund.

New Caledonia has great expectations for this new partnership, particularly for training, participation in a regional context in international shows and introduction of a policy for regional integration of air transport.

9. NIUE

– *Ataloma Misihepi*

1. Inbound tourism

About twelve years ago, only one inbound operator was in operation, using a four-seater mini-van. Although the tourist industry was mooted in the early 1970s, the real thrust did not come until a few years later. The sole operator of that period only specialized in Island Circle trips, with two or three other tours organized to visit a few of the many interesting places on Niue. In 1990, two new motels were built with five self-contained units each. Niue hotels increased room capacity to 32 rooms from 20. By 1992, there were 49 rooms consisting of 98 single beds.

With the increased number of beds, three new rental companies started. The three offered competitive components for the limited number of tourists arriving on the island. Niue Rental and AlofiRental both increased their fleet of vehicles to keep pace with Helens Tour and Budget Rental. Helens Tour increased their tour operations to include five more activities. Four new restaurants with bar facilities were opened. With these in place, Polynesian Airlines pulled out.

The inbound tourism structure was now capable of handling up to 150 tourists per week, but there were not enough accommodations.

2. Economic significance of tourism

Niue's tourist industry has depended very heavily on the New Zealand market. The peak season is between May and September, the winter months in New Zealand. It is very difficult to obtain accurate information from the property owners. The figures used here are based on the information from one self-contained five unit motel and Niue Hotel. Throughout the peak season, the Niue Hotel occupancy rate averaged 25 to 30 per cent while the motel with five self-contained units average 40 to 60 per cent. It has been estimated that the revenue from these two properties was \$566,000 (Niue Hotel \$500,000). The breakdown of revenue is accommodation at 60 per cent, food and beverage at 25 per cent and others at 15 per cent.

The estimated figures are based on a five-month season. Based on these figures, it appears that tourism topped the list of revenue-generating projects for Niue. Second is taro exports to New Zealand.

The main types of visitors are bona fide tourists, government officials, Niueans on holidays (VFR traffic) and sport groups.

In 1994, tourism earnings were estimated at \$US1,100,000.

3. General policies in tourism development

By policy, the Government has formed and appointed five new Tourist Board members. The Board shall have the following functions:

- (a) Promote and encourage the tourist industry in Niue
- (b) Licence, regulate and control accommodation premises and restaurants
- (c) Promote the establishment of accommodation premises, restaurants and other facilities, amenities and services in Niue for tourists
- (d) Regulate and control the use and development of scenic attractions and recreational facilities

- (e) Determine what kinds or classes of licences for accommodation premises and restaurants should be issued, to prescribe conditions for such licences
- (f) Prescribe standards to be complied with in the provision of accommodation premises and restaurants and services and amenities in connection with accommodation premises and restaurants for tourists, members of the public, lodgers, guests and persons employed in, on or about accommodation premises and restaurants
- (g) Hold such enquiries and to gather such information as the Board may, for all or any of the purposes of this Ordinance think necessary or desirable
- (h) Conduct, on the instructions of the NZODA and Niue Tourist Board, enquiries into any matters relating to the tourist industry in Niue specified in such instructions and to make reports and recommendations to the Resident Commissioner in respect thereof
- (i) Do such other acts and things as the Board may be required or authorized to do by this or any other Ordinance or as may, in the opinion of the Board, be necessary or desirable for the purposes of this Ordinance.

The Board shall have all the powers reasonably necessary for the effective performance of its functions. These powers include:

- (a) Conduct, manage, maintain and improve all land and other property controlled, administered or acquired by it under this Ordinance.
- (b) With the prior written approval of the Resident Commissioner (which may be given conditionally or unconditionally) in its own name and on behalf of the Crown acquire by purchase, lease, sub-lease or otherwise any land or estate or interest in land and, with the like approval, dispose of any such land or estate or interest in land by sale, lease, sub-lease or otherwise; and any land or estate or interest in land so acquired by the Board shall be deemed, whilst it is held by the Board on behalf of the Crown, to have been acquired and to be held by the Crown for a public purpose.
- (c) With the prior written approval of the Resident Commissioner (which may be given conditionally or unconditionally) arrange or contract for the erection or provision of any accommodation premises or restaurant on any land held by the Board on behalf or the Crown.
- (d) Engage in any business, occupation or trade directly or indirect concerned with the tourist industry on any land acquired or possessed by it on behalf of the Crown.
- (e) With the prior written approval of the approval of the Resident Commissioner (which may be given conditionally or unconditionally) borrow money to be expended by it for the purposes of this Ordinance on the security of all or any of its property held by it on behalf of the Crown.
- (f) Subject to the provisions of this Ordinance or of any Regulations made under this Ordinance or of any other Ordinance or Regulations applicable to the Board, by notice in the Niue Island Gazette fix, make or regulate such charges as it may from time to time determine, for the use of any accommodation premises, restaurant, works, buildings, recreation grounds, equipment, apparatus or other property, or any attractions, amenities or facilities held, possessed, provided, maintained, operated or controlled by the Board or, within the scope of this Ordinance, by any other person or persons whether corporate or unincorporate.
- (g) Subject to the provisions of section 8 of this Ordinance, in pursuance or furtherance of all or any of its functions or powers under this Ordinance, enter into such contracts as it shall, from time to time, think necessary or desirable.
- (h) Determine whether licences for accommodation premises and restaurants should, from time to time, be issued and to authorise the issue of such licences from time to time in accordance with the provisions of this Ordinance, with power to renew, review, revoke and re-issue licences.

- (i) Grant licences to persons to manage accommodation premises and restaurants, with power to renew, review, revoke and re-issue such licences.
- (j) Prescribe standards to be complied with in the provision of accommodation premises and restaurants, services and amenities in connection with accommodation premises and restaurant for tourists, members of the public, lodgers, guests and persons employed in or about accommodation premises or restaurant.

4. Tourism planning

The Government has recognised the different agencies in the tourism industry. Therefore, they are appointed to the board as members from these areas; restaurant and catering, accommodation, tours and rental operators, travel agents and women's representative,

The Board has a mission statement, objectives and the method they wish to deploy to enhance the realistic growth and development of the Niue tourist industry. The Mission Statement is "To provide a dynamic professional base for the realistic growth and development of the Niue Tourist Industry." There are nine objectives:

- (a) The coordination of reliable air services and to have in place a structured airfare at least 12 months in advance.
- (b) Compile a plan for implementing, promotion and advertising for Niue in 1995-1996.
- (c) The coordination and maintenance of scenic sites, public facilities, such as toilets and the development of tourist sites on Niue.
- (d) To educate and encourage the participation of village communities and the private sector in the achievement of the Board's goals.
- (e) To establish a code of standards and regulations for accommodation facilities and restaurant within the tourist industry.
- (f) Encourage and support training of those involved in the tourism industry.
- (g) Compile a job description for NTO staff.
- (h) To participate in the formulation of a Tourist Sector Plan.
- (i) Compile a long-term strategy for the Authority.

Methods include:

- (a) Having a least one member of the board present when having airline negotiations with the government; and encouraging the government to seek other commercial airlines, especially airlines that have some private sector involvement.
- (b) Employing a part-time marketing officer based in Auckland.

The Board encourages wholesalers to have cooperative marketing with retailers, supports regular newspaper advertising and supports representation at travel shows and seminars. There is also a product brochure to be put out every October, An updated corporate brochure and support for production of a tourist handbook are other activities. There is sponsorship for Miss Niue for women only from Niue.

For scenic sites, government contract cleaners were re-instituted to maintain the sites. The government is urged to approach cleaners to do their job at the airport. The Yacht Club is responsible for cleaning their public toilets at the wharf. The Board looks at possibly building toilet facilities at Matapa. The use of baskets as rubbish bins to be cleared regularly and giving village women incentives is a project idea for the board. Maintenance of sheltered areas and support maintenance of historical sites are also board responsibilities.

Television and newspaper advertisements are a form that helps educate local people to understand the benefits of tourism. Village community involvement is to be encouraged. A leaflet with a code of required standards will be produced. Regulations that comply with the Building Code and Health and Safety requirements and environmental impact assessments will be carried out.

Tourism and hospitality training will be sought through TCSP. The tourism plan will aim for long-term goals. Job descriptions will be drawn up for personnel of the NTO.

5. Major tourism development projects

Major projects include extension of the airport runway and Matavai Resort which costs \$A 2.4 million and is a complex featuring 24 accommodation rooms, licensed restaurants and a swimming pool. It should be ready for the 1996/97 season. In the last fifteen years, we have experienced difficulties in these areas for scenic and historical sites development: (a) no planning, (b) no airfare structure on a long-term basis, (c) lack of communication and (d) lack of education and training.

10. PAPUA NEW GUINEA

– *Michael Kanin*

1. General trends

Tourism is still relatively underdeveloped in Papua New Guinea. The performance of tourism, as reflected in the number of short-term visitor arrivals, has remained fairly stagnant since about 1980 when it was 38,823. In 1993, it increased only marginally to about 40,000. In 1994, there was a small decline on the previous year, despite an aggressive marketing campaign in 1993.

The outlook for 1995 and beyond is optimistic. Dive operators report substantially increased demand, and hotel occupancy rates are running higher than average. Charter flights by Air Niugini are bringing about 2,700 Japanese tourists this year and forward bookings for 1995 are good.

2. Economic significance

In 1991, total foreign exchange earnings from the tourism sector was about K 43 Million (about \$US42 million), which represented just one per cent of the country's gross domestic product. Figures for 1994 are not available, but with the development of the petroleum industry since 1991, it is likely that tourism foreign exchange earnings now represent less than one per cent of GDP.

The total number of persons directly employed in the hospitality and tourism industry was estimated to be about 5,500.

There are strong linkages between the tourism sector and other sectors of the economy. Tourism creates demand for agricultural products, handicrafts, transport and entertainment, especially cultural performances. For example, a Visitor's Survey demonstrated that 870 Japanese tourists spent about K 670,000 (\$US 650,000) on artifacts.

3. General policy

The truth of the matter is that the tourism industry in Papua New Guinea has been developed by the private sector with minimal government involvement.

The national government under Paias Wingti (1992-1994) targeted tourism as a top priority for economic growth and started giving greater importance to overall promotion. This policy has continued under Sir Julius Chan's government. Indeed, the theme set by the Prime Minister for the South Pacific Forum Meeting held in Madang in September 1995, was Trade, Transport and Tourism.

The fundamental objective of the national government at present is to foster the development of tourism in Papua New Guinea so as to maximise the economic and social benefits of the industry for Papua New Guineans, while ensuring minimal social, cultural and environmental disruption.

Apart from the fundamental objective, there are no specific government objectives, strategies or policies for the development of the tourism industry. The Tourism Promotion Authority is, however, entrusted with being the major initiator of government policy.

Papua New Guinea's Tourism Promotion Authority (TPA) was set up by the government under Act of Parliament. Supporting policy and financial support are being provided to make tourism a real contributing factor to the economy.

During the short period of its existence, the Tourism Promotion Authority has been subject to some major upheavals. The Chief Executive, an Australian, appointed to oversee the creation of the Authority was discontinued at the end of 1994 after a change of government. The Acting Chief Executive is now a national, Eva Arni Leatham, who is also the Director of Marketing.

The Tourism Promotion Authority currently has a staff of 25 as set by legislation and an annual budget of K 3.5 million (about \$US 2.75 million).

4. Tourism planning

The corporate plan of the Tourism Promotion Authority for 1994-1996 states,

The Government has established the Tourism Promotion Authority to change the nature of tourism in the country; it is to be a stimulus and not simply another bureaucratic instrument. It is to be an initiator of Government policy.

To create success over the next five years, the new TPA will need to: (a) focus on objectives; (b) have competent staff; (c) have a reasonable budget; (d) mobilize and coordinate the diverse resources of the industry and (e) work to become widely known and have an accepted marketing and development plan; (f) be insulated to some degree, from politics – to the extent there is continuity and commitment of official policy.

The former Chief Executive was able to have a reasonable budget. However, while competent staff were recruited, their skills were under-utilized.

The corporate plan describes the mission of the Authority,

To market Papua New Guinea overseas and domestically as a tourist destination and to increase the number of overseas and domestic travellers, thereby stimulating strong economic growth in the sector. The components of this mission are to:

- (a) increase the value of tourism to the economy;
- (b) create jobs for Papua New Guineans, particularly at the local/rural level;
- (c) stimulate investment and new tourism product generation;
- (d) guide and coordinate the resources of the entire tourism industry;
- (e) effectively promote and market the country and
- (f) represent Papua New Guinea's tourism interests overseas.

The statement contained in the corporate plan presents considerable challenges for the Tourism Promotion Authority, and no clear strategy exists to implement them.

5. Current initiatives of TPA

During its first year of operation, the main emphasis of the TPA was on promotion and marketing. Since the beginning of 1995, at the direction of the Honourable. Paul Pora, the Minister for Civil Aviation and Tourism, emphasis is now being placed on product development, training and tourism awareness. Under the philosophy of its former Chief Executive, an aggressive marketing campaign began in 1993 centred around travel and holiday shows and advertising in travel journals, mainly in Australia. It was a costly exercise at the expense of effective marketing to other regions, such as Europe and North America.

With the change of Chief Executive in early 1995, the TPA was left without a clear marketing strategy, or rather, a strategy considered worth pursuing. TPA is currently operating the promotion strategy on an ad hoc basis with greater emphasis being given to niche marketing, such as attendance at dive shows and cruise ship shows and advertising in special interest magazines. This strategy has already produced tangible results.

Acting on Ministerial direction and conscious of the need, TPA is now placing great emphasis on training from 1995 onwards. We are now drawing on the resources of overseas volunteer agencies to provide short-term training in tour guiding and hospitality, because there is a lack of in-country trainers and TCSP has a limited capacity.

6. Tourism planning and mechanisms

The complex corporate plan set by the former Chief Executive had created conditions where there were no workable tourism planning processes or mechanisms.

Development of a formal planning process largely depends on gaining the confidence of the industry and those involved in such a process. This confidence is slowly being developed. The industry association, the Tourist Association of Papua New Guinea (TAPNG), is working with TPA to develop a mutual strategy and clear objectives.

Inter-agency coordination at the bureaucratic level is purely ad-hoc and largely stifled by an inefficient bureaucracy.

In the past, tensions between TPA and the national airline, Air Niugini, prevented the development of a cooperative working relationship. Goodwill now exists on both sides, but the airline is being driven almost exclusively by profit motives and does not share the broad national objectives of TPA.

A recent report by an AusAid team which did a Papua New Guinea Private Sector Development Study stated,

The Tourism Promotion Authority appears to be a well-run and competent agency. There is a danger, however, in it attempting to do too many things at once within its limited resources. A key function of the Authority is to be an effective interface between the Government and the private sector. It should not attempt to undertake such tasks which are the responsibility of the private sector, such as feasibility studies and advice on new projects, or to undertake investment promotion activities separate from the Investment Promotion Authority.

The corporate plan calls for the Tourism Promotion Authority to “work to a widely known and accepted marketing and development plan”. Such a plan needs to be developed as a joint exercise between the Authority and the private sector.

7. Preparation of a national tourism plan

The need for such a plan is obvious and urgently needed to identify and translate the development strategies into specific action plans and projects. This must be primarily a “how to” document for use by TPA, other government agencies and the industry. It must be a dynamic document to ensure that Papua New Guinea’s efforts to develop its tourism industry are mutually reinforcing, mutually coordinated and meet the felt needs of the community.

Detailed terms of reference for preparation of this National Tourism Plan have been prepared by the TPA and it is expected to cost \$US 400,000.

8. Major tourism development projects

There are no major tourism development projects planned or foreseen. Investor confidence is low and funds are very scarce. The only new initiatives are in training and encouragement of rural-based guest houses.

9. Main constraints

The main constraints affecting tourism development in Papua New Guinea are: (a) law and order, (b) high costs and (c) access.

The law and order problem and the related negative image has major implications for tourism development. While the situation is not nearly so serious as the media, especially the Australian media, proclaims, it is a very real factor. In many areas, law and order is not a problem, but tourists and tourism wholesalers have to be convinced of this.

Unless the actual situation improves, marketing and promotion to counter this image is likely to be futile. The high risk and consequent high costs of insurance and security are also an impediment to investment in tourism plant.

Papua New Guinea is a high cost destination, reflected in the cost of accommodations, meals and internal transport. The main reason is the high overall cost structure of the country as well as the cost of operating tourism facilities in remote areas.

High costs of travel are a function of the remote location of the country from many of its potential major markets (Europe and the United States). It is also related to air service agreements and policies of the airlines serving the country.

The high cost is not necessarily a major constraint if Papua New Guinea focuses its market on high income special interest tourism markets, provided that the tourism experience offered is exceptional and seen as providing value for money.

Access to many potential tourist attractions is constrained by the limited infrastructure of the country. The absence of roads forces reliance on domestic air services, which are expensive.

10. Suggested follow-up activities

Assistance by international organizations is required to aid the national government, the Tourism Promotion Authority and the private sector to establish clear strategies for the development of the tourism industry. International organizations can assist in developing a training infrastructure for the tourism industry, including establishing an industry training body, agreement to competency standards and certification procedures, and the establishment and support of government, private and NGO providers for training staff from tourism enterprises. International organizations can assist in developing the capability to construct and manage village accommodation lodges for eco-tourism and cultural tourism with direct linkages to village agriculture and handicraft products and cultural interpretation. These programmes would best be provided through an established lodge or lodges to clusters of micro-enterprises now establishing such facilities. Research, advice and assistance in the use of appropriate technologies in the development of tourism plants in villages is also needed.

11. PALAU

– *Mihaina Koshiba*

1. Introduction

Palau has recently joined the world of nations, declaring its sovereignty upon signing the Compact of Free Association with the United States last October. Politically, the nation is a stable democratic republic modeled after the American political system.

Palau's independence comes after about 300 years of foreign control under the Spanish, Germans, Japanese and Americans. Although each of these periods has contributed to the culture of Palau, Palauans have managed to preserve a distinct culture, unique in the South Pacific and the world.

Palau is a volcanic island chain located about 800 miles south-west of Guam and 600 miles east of Mindanao in the Philippines. Its location just a few degrees north of the equator makes the climate of Palau enjoy relatively consistent temperatures of 80 to 90 degrees Fahrenheit and severe weather such as typhoons are rare.

Palau is also located near the confluence of three major ocean currents, providing the barrier reefs that surround the islands with the nutrients and biomass to sustain over 1,400 species of fish, all seven species of giant clams, salt-water crocodiles, several varieties of turtles, including the endangered hawksbill, and the dugong.

On land, we have numerous untouched forests, located on the largest island of Babeldaob. These are home to rich plant and animal life, including eight indigenous species of bird and a variety of wild orchids.

With this abundance of natural resources and beauty, we see a great future for Palau as a tourist destination. Although our industry is still young, with the right guidance and planning, we hope to encourage more visitors to Palau while at the same time preserving our natural bounty.

2. General trends in inbound tourism

Visitors arrivals have increased from 5,640 in 1980 to 44,073 recorded in 1994. Japanese visitors accounted for about 40 per cent of all visitor arrivals in 1994, followed by the United States at 22 per cent. Taiwan province of China, with 14 per cent in 1994 had third place. Statistics from 1993 show a similar trend of visitor arrivals from these countries and areas.

Table 1. Number of visitor arrivals, 1993 and 1994

	1993	1994	Percentage change
Japan	18 554	17 493	-6
United States	7 861	9 700	23
Taiwan Province of China	4 171	6 126	47

Total visitor arrivals of 44,073 for 1994 shows a steady increase in total inbound tourism of 9 per cent over 1993 arrivals of 40,497.

3. Economic significance of tourism

In 1986, a technical assistance project within the UNDP/WTO Regional Project was undertaken to assess the economic impact of tourism on Palau. The project was hindered by limited up-to-date information or lack of up-to-date data on the structure and performance of the overall economy of Palau. However, based on the survey of selected Palauan businesses actively engaged in the tourism industry, several estimates were made. (a) Visitor expenditure estimates for 1985 amounted to about \$US 6 million, of which about 53 per cent was spent on hotels. (b) The tourism output multiplier was estimated to be 1.404 for 1985, indicating that for every \$US 1,000 spent by tourists, the level of output (sales) in Palau increased by \$US 1,404. (c) The tourism income multiplier was estimated to be 0.508 for 1985, indicating that tourism generated about \$US 3.1 million in local wages, salaries and profits. (d) The Government revenue multiplier was estimated to be 0.335 for 1985, indicating that Government revenue derived from tourism-related activities amounted to approximately \$US 2.1 million. (e) The open nature of the economy and limited domestic production meant that the net foreign exchange retained from every \$US1,000 spent by tourists in Palau was estimated to be \$US 173.00.

Another technical assistance project funded by ESCAP was undertaken during 1992 to provide estimates of national accounts for 1991-1992. Gross domestic product (GDP) estimates for 1992 were \$US 89.7 million, of which hotels and restaurants contributed an estimated \$US 8.7 million (9.7 per cent). This, however, does not include accounts of all economic activity within the tourism sector.

It is not possible at present to establish the total value of tourism for the national economy of Palau due to the absence of any accurate, up-to-date data. It is also not possible to provide a comparative analysis of the economic impact of the tourism sector with respect to other economic activities.

4. General policy and priorities on tourism development

The policy of the Palau Government is to promote and encourage the development of a visitor industry in Palau and to make it a responsibility of all visitor-oriented government and quasi-government agencies to assist and participate in the implementation of this policy. At the level of the national legislature (OEK), there are House and Senate Committees that oversee tourism development policies in Palau. Organizationally, tourism is within the jurisdiction of the Ministry of Commerce and Trade (MCT), which is responsible for the promotion of economic and commercial development programs and projects, including but not limited to, the implementation of development proposals, tourism promotion and regulations.

The Tourism Reorganization Act of 1982 established the Palau Visitors Authority (PVA) as a public corporation to carry out Government policy. A seven-member board is appointed by the President, once the advice and consent of the Senate has been given. The board must also have three members who are licensed tour operators in Palau.

5. Tourism planning

The Palau Government provides funding for PVA as the National Tourism Organization in the form of annual appropriations. These comprise 70 per cent of the departure tax receipts and a nominal contribution from the National Treasury. To date, budgetary constraints have limited PVA activity and impaired its effectiveness as a National Tourism Organization (NTO).

The current staff of eight is unable to undertake all the activities normally expected of an NTO, especially when only provided with a budget of \$320,000. Office space limitations also hinder PVA's mandates as an NTO. Apart from basic data collation and dissemination, PVA functions as little more than a promotional and public relations outlet rather than the country's principal marketing agency.

It is necessary to increase the financial resources available to PVA in order to enhance its capability as a fully functional NTO. However, such increased funding should only be allocated once a revitalized role for PVA has been clearly determined and future objectives set. The ongoing funding of PVA should be linked to achieving agreed performance targets related to the value of tourism to Palau, and not merely the volume.

In addition to inadequate funding for PVA activities, inter-agency coordination mechanisms to ensure integrated tourism planning and development in Palau are virtually nonexistent. A good example is that within the Ministry of Commerce and Trade, in an agency also mandated to promote tourism, there is no individual who is charged with promoting tourism or regulating activities within the sector.

6. Major tourism development projects as of 1994

Palau has over 600 hotel and motel rooms. Palau Pacific Resort is the biggest with 160 rooms, followed by Airai View Hotel with 87 rooms, West Plaza Chain Hotels 85 rooms and Hotel Nikko Palau with 51 rooms.

There are no major tourism development projects presently under way. However, there have been reports about Outrigger Hotels Hawaii, the state's largest hotel chain, planning to develop and manage a 135-unit hotel and condominium complex in Koror, Palau's capital. Construction of the hotel was planned to begin in mid-1995, but as of this report, there is no visible evidence of construction being undertaken for that project.

Another major hotel project, which is still in the planning stage, is the Palau Hilton Resort, a 260-room, four-star luxury hotel to be built overlooking the lush Rock Islands from a hillside in Koror, Palau.

7. Major problems and constraints

An assessment was made in the PATA Task Force Report from 1992 concerning impediments to development.

- (a) There is a lack of an established and officially-defined vision for the future of tourism in Palau. A recent draft of the Palau National Master Development Plan (NMDP) and the PATA Task Force Report identify this vision. Both reports outline strategic marketing plans, but the NMDP has yet to be approved for implementation by the Palau National Congress.
- (b) In the absence of a tourism policy, there is little by way of new product development, other than diving, which is now synonymous with Palau.
- (c) Constraints on infrastructure make it difficult for developers to identify suitable sites for hotel development and associated activities such as golfing, watersports, etc. Currently, over 90 per cent of hotels and tourism facilities are located in the main thoroughfare and capital town of Koror (3 1/2 square mile island). Babeldaob which consists of 175 square miles of land is undeveloped, with the exception of the Airai View Hotel with 87 rooms on the southern end, in close proximity to Koror. With very limited infrastructure by way of paved roads, water, power and sewerage, development in Babeldaob will be hindered.
- (d) Currently, there is only one airline servicing Palau. Until ten years ago, Palau was at the deadend of airline routes. With only one airline serving Palau, there is practically no competition to bring the airfare to a competitive level. Therefore, airfare to Palau is considered one of the most expensive in the world in relation to distance.
- (e) With the current land ownership and claims disputes, it is more difficult for prospective developers to proceed with their plans in a timely fashion. Almost every site that is identified and negotiated for development is stopped from proceeding due to court injunction as other claimants place their claims on the property.
- (f) There is a lack of clearly defined policies as to what types of development are supported by the country.
- (g) Inadequate funds for marketing leaves Palau virtually unknown by credible developers. As a consequence, the type of investment that comes in results in ad hoc development with intentions to make fast money and leave the country when resources are depleted. This has not had much impact on the resources, but without clear-cut regulations and controls, it is likely to have future adverse effects on Palau and its limited resources.

Annex

Table 1. Number of arrivals in Palau, 1989-1993

	<i>Number of arrivals</i>	<i>Percentage change</i>
1989	26 005	
1990	32 846	26.0
1991	32 700	-0.4
1992	36 117	10.0
1993	40 497	12.0

Table 2. Visitor arrivals by country of origin, 1993

	<i>Number of arrivals</i>	<i>Percentage change</i>
Japan	18 554	46
United States	7 861	20
Taiwan Province of China	4 171	10
Europe	1 722	4
Philippines	3 622	9
Other Asia	3 458	8
Others	1 109	3
Total	40 497	100

Table 3. Visitors by country of citizenship and purpose of entry, 1994

<i>Citizenship</i>	<i>Tourist</i>	<i>Business</i>	<i>Employment</i>	<i>Others^a</i>	<i>Total</i>	<i>Percentage</i>
United States	7 197	1 640	252	611	9 700	22
Japan	16 635	304	257	297	17 493	40
Australia/New Zealand	314	132	23	27	496	
Philippines	829	151	1 937	637	3 554	8
Europe	2 048	33	22	104	2 207	5
Taiwan Province of China	5 518	41	140	427	6 126	14
Republic of Korea	1 137	26	34	24	1 221	3
Hong Kong	336	16	2	3	357	
Other Asia	663	136	823	789	2 411	5
Others	353	69	38	48	508	1
Total	35 030	2 548	3 528	2 967	44 073	
Percentage	79	6	8	7	100	

Source: Division of Immigration – Provisional.

Note: ^a Others include fishermen, crews, students, transit, religion and dependents.

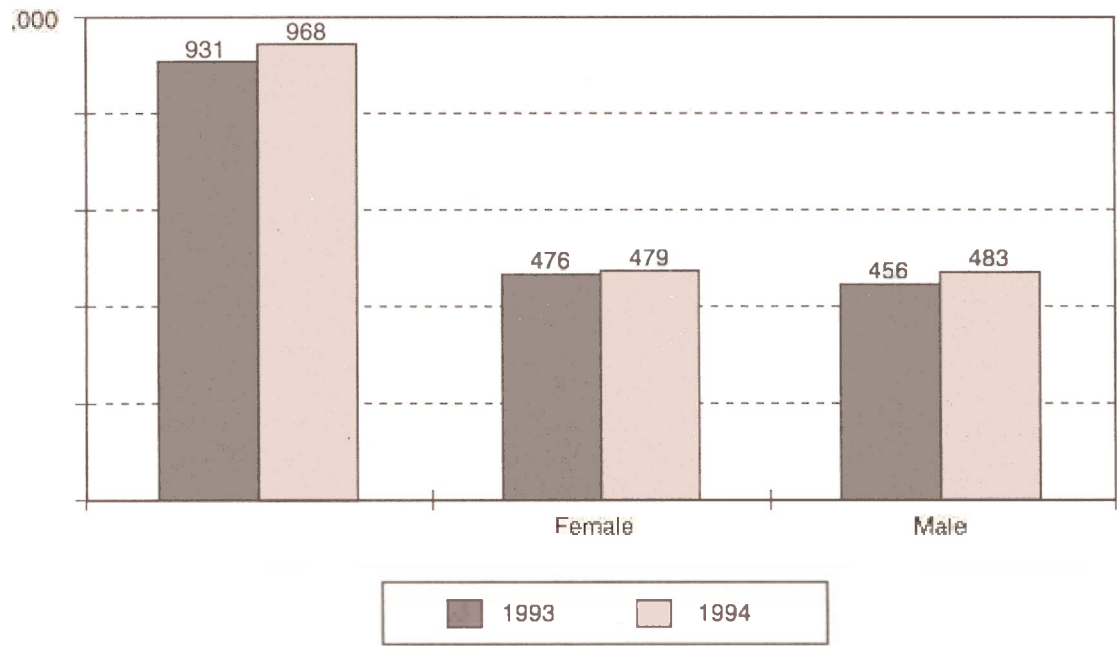
Table 4. Hotels, motels and guestrooms in Palau

	1992	1993	1994 ^a
A. Hotels in Koror			
1. D.W. Motel	17	17	17
2. Malakal Central Hotel	18	18	18
3. Hotel Nikko Palau	51	51	51
4. Ongdibel (H.K. Motel)	6	9	9
5. King's Apts.	15	15	16
6. Lee Bros Motel	4	4	4
7. Marina Hotel	28	28	28
8. New Koror Hotel	25	25	24
9. Palau Hotel	38	38	35
10. Palau Pacific Resort	100	100	100
11. Sunrise Villa	n/a	21	21
12. The Penthouse	12	12	12
13. TNO Motel	5	5	5
14. West Plaza Hotel by the Sea	36	34	34
15. West Plaza Hotel Topside	13	12	12
16. West Plaza Hotel Downtown	22	22	22
17. West Plaza Hotel Desekele	n/a	15	15
18. VIP Hotel	12	12	12
Sub-total of rooms	402	438	435
B. Hotel and guesthouses outside of Koror			
19. Airai View Hotel	35	87	87
20. Carp Island Resort	22	25	25
21. Ngarraad Traditional Resort	4	3	3
22. Guestrooms in Angaur	10	10	10
23. Guestrooms in Peleliu (more than)	10	10	10
Sub-total of rooms	85	135	135
Total number of rooms	487	573	570

Source: Palau Visitors Authority.

Note: ^a Projection dates for additional rooms in 1994:
 3rd Quarter 1994 – Airai View Hotel 18 rooms
 October 1994 – Palau Pacific Resort 60 rooms
 – Sunrise Villa Hotel 7 rooms
Total 85 rooms

Figure Number of tourist industry employees by gender



Palau Visitors Authority *Manpower Training Survey.*

12. SAMOA

– Teresa Anastasia Ngau-Chun

1. General trends in tourism in Samoa

Over the last couple of years, the general trend in tourism indicates growth in visitor arrivals and increased tourism revenues which far exceed that earned by the traditional agricultural sector of the economy. Like many Pacific Island nations, Samoa once relied on agricultural produce as the stable income earner of the economy. For Samoa, the taro blight which followed after cyclones Ofa and Val virtually wiped out the taro crop. While efforts have been made to eliminate the blight and other alternatives have been sought to improve agricultural production, interest in tourism has been on the increase.

This has been evident in the rise in small businesses in the tourism sector and a general curiosity on how to make a return from increasing tourism arrivals. New demands on the National Tourism Office have also been on the increase, demands that far outnumber the available resources of the National Tourism Office.

Investment interest has also been on the rise with much speculation, but constrained by land tenure issues in the last year.

Arrivals figures increased from 47,071 in 1993 to 51,169 in 1994. Earnings ranged from \$WST 48 million in 1993 to \$WST 55 million in 1994, but the tourism industry has been far from stable in the last 18 months. Polynesian Airlines, the national carrier, has experienced some major strife with the return of its short-lived fleet and the North American route being once again closed. In the last eight months, the national carrier has since been restructured and changed management. It has negotiated seat shares with special offers on international routes and has been discussing marketing strategies with senior management of the National Tourism Office. Compared to the same period last year when there was a great void in hotel occupancies, some degree of confidence has slowly been restored.

Overall, the tourism industry in Samoa has been constantly evolving, despite a limited budget and what can be termed as the usual life cycle of any growing NTO.

Following restructuring in the last couple of years, the new management has been taking an active role in examining ways in which the NTO and the industry can gain from the benefits tourism has to offer in a small island nation.

The task is a complex one due mainly to the fact that tourist arrivals have increased overnight as with the role of the NTO. In comparison with the allocated budgets provided by Government to other sectors, the NTO receives much less.

It was probably never envisioned by the government that one day the majority of foreign exchange earned from tourism, (other than remittances from families overseas), would ever exceed that of the agricultural sector.

Although businesses welcome tourism earnings in Samoa, there is also scepticism about tourism development. The taro blight saw an increase in unplanned small tourism business developments in the country. It altered the landscape and even tainted hospitality and attitudes. For others tourism was seen as an eyesore. From this experience, it became imperative from the Western Samoa Visitors Bureau's point of view that planning at all levels was of vital importance. At the national level, it demanded a focus on integrating resources of other government departments to compliment similar objectives that had dual benefits for the industry. On the local front, it was planning and business advise on how to better coordinate development with existing establishments and allocation of resources to provide a product with variety and taste on mostly customary land where government can have very little say.

The philosophy for tourism planning which has been adopted by the WSVB is, "See Samoa as Samoans See it".

This philosophy includes the idea of utilising available resources to ensure visitors have a satisfying stay by enhancing aspects which need to be looked at, but do not detract from norms. This has been considered in light of the limited resources for training personnel, the lack of finances to assist tourist establishments and the like. On some fronts this has been successful. Village seminars conducted by a team from the NTO are held annually and funded by the New Zealand High Commission. They are attended by relevant Government departments such as the Division of Environment and Conservation to inform local villages about tourism issues. This is complimented by a weekly radio programme.

The new budget has been announced for the new financial year 1995-1996. The NTO and the Western Samoa Visitors Bureau have been allocated an increase that could enable them to employ support staff for the divisional heads. The injection from the Government marks an additional commitment to the efforts of the WSVB and the significant role of tourism earnings to the economy.

This commitment is a positive step in the right direction. However, it will be realistic to assume that other key factors will also determine the need to coordinate with the industry in order to maximize the benefits of that budget.

A dynamic and versatile Board and Chairman, who must always be informed and advised on tourism matters nationally and globally, are a vital asset to achievement of the initiatives of the National Tourism Office. Like successful businesses, it has become vital that investment in tourism is seen from a business perspective that also takes into consideration sustainable environmental development. This sustainable management has to be seen from the perspective that small island nations have very limited natural resources, which therefore makes them susceptible to mismanagement.

2. Economic significance

Over the years, tourism earnings have made a significant contribution to the economy. In 1993, visitor arrivals totalled 47,071 and produced revenue earnings of \$WST 48 million tala. In 1994, tourism earnings received from 51,169 visitors were estimated at \$WST 55 million tala, the equivalent of \$US 27.5 million and showed a significant increase of 9 per cent in visitor arrivals. The \$WST 55 million in tourism earnings for 1994 constituted about 17 per cent of the gross domestic product (GDP) and was the main foreign exchange earner for the economy.

Employment opportunities in the tourism industry also contributed to the country. A new course at the local polytechnic school opened the curriculum to include tourism and has opened opportunities for those willing to take an active role in the industry.

The increased earnings in 1993 and 1994 have raised questions of the productivity output of human resource and equipment allocations in other sectors of the economy versus the tourism industry. This was one of the many points which was argued at the budget screening between the National Tourism Office and Treasury.

3. General policy/priorities in tourism development

Government policy on tourism gives considerable importance to the tourism industry as a means of diversifying production and accelerating economic growth, according to Samoa Development Plan 7. The Samoa Tourism Development Plan 1992-2000 encourages the sustainable development of the industry through small-scale, high-yield developments and sustainable development of the environment.

The broad priorities of tourism are to:

- (a) generate employment and increase local income by providing greater opportunities for active participation in tourism development;
- (b) enhance and preserve fa'a Samoa's (Samoan way) rich cultural heritage and beautiful natural environment, both of which provide important tourist attractions;
- (c) promote and expand other economic sectors by developing and improving linkages with those sectors;
- (d) retain a higher share of the tourist expenditures in the local economy and
- (e) increase the level of tourism awareness among local people and visitors to Samoa.

To date, the WSVB is in the process of negotiating its marketing strategy with the national airline. An international market survey has been carried out by the tourism adviser and a report is expected soon. With the prospect of a 300-room major beach resort, the government is currently reviewing its policies on small-scale, high-yield projects. The issue has been raised of whether it is essential to build a series of small-scale luxury resorts or to build one or two large developments. It is expected that with a larger development the degree of leakage would also be significant.

The 1995-1996 budget has also been allocated for the new financial year. This budget will be allocated to the continuing process of developing the industry.

4. Tourism planning

The WSVB is one of the few Government Corporations that has a Development Plan for 1992-2000. However, tourism planning or integrated tourism in Samoa is somewhat limited. Since restructuring in 1992, the WSVB has established the Planning and Development Division run by one person. The Planning and Development Division has since taken on the role of coordinating with relevant Government Departments and ad hoc organisations on issues of tourism planning and encouraging, where relevant, the integration of their planning for the benefits of the economy. In addition, the same division carries out the functions of negotiating bilateral aid assistance which supplements the tourism planning and development budget.

The establishment of the Division of Environment and Conservation Unit within the Department of Lands Survey and Environment saw the WSVB initiating consultations and training programmes at the local level to inform and create awareness of the dual benefits of tourism planning.

Given the nature of land tenure, (80 per cent of the land is customary land belonging to collective *aigas* or families) and the need for investment to stimulate the development of the tourism industry, it is vital that planning take place to meet the objectives of the country. The process of negotiating for available land is not only a time-consuming process, but a sensitive issue requiring expertise and understanding of local perspectives.

At the national level, the planning process requires further clarification and better coordination between government bodies. This coordination has been initiated by the national tourism office in the last two years and requires the NTO to maintain its public relations with larger government organizations. The WSVB recognizes that keeping open communication links with the key players in respective areas can gain long term benefits in striving to achieve the same objectives. A limited budget and limited staff also requires coordination of this nature. In its efforts to integrate planning initiatives, other government departments are included in assessment committees to evaluate WSVB projects funded by overseas aid.

In the past, the Planning and Economic Unit of Government; Treasury Department, Trade, Commerce and Industries, and Inland Revenue worked independently of each other. Trade missions would concentrate only on manufacturing with little emphasis on tourism potential. A Trade and Commerce directory has recently included a general section on tourism.

Today, the majority of these government agencies and bodies are kept informed about current events that occur in the global tourism scene through a newsletter and informal gatherings at relevant industry meetings.

The task force which is currently compiling the National Environmental Management Strategy (NEMS) following the United Nations summit in Brazil also brings together all government departments, non-governmental organizations and local key players to address some of the most vital issues pertaining to the environment as well as natural and human resources. The government has gradually increased the grants allocated to the tourism industry, but the objectives of tourism were not always prioritized or understood. The approach to tourism planning was always characterized by a conservative approach in terms of contributions to the economy.

For instance, the Division of Environment and Conservation would formerly allocate an area for conservation and appropriately identify tourism potential, but fail to consult the WSVB for its market knowledge and plans to indicate to local people how they will ensure that some income can be earned

from the designated conservation areas. As a result, local people have become disillusioned with conservation and tourist projects where they have free labour and received no economic return. Forestry projects also identified nature tourism as having potential but failed to inform how this could be carried out. Having created a linkage, this relationship has since been tied.

It is evident from these examples how lack of coordinated planning and poor decision-making by government experts can have negative implications when dealing with land tenure that is customarily owned. It often creates confusion in the villages if it is not examined or explained well. It can also result in bad experiences for visitors and officials, which can be damaging to the country and its marketing efforts. Our experiences have indicated that there is a misconception by other officials about what tourism involves.

At the national level, recognition of increasing revenues earned from tourism and an active team at the National Tourism Office has now shed light on what alternatives can be achieved by improving what Samoa has to offer as a destination. Better links with government and the private sector are essential. Although WSVB has taken the initiative, it is also necessary for the relevant bodies to support the initiatives in a two-way process.

The National Tourism Office, therefore, has begun a long and time-consuming process. An injection of finances to recruit human resources is vital to enable this process to continue.

5. Major tourism development projects

Some of the major tourism projects in the last couple of years by WSVB include the following:

- (a) An ECOTOURISM PILOT PROJECT done with assistance from the New Zealand Overseas Aid Programme enabled WSVB to carry out a pilot project to identify how to improve its cultural nature tours. After this first programme, a second phase was included to try some of the new products.
- (b) A POLYTECHNIC SCHOOL was started in January 1995, in cooperation with the Education Department and assistance from AIDAB. A Diploma in Business and Tourism was added to the curriculum. The course had an initial intake of 25 students.
- (c) AUSAID/TOURISM DEVELOPMENT FUND began in June 1994 following discussions with AIDAB representatives and the Australian High Commission in Apia. A Tourism Development Fund (AUSAid) was established to provide grants to small-scale tourism. This programme is administered and managed by the Planning and Development Division.
- (d) An INVESTMENT STUDY was made in response to the major constraints in tourism investment. The WSVB Tourism Adviser and Manager of Planning and Development commissioned an investment study to address issues of foreign investment and the lack of quality accommodations. The purposes of this study were:
 - (1) identify funding sources for local tourism programmes and projects;
 - (2) review the proposed investment program in the Tourism Development Plan. This required investigation of realistic timing for the staged development of hotel rooms and the potential sources of investment finance to support such a programme.
 - (3) prepare a step-by-step guide about tourism investment in Samoa to include all parties. Investors need to consult and talk within the village, the processes to be followed, types of lease agreements, descriptions of the financial incentives available and an overview of the government's assistance in providing certain types of infrastructure.
 - (4) prepare detailed profiles of typical tourism projects that can be used as examples for presentation to potential financiers. This required, liaison with the WSVB, Treasury and the Department of Trade Commerce and Industry.

Prior to this study, the WSVB initiated a Seminar on Tourism Investment for all local investors, financial institutions and government officials.

This report is currently at the printers and due for distribution in June.

- (e) WSVB/SBEC LAUNCH OF CUSTOMER SERVICES TRAINING was organized in conjunction with the Small Business Enterprises Centre, a NZODA funded project for support to the private sector. The WSVB carried out a customer service programme in response to the lack of training programme in this area. The same agency carries out a Basic Introductory Business Course which has become a prerequisite introduced by the Planning and Development Division for anyone who receives assistance from the Tourism Development Fund. The purpose of this exercise is to encourage small tourist businesses to know how to manage their businesses. Assistance under New Zealand Overseas Aid (NZODA) Programme had an allocation which made possible a mobile training unit to begin in 1995-1996 and complement the requirements of the Training Division.

6. Problems and constraints

The tourism industry has major constraints experienced by most National Tourism Offices. This includes a limited budget allocation to be distributed among the divisions to ensure that they can fulfil their goals and objectives. It also includes a marketing budget which often is prioritized to a degree that it fails to reach proposed goals because it is revamped so much.

The Government has argued that it has supported the tourism industry through infrastructure development; for example, the resealing of roads and the financial support that has been injected into keeping Polynesian Airlines flying. The fact remains that there is a need to increase the allocated budget to successfully target market areas and to allow the national tourism office to function beyond an information and service desk.

Issues pertaining to investment need to be addressed in order to upgrade the number and quality of rooms available on the island. To date, the accommodation stock which numbers less than 1,000 rooms is not evenly distributed, and many smaller existing establishments are of poor standard. Other establishments contain few rooms which make them difficult to market overseas. There is a limited number of beach resorts. One development, Le Ufi Sa, on the South Coast is due to open at the end of the year, adding 20 more new rooms to the accommodation stock. Other properties still battle through the initial process of lease agreements and lack of equity to begin development.

As tourism earnings soar, criticism from the private sector is evident. There are claims that the banks and the Government are not making it easy to obtain loans for establishments to refurbish or increase marketing support overseas. (The Investment Study due to be distributed in June will focus on the financial weaknesses of development proposals.)

The WSVB also comes under criticism for not providing more marketing for the private sector, although 47 per cent of the budget concentrates on marketing, with only 1.3 per cent each allocated to training education, and planning and development.

Newcomers to the industry are often ignorant of the major players in the industry and as a result become bitter and dissatisfied that the National Tourism Office is not providing them with visitors. It is well recognised that there have been other decisions in the economy, like the national carrier, which created a backlog for many businesses.

Following Polynesian Airlines' quick exit from the North American route, the national carrier has slowly restored confidence with seat shares allowing a steady flow back into the country. However, it has been the concern of the local industry that there is a need to make the country more accessible in order to fill rooms.

It has been also recognized that a national marketing strategy is essential between the national carrier and the National Tourism Office. The WSVB has been critical of the limitations in the national carrier's marketing strategy in targeting Visit Friends and Relatives (VFR) as opposed to targeting the bonafide tourist. Interestingly enough, it has been discovered that an increasingly large portion of the VFR market is utilizing the services of the industry and, therefore, contributing to the local economy, particularly with a full programme for the calendar of events.

The WSVB has been carrying out a marketing survey and working towards revamping the existing strategy together with some input from the airline. The WSVB's MEDIA RELATIONS AGENCY based in Australia is currently playing a major role in Australia to generate publicity about Samoa. Unfortunately, a cut in the budget in 1994-1995 meant that it was not possible to expand this service to other market areas.

One other major constraint to what Samoa has to offer the market is quality accommodations. With the exception of Aggie Grey's Hotel, Kitano Tusitala and Coconuts Beach Resort on Upolu Island, there are very limited choices for the high-yield visitor.

Activities have been inadequate for the visitor to the country. In the last two years, the WSVB has initiated low, medium and high eco-tourism activities that can be enjoyed by those seeking adventure. Although this area has been the focus of the Planning and Development Division, available human resources are limited.

7. Suggested activities to be undertaken by government

Considering the earnings that tourism generates for the Government, it would be encouraging to spend a larger portion of its allocated grant for increasing the support staff of the National Tourism Office.

It is recommended that an allocation be made available as a revolving loan with low interest to enable existing establishments to upgrade their facilities, if any new ones are not added.

The Government should be mindful of large-scale developments proposed by local and foreign partnerships/investors who could disrupt the cultural and environmental aspects of village communities. If the Government accepts such proposals, then it would be in their interest and that of landowners to ensure that environmental impact assessments are required and that modern technologies on energy use and waste management are recommended, since large-scale development activities can be detrimental to coastal waters.

With the assistance that the Government has already invested in the national carrier, it is recommended that a national marketing strategy with the WSVB be seriously considered and coordinated with the common goal of bringing in more visitors.

The Government should revise the role of the Samoa Lands Board and create incentives inviting people with customary lands to lease for the purpose of tourism development. This would have to be carefully distributed to ensure market viability and fulfill sustainable environmental development. In addition, it should reduce the time needed by allocating one agency or a committee comprising key departments and expertise with the WSVB, to examine and process the proposals. It is recommended that the WSVB be represented on the incentives board to evaluate tourism proposals and encourage new, environmentally-friendly technologies relevant to small island nations.

Annex

Table 1. Tourist arrivals by country of residence, 1993-1994

<i>Country of residence</i>	<i>1993</i>	<i>1994</i>	<i>Market share 1994 (percentage)</i>	<i>Percentage growth 1993/94</i>
American Samoa	14 518	15 134	30	4
Other Pacific Islands	4 735	4 647	9	-2
New Zealand	9 252	8 851	17	-4
Australia	5 181	6 012	12	16
United Kingdom	871	928	2	7
Germany	2 672	2 474	5	-7
Other European Countries	1 530	1 645	3	8
United States	5 704	6 806	13	19
Canada	426	575	1	35
Japan	547	1 404	3	157
Other countries	1 304	2 693	5	106
Total	47 071	51 169	100	9

Table 2. Tourist arrivals by purpose of visit, 1993-1994

		<i>Purpose of visit</i>															
		<i>Pleasure</i>				<i>Business</i>				<i>Visit family and relatives</i>				<i>Other</i>			
				<i>Percentage market share</i>	<i>Percentage growth</i>			<i>Percentage market share</i>	<i>Percentage growth</i>			<i>Percentage market share</i>	<i>Percentage growth</i>			<i>Percentage market share</i>	<i>Percentage growth</i>
<i>1993</i>	<i>1994</i>	<i>1994</i>		<i>1993</i>	<i>1994</i>	<i>1994</i>		<i>1993</i>	<i>1994</i>	<i>1994</i>		<i>1993</i>	<i>1994</i>	<i>1994</i>		<i>1993</i>	<i>1994</i>
1 292	1 382	15	7	844	921	20	9	9 583	10 316	36	8	2 796	2 958	34	6		
464	553	6	19	631	691	15	12	2 317	2 579	9	11	1 323	1 392	16	5		
960	1 105	12	15	983	1 105	24	12	5 772	6 304	22	9	1 537	1 650	19	7		
1 148	1 289	14	12	613	691	15	13	2 679	2 865	10	7	741	780	9	5		
328	368	4	12	56	46	1	-18	395	286	1	-28	92	87		-5		
1 321	1 474	16	12	111	138	3	24	1 034	1 146	4	11	206	174	2	-16		
764	829	9	8	116	138	3	19	505	573	2	13	145	166	2	14		
1 256	1 382	15	10	487	553	12	14	3 132	3 439	12	10	829	865	10	4		
183	184	2	0.5	46	46	1	0	155	286	1	84	43	43	0.5	0		
360	368	4	2	120	138	3	15	336	288		-14	62	62	0.7	0		
232	276	3	19	153	138	3	-10	435	573	2	32	485	522	6	8		
8 311	9 210	100	11	4 160	4 605	100	11	26 343	28 655	100	9	8 257	8 699	100	5		

Table 3. Indicators of the economic significance of tourism, 1992-1996

	1992/1993		1993/1994		1994/1995		1995/1996	
	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected
Earnings from tourism (million of Tala)	38.6	43.8	48.7	48.1	57.7	53.6	70.4	61.4
Grant from government (million of Tala)	0.8		0.76		1.7		4.3	
Percentage share of earnings	2		1.60		2.90		7.5	
Contribution of tourism earnings to GDP (percentage)	14		17		18			
Contribution of tourism earnings to foreign exchange earned (percentage)	22		24		37			
Tourist arrivals (number)	37 507	41 200	47 071	43 900	51 169	47 800		
Employment opportunities generated from tourism (number of jobs)		1 350		1 450		1 640		1 820

Source: Western Samoa Tourism Development Plan 1992-2000 and Central Bank.

Table 4. Tourist arrivals by country of origin, 1994^a

(percentage)

American Samoa	30
New Zealand	17
United States	13
Australia	12
Other Pacific	9
Germany and other countries	5
Japan and other Europe	3
United Kingdom	2
Canada	1

Source: WSVB.

Note: ^a 1994 figures are provisional.

Table 5. Sources of foreign exchange, 1992-1995

(million of Tala)

	Foreign exchange breakdown					
	1992/1993	Percentage share	1993/1994	Percentage share	1994/1995	Percentage share
Remittances	107.01	47	80.45	40	83.39	40
Tourism	38.63	17	48.66	25	57.7	28
Agricultural exports	14.36	7	16.53	8	8.84	4
Investment income	12.80	5	8.67	4	7.47	4
Other services	54.14	24	45.74	23	49.95	24
Total	226.94	100	200.05	100	207.35	100

13. SOLOMON ISLANDS

– Robert Gereia

1. Introduction

One of the first tasks of the Tourism Division of the former Ministry of Tourism and Aviation was to formulate a tourism master plan. With technical assistance from the Tourism Council of the South Pacific, the Solomon Islands adopted its National Tourism Development Plan in early 1991.

When the new government came to power, it had just created a Ministry of Tourism in 1989, and in doing so elevated the profile of the industry from an obscure position to a recognized sector. The ministry had earlier commissioned a national tourism policy in 1990, followed by the adoption of the plan in 1991.

This government's desire and intervention to develop the industry came shortly after the country had just witnessed the burning of a once-popular island resort called Anuha Island Resort in 1988. The Anuha resort was the flagship of the industry at the time of its operation and was widely perceived and identified as the tourism industry by the local population. More will be heard about this resort as it is believed to have a major role to play in government efforts to develop the industry.

The industry was very small, with an inventory of 400 beds, 9,000 visitor arrivals a year, an under-developed tourism infrastructure, an acute shortage of trained manpower and very minimal marketing and promotion for the country.

The plan was a very ambitious one reflecting the government thinking at that time. The government then accepted the introduction of tourism as part of a major economic restructuring exercise to deal with the undesirable state of the economy. It was believed that because the Solomon Islands is so abundantly endowed with the natural attributes of a tropical tourist destination, things would neatly fall in place at the times prescribed. It was anticipated that one or two major resorts would be built and completed within a period of five years, thus laying a foundation on which the industry would grow and thrive.

However, it was never to be as envisioned. After six years, the tourism industry in the Solomon Islands has remained virtually the same. The good news, however, is that the plan is now being reviewed and a new direction may be pursued. There is also strong evidence that the industry may be slowly but surely preparing for growth.

This paper outlines the present situation in the industry. The focus will be on identifying the signals that may be trumpeting the beginning of growth for inbound tourism, the industry's contribution to the national economy and the experience and complexities of the planning process in the country over the six years following the government intervention in 1989.

2. General trends in the industry

Using 1990 as a base year, modest growth has been witnessed in the overall industry.

The visitor arrival figures seem to have recovered from a low 9,000 in 1988/89 period as a direct result of the closure of the Anuha resort in 1988. It has since been consistently about 12,000 a year for the last four years, as shown in annex table 1. It is not recovery of the market lost with the closure of the Anuha resort as there has not been a replacement resort. There is reason, however, to believe that visitor arrivals will begin to see an increase in 1995 due to the 1995 Visit South Pacific Year Programme and the country's continuing marketing efforts.

Pleasure tourists make up 48 per cent of the total visitor arrival figures to the country, and the majority are divers. Eco-travel or adventure seekers have increasingly been coming through and travelling in groups.

In the accommodation sector the number of rooms has also increased modestly. From 400 beds in 1990, the number currently it is estimated to be above 600. Strong growth is seen in the motel-type development or budget accommodation, an activity controlled by indigenous local people. The three principal existing hotels have all been renovated and expanded, while two new additions have been made to the number of resorts in the country.

In the transport sector, some growth and improvement has also been recorded. There is now another live-on-board dive boat in addition to the existing 'Bilikiki'. The boats serve only a small area, however, and there is potential for further expansion. The national airline had relinquished the 737-400 jet for a 737-300 series leased from Qantas as part of a major structural change, and this move is resulting in improved financial standing for the airline. The tour coaches and taxis have also been upgraded to a higher standard. Meanwhile, a proposal for a house boat business to be based in one of the lagoons of the country is being studied by the ministry.

Bank lending to tourism and tourism-related businesses has also been increasing. The Development Bank (DBSI) has recorded a rise in lending to the tourism sector. The government is encouraging more locals to participate in the industry by giving more attractive incentives.

Reports from the Foreign Investment Division also highlighted an increase of tourism approvals in 1994 over the preceding year. The government continues to subsidize the Solomon Islands Tourist Authority, the marketing agency of the government.

The provinces in the country and their provincial governments have shown an interest to allow tourism into their areas and have actually identified sites and suitable islands for tourism projects. This is a positive indication of the acceptance of tourism as a potential revenue-earner for the provinces and an ingredient for tourism growth in the Solomon Islands.

The just released 1994 Annual Report of the Central Bank of the Solomon Islands commented favourably on the performance of this small industry, but warned that only genuine and credible investors should be welcomed and invited to develop major tourist projects being planned for the country.

Overall, the factors highlighted here are among others that show a growing national awareness of the industry that had been regarded as an evil and, therefore, it was not given much political attention prior to 1989. The awareness is building into increased interest and commitment to develop the industry both at the national and provincial levels.

3. Contribution of tourism to the economy

The Statistics Division have not been giving enough attention to identifying tourism's role in the economy or quantifying its contribution, probably because tourism had not been significant to the national economy up to the present. It is, therefore, difficult to obtain data on the foreign exchange earnings and other incomes generated by the industry. However, according to a TCSP report, the Solomon Islands earned an estimated \$US 6.4 million from tourism in 1993, which represents 5 per cent of total domestic export value and 4.1 per cent as a proportion of GDP. This clearly shows that tourism is still a small sector in the overall economy of the Solomon Islands. Logging has dominated export earnings, followed by fisheries, palm oil, copra and cocoa. In terms of employment generation, reports from the Labour Division ranked tourism as the fourth largest employer.

4. General policy/priorities on tourism development

The country lacks the desirable tourism infrastructure now enjoyed by neighbouring Pacific Island countries because of the small size of the tourism industry at the present time.

Therefore, the major task facing the government and recognized by the National Tourism Development Plan is to provide and or facilitate the provision of the necessary infrastructure for the industry to grow and expand. The major policy since 1989 focuses on:

- (a) adequate accommodations of international standard;
- (b) establishment and improvement of attractions based on the culture and natural attributes of the country;
- (c) improvement of international access and domestic transportation system;
- (d) employing effective marketing and promotion programs and
- (e) securing training assistance and support for the industry's manpower, both in the public and private sector.

To implement these policy objectives, a crucial prerequisite is the availability of foreign capital and assistance, as the country lacks the resources to undertake them on its own. The Ministry of Tourism is charged with the task of identifying and securing necessary foreign capital and assistance to implement the programs and projects involved.

A recent new policy directive emphasizes eco-tourism or development of low-level, high-quality tours to rural-based products in order to provide the visitor a true "Solomon experience". This project involves high-quality budget accommodations, visits to natural attraction sites, organized tours to designated villages, bush walks and cultural performances in rural areas to get the visitor out of the city or town to experience life in a village situation.

Eco-tourism and adventure travel are being promoted because indigenous local people can competently participate in this sector to fulfil the desire of encouraging them to be fully involved in the development of the industry.

The present government also places priority on facilitating increased visitor arrivals through the building of a new terminal and extension of the Henderson International Airport in Honiara. It believed that the low volume of visitor arrivals is caused by the limited services at the international airport and the general lack of suitable accommodations and services in the country. These factors join forces to undermine the potential of the country as an investment destination for tourism developers.

5. Tourism planning

The Tourism Division of the Ministry of Culture, Tourism and Aviation is responsible for tourism policy and planning. As mentioned, the Solomon Islands is fortunate to be ably assisted by expertise from the Tourism Council for the South Pacific in this task. We are particularly grateful to TCSP for assisting in the production of the Tourism Development Plan 1991-2000. It is still in use and relevant as a resource document. It can be described as an ambitious plan based on the policy directives and an equally ambitious program of the former government in 1989 in its endeavour to quickly establish the necessary tourism infrastructure for short to medium-term economic gains.

The plan based on the National Tourism Policy, promotes controlled tourism and is designed to address the identified constraints which are adversely affecting the growth of tourism in the country. These are:

- (a) limited and poor-quality accommodation capacity;
- (b) difficult and relatively costly access, reflected in the high real costs of getting to the Solomon Islands;
- (c) restricted tourism infrastructure and undeveloped attractions and
- (d) minimal and ineffective promotion.

The planning process in tourism planning can be best described by relating the experience in putting together the current tourism plan which featured wide consultation with relevant departments and the private sector. Extensive consultation occurred during the field work and information-collecting phase. Nearly all the provinces were visited and discussions held with provincial authorities and the operators based in those provinces. Relevant government departments, statutory bodies and the private sector generally were also consulted for their views and inputs.

A high level consultative committee was appointed to monitor and evaluate the initial findings and recommendations of the plan. Members of the committee were selected from the departments of Finance, Lands, Physical Planning, Environment, the Tourist Authority, the provinces and the private sector. The Cabinet was also apprised of the findings and recommendations of the plan, and it was formally adopted as a document of the Solomon Islands Government.

In 1992, the Tourism Division tried to introduce the idea of an inter-ministerial tourism committee. The aim is to meet occasionally to educate, promote and solicit the necessary support from other departments of the government which are considered important to the successful implementation of tourism projects. The initiative was dropped, however, due to the uncooperative attitudes of other ministries involved.

The proposed cooperation was re-introduced by the present government by putting in place a Ministerial Development Committee comprised of Ministers and officials of developmental ministries. The Committee is to meet regularly when required to monitor and facilitate approved government programs and projects. The concept is very useful and support for tourism projects is now available.

Nationally, there is an annual meeting of provincial tourism ministers called the Solomon Islands Tourism Council, which is chaired by the minister responsible for tourism. This council meets to discuss policy matters and other common issues affecting tourism in the respective provinces. In addition to the Council, the government also convenes a tourism conference every two years. The conference enables the private sector and the government to meet and discuss issues and problems affecting the industry.

The process described here seems to serve as a mechanism to monitor the planning process, but there remain inherent problems that continue to undermine the implementation of the plan. Lack of capital is a constant threat to government projects and programs. Projects worth millions of dollars, already approved by the Foreign Investment Board could not start and eventually have had to be cancelled. This has been the pattern during the last five years. Lack of capital is perhaps the biggest single obstacle to the implementation of the plan. Lack of suitably trained manpower in the public and private sector is certainly another constraint. Requests from the provinces to the central government for the deployment or recruitment of local professional staff could not be serviced due to this factor. The poor transportation system and the geography of the islands are making it very difficult to implement certain projects. Two TCSP-sponsored nature-based projects have been halted because of transportation and land-related problems.

No immediate remedy can be seen to overcome the mentioned constraints. It is hoped that the country and the industry will gradually overcome the constraints with the continued assistance from regional and international tourism bodies, as well as the right investors.

6. Major projects

Last year, when the opposition group in Parliament was planning to overthrow the ruling National Coalition Partnership (NCP) government, and finally succeeded, the Tourism Division was also putting together a contingency plan to keep busy and prepare for the 1995 budget. The plan was to revive the once-popular island resort of Anuha. We reasoned that the previous tourism growth was centred around the success and popularity of Anuha. Therefore, Anuha resort represents a tourism path that was growing naturally without government support and intervention. This tourism path or growth pattern needed to be investigated and re-activated because it could be the way out, following failed attempts to build new hotels and resorts.

The redevelopment of Anuha Island Resort is now the single major tourism project for the ministry, as we strongly believe its revival is important and crucial for regaining the confidence of investors. We want to re-establish the tourism pattern that Anuha island resort has paved and build from there. We hope to arrive at a satisfactory and desirable stage either this month or next month (July) as the cabinet has considered the project as urgent.

Work is still progressing on other projects and on plans to list two sites under the World Heritage Listing. The sites possess outstanding natural and geological features that need to be protected against large-scale destructive developments as the sites are currently under threat from logging and mining. The successful listing of the sites will be a major attraction for eco-travellers.

The structural change to the industry caused by the creation of the Ministry of Tourism in 1989 will now be formalized when a Solomon Islands Visitors Bureau Bill will be taken to Parliament later this year. The bill will seek to repeal the British Solomon Islands Tourist Authority Act of 1969 which established the existing Solomon Islands Tourist Authority (SITA). The SITA will now become the Solomon Islands Visitors Bureau (SIVB) and will function as the government's marketing and promotion arm. This policy directive will result in more promotions and marketing for the country as the SIVB will concentrate all its resources on its prescribed role.

The Visit South Pacific Year '95 programme has generated a lot of interest in the country. The internal awareness outreach has been far-reaching and has resulted in the provinces coming out and expressing their desire to be part of the programme.

7. Problems facing tourism development

The single major problem facing tourism development in the Solomon Islands since the government recognized the industry in 1989, is the high expectations from the government for tourism to be a short to medium-term "saviour" to the ailing economy. This did not materialize, but instead caused some setbacks for the industry. The government may have been disillusioned by assuming that tourism would grow overnight, or in real terms reach a desirable stage of development within five years, because the country possesses the natural ingredients of a tourist destination. Based on this philosophy and planning, both the government and the private sector made major decisions that not only backfired some years later, but further restrained investor confidence in the industry that appeared to be regained but was lost with the problems and subsequent closure of Anuha resort.

This high expectation resulted in the government adopting and pursuing what could be called the "big bang" approach. The government was thinking very big and expended a lot of resources on investment promotion and for consultancy work on two major tourism projects. This period between 1989 and 1993 was highly explosive, but became diffused when the approvals for the major projects were cancelled by the Foreign Investment Board.

The high expectation led to the Solomon Airlines to leasing a 747-400 jet in 1991, only to sell it two years later as it was causing more problems than assisting in airline plans to participate in the proposed tourism development. There was also an apparent relapse for existing operators who were planning to expand. The adverse effect could have been drastic had the industry been bigger. The high expectation also led the government to sell the former government house to a developer. The historical property was later purchased for a much higher price than when it was sold. The high expectation also led to one provincial government converting a prime tourism site into a cocoa plantation when the planned tourism project for the site fell through.

An observation of the above period and the resultant failure leads to the belief that the "big bang" approach is not applicable to the Solomon Islands' situation and is not the right approach for tourism development in the country. The approach did not work due mainly to restrictions in the tourism infrastructure, and more importantly, to the unresolved problem of Anuha and its impact on the confidence of investors. The failure of the "big bang" approach has made it apparent that the country should try to re-establish the tourism path that Anuha was heralding. Reopening Anuha should definitely open the country for more tourism investment, and only then will government be able to achieve its tourism aspirations.

Tourism development in the country is definitely poised for growth, but it has been proven that it cannot be forced to grow under the restrictive conditions described. It should grow naturally with time and should experience rapid growth following the redevelopment of the Anuha Island Resort.

The other recognised constraint is the problem relating to availability of land and its ownership. Like other island countries, ownership still negates some tourism development and will continue to be a problem area for development as well as planning for the country's tourism industry. In national efforts to address the land-related problem, mechanisms seem to have been employed in certain island countries to minimize this constraint. In the Solomon Islands, the government will for the first time pursue the idea of leasing the Anuha island from the landowners and then subleasing to the developer. If this system works it may signal a possible breakthrough and may act as a model to be used for future projects.

8. Conclusion

Drawing from the experience of the Solomon Islands, it seems that planners and tourism planning should not always try to tailor and structure their reports to satisfy political desires, but be more objective and realistic in their assessments. The temptation to please governments is a strong one, but in the end may not yield the desired government objectives for nation-building.

Tourism planning should always try to study and identify various patterns of growth or growth paths and experiences in other small island countries of the region or internationally and factors influencing them. This knowledge would be useful in formulating plans for other island countries with similar situations and national ambitions.

TCSP and other regional bodies, could assist in planning for island countries by convening a planners, meeting every two or three years to review development planning in island countries. Tourism is the mainstay of some island economies and needs to be regularly monitored and controlled to achieve desired national objectives.

Annex

Table 1. Number of visitors by month, 1983-1994

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
January	1 147	1 103	1 075	985	1 212	1 048	571	667	621	807	912	374
February	765	644	1 006	1 082	871	785	740	479	653	536	827	660
March	862	708	1 021	1 080	1 066	823	854	921	994	811	825	819
April	710	726	939	1 082	1 025	647	868	959	907	723	952	1 108
May	1 042	1 074	977	736	927	993	812	804	893	1 277	958	989
June	890	823	828	670	1 211	1 041	1 077	423	1 184	921	725	1 134
July	1 076	1 016	1 049	1 029	1 426	1 214	991	867	1 367	1 427	865	1 454
August	907	1 272	1 060	1 044	1 010	809	889	881	939	1 496	1 415	884
September	921	1 048	1 082	1 030	743	648	988	973	1 137	1 283	1 316	1 305
October	861	919	852	908	1 115	946	664	759	884	966	1 325	1 072
November	747	448	906	801	788	764	901	607	590	1 272	836	879
December	1 185	1 396	1 179	1 183	1 161	961	505	855	936	927	614	1 241
Total	11 113	11 177	11 974	11 630	12 555	10 679	9 860	9 195	11 105	12 446	11 570	11 919

Table 2. Visitors' country and area of residence and arrivals by quarter

		Austra- lia	New Zealand	Papua New Guine	Fiji	Other Pacific	United States	Can- da	United King- dom	Nether- land	Ger- many	France	Italy	Other Europe	Japan	Hong Kong	Other Asia	Other	Total
1988	Q1	844	293	490		259	163		142					68	193			204	2 656
	Q2	1 014	330	233		270	283		140					33	135			243	2 681
	Q3	996	429	282		100	224		129					55	111			257	2 671
	Q4	1 015	232	329		323	239		158					47	145			183	2 671
1989	Q1	765	185	394		171	185		79					67	178			141	2 165
	Q2	158	249	179		245	317		135					94	103			277	2 757
	Q3	039	494	276		230	243		139					38	134			275	2 868
	Q4	699	179	262		250	254		90					15	124			197	2 070
1990	Q1	749	238	255		220	132		105					23	132			213	2 067
	Q2	898	290	154		166	210		128					34	72		..	234	2 186
	Q3	926	528	188		273	242	32	132		47	13		49	185		99	7	2 721
	Q4	830	213	269		195	174	38	141		26	9		84	148		88	6	2 221
1991	Q1	758	261	162		233	196	39	194		54	19		65	174		110	3	2 268
	Q2	1 189	440	178		222	266	35	216		38	28		45	113		206	8	2 984
	Q3	1 209	638	197		222	274	34	240		38	34		96	241		211	9	3 443
	Q4	926	261	242		179	241	30	159		38	10		53	110		154	7	2 410
1992	Q1	646	286	223		185	140	28	181		44	12		66	144		173	8	2 154
	Q2	1 168	422	239		222	200	36	187		21	16		81	156		163	10	2 921
	Q3	1 534	684	145		347	493	56	279		58	56		125	219		193	17	4 206
	Q4	1 063	364	187		233	369	37	225		58	34		127	218		235	15	3 165
1993	Q1	727	278	195		226	347	24	214		67	47		78	142		197	22	2 564
	Q2	1 009	429	102		222	241	48	178		34	39		51	167		127	10	2 635
	Q3	1 255	452	188		255	350	16	241		60	63		94	289		322	11	3 596
	Q4	1 037	270	222		172	251	25	194		36	27		77	185		269	10	2 775
1994	Q1	588	210	124	60	95	140	21	159	4	34	33	1	45	156	15	156	12	1 853
	Q2	1 279	345	247	75	184	230	42	198	6	60	55	2	75	183	22	216	4	3 231
	Q3	1 296	601	202	92	157	284	32	305	4	43	32	14	86	296	33	160	6	3 643
	Q4	1 151	327	393	55	200	278	22	197	7	43	32	3	83	175	27	102	17	3 192

14. AMERICAN SAMOA

– John K. Pereira

1. General trend in inbound tourism

American Samoa's inbound tourism continues to be plagued by the absence of a well-defined infrastructure system vital for its development. Specifically, efforts are hampered by lack of resources and compounded by a government in serious financial difficulty, an apathetic populace, and a less than flattering reputation. Consequently, inbound tourism has declined from 10,130 in 1988 to 4,710 in 1992. For this five-year period, inbound tourism has plummeted by 54 per cent. Table 1 gives details the inbound tourists for the 1988 to 1992.

Table 1. Tourist arrivals by citizenship: 1988-1992

<i>Country or area of origin</i>	<i>1988</i>	<i>1989</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>
Canada	239	129	138	96	87
United States	5 682	3 538	4 073	3 358	2 540
Europe	809	863	701	573	518
South Asia	22	24	16	26	18
South-East Asia	46	63	67	13	17
East Asia	175	256	208	199	133
Australia	814	1 003	984	665	324
New Zealand	2 126	2 256	2 144	1 736	925
Pacific	175	176	139	147	111
Other Areas	42	58	29	17	37
Total	10 130	8 366	8 499	6 830	4 710

Fortunately for American Samoa, the inbound tourism trend has been experiencing a slight upward climb as evidenced by the 7,337 tourists visiting American Samoa by the end of 1994. It is hoped that this trend will continue despite gloomy future world economic forecasts and the country's internal financial problems.

2. Economic significance of tourism

American Samoa has limited land area, few exploitable natural resources and is located far from major markets. These factors dramatically reduce practical economic development options for American Samoa. The development of tourism, therefore, represents one of the only realistic alternatives for economic development. It provides the most logical basis for any of American Samoa's economic diversification hopes.

To better understand the basis of the above statements, a discussion of American Samoa's economic system is in order. The two major forces which drive the territory's economic system are the Government and the two tuna fish canning operations. The private sector is predominantly service operations offering services to the American Samoa government and the canneries. American Samoa Government employees are approximately 40 per cent of the work force, the canneries about 33 per cent and 27 per cent work in the private sector. The American Samoa Government obtains 60 per cent of its revenues from the United States Government. The other 40 per cent is generated by levying taxes and charging fees for government-operated services. The canneries' contribution to the local economy is \$30 million in wages, excluding activity in the private sector driven by the need to provision the fishing fleet and providing fish to the canneries. All of American Samoa's exports are comprised of fish-related products produced by the canneries.

Tourism's significance is minimal compared to the other sectors of the economy. For example, the direct contribution of tourism to the territory's economic system for 1994 was approximately \$1,467,400 (7,337 x \$100 x 2 days, with estimated visitor expenditures per day of \$100, and visitor length of stay as 2 days). The canneries contributed \$30 million in payroll alone. From 1988 to 1992, the canneries exported an average of \$310 million worth of exports each year.

Table 2 details the annual contribution of the tourism industry in terms of visitor expenditures. There are no statistics available on the number of jobs directly related to the tourism industry. Thus, tourism's contribution is measured only by its direct contribution to the territory's economic system resulting from visitor expenditures. While the amount has climbed steadily since 1992, the contribution is insignificant when compared to the other sectors of the economy.

Table 2. Economic contribution of tourism

	<i>Total number of tourists</i>	<i>Tourist expenditure (\$ per day)</i>	<i>Length of stay (days)</i>	<i>Total contribution (\$)</i>
1994	7 337	100	2	1 467 400
1993	5 407	100	2	1 081 400
1992	4 710	100	2	942 000

Despite tourism's dismal past performance, there is a strong consensus that tourism presents the only viable option for the territory's economic diversification. The environment within which the canneries are operating is filled with uncertainty. Corporate decisions will be based on the bottom line. Thus, if the economics are favorable for canneries elsewhere, then there is no doubt that they will move. History bears testimony to this fact. The United States Government is going through a period of rethinking the way it does business. The ruling political party is pursuing options which will guarantee balancing its budget by the year 2002. These factors raise the significance of tourism development for American Samoa.

3. General policy/priorities on tourism development

On 23 December 1993, the Governor issued a general memorandum creating a Task Force and charging it with the responsibility of formulating an action plan which included a statement of general goals and objectives, determination of tourism development priorities, identification of funding sources, recommended activities and projects, an implementation strategy, timelines and a mechanism for monitoring progress. For American Samoa's tourism development programme, the position is that we ought to demonstrate social and economic need, which is hoped to facilitate the creation of a favorable economic climate to entice airlines and visitors to come to our islands. Based on this thinking, priority will be placed on improving the quality of accommodations, attractions, infrastructure and support services, transportation, marketing, financing, development incentives and regional cooperation.

The Tourism Task Force has completed its work and has submitted its Five-Year Tourism Action Plan to the Governor. This document is currently under review and upon completion of this process will be formally transmitted by the Governor to the Legislature of American Samoa for enactment into law. It is hoped that this document will guide tourism development in the next five years. The significance of the legislative review and subsequent enactment of the plan into law is that funds can be earmarked from some government activities to finance tourism development projects. It also eliminates political interference in viable tourism programmes when leadership is changed.

4. Tourism planning

Planning for tourism development is not a new concept to American Samoa. In early 1960, experts were commissioned to assess the potential for tourism development. Based on their recommendation, major tourism infrastructural projects were implemented. For example, between 1963 and 1965, the 200-room Rainmaker Hotel was conceived and constructed, along with the extension of the runway to accommodate jumbo jets. Other tourism planning efforts were carried out through the 1970s and

1980s. The Office of Economic Development and the Planning Office prepared the first Five-Year Economic Development Plan for American Samoa which included tourism development. This document was prepared and approved in 1980. Many other tourism studies were commissioned by the United States Department of the Interior for American Samoa. There are many studies conducted on American Samoa's tourism industry, but none had any impact on "jump-starting" this sector.

The planning effort that recently led to preparation of the Five-Year Tourism Action Plan involved the Governor's Tourism Task Force which had the responsibility for defining the planning process. This body determined the elements of the tourism plan which should be delineated and defined. For example, identification of general goals were derived from general discussion of the group with respect to the different forms of tourism development. The general goal which guided subsequent detailed goals and objectives was based on the precept that the beneficial effects of tourism development should be maximized, while the detrimental influence of tourism on our culture and the environment should be downplayed. The Task Force formulated its own goals and objectives based on its perceptions. The resulting goals and objectives were derived from the Task Force's assessment of the territory's current tourism status. There were also efforts to identify potential reasons for the territory's lackluster tourism performance.

The second phase of the planning process adopted and executed by the Governor's Task Force was to establish goals and objectives based on review of the territory's tourism industry. The Tourism Plan Goals were divided into three categories: primary goals, general goals, and immediate goals. Primary goals, for example incorporated the following: (a) increase the number of tourists; (b) add dollars to the economy; (c) create jobs and (d) diversify the economy. General goals included (a) increase local business opportunities, (b) decrease government involvement, (c) improve the public image of the territory and so on. Immediate goals include: (a) expand and improve tourist accommodations; (b) improve number, quality, and accessibility of attractions and so on. Goals included under the immediate classification reflect the tourism elements which can have an impact in terms of capacity and practicality. For example, the American Samoa Government is in the process of selling its shares (87 per cent) in the Rainmaker Hotel. This activity does not require any outlay of capital.

In setting priorities, it was necessary for the Task Force to identify factors which influenced its choices in terms of ranking or prioritizing goals. The Task Force placed attention on assessing the critical problem areas. For American Samoa's tourism programme, accommodation, transportation and attractions presented the critical problems. Such a view was prompted by the fact that for a tourism programme to work, the visitors must have the means to travel to the destination. Once in the area, they must have a place to stay and they must have something to do. Without these essential ingredients, tourism will not exist. When determining and assigning priorities, the Task Force tried to respond to several questions. (1) Overall, how important is the goal to tourism development? (2) Does meeting the goal require internal or external action? (3) Can the goal be accomplished within the planning period? (4) Is funding available, likely, or possible? (5) What are exceptions to these criteria?

The Task Force gave priority to those goals/objectives which would have the greatest beneficial effects on overall development of tourism. Likewise, goals/objectives that would result in long-term improvement or growth were given higher priority than those that would result in only short-term benefits. Priorities were also assigned to those goals/objectives which have the highest potential of being executed by our government and people without depending on external factors. Goals which can probably be accomplished within a five-year period were also assigned high priority. Goals with identified revenue streams to facilitate their execution were also given high priority. In the area of "exceptions to the criteria" when goals or criteria are in conflict with each other, then some decision is required whether to exclude or include an option. For American Samoa, the need to increase the territory's essential air service limits is critical to the overall growth of tourism. However the decision to increase those limits lies with the Federal Aviation Administration (FAA) of the United States, not the territorial government. Its overall importance means that the goal/objective will be included in the plan, but the most we can do to accomplish this goal/objective is to make a formal request to the FAA and develop the supporting information to justify our request.

Setting priorities for objectives should follow the same rationale and process as discussed above. It should be recognized, therefore, that certain actions contained in the plan may address one or more of the established priority objectives.

In a usual planning process, an organizational unit is already in place and charged with the responsibility of implementing the plan. Logically, the existing Office of Tourism is the entity to assume this role. However, given the overall strategy of the American Samoa Government to reduce its size and cost, many government organizations or agencies are under review for possible privatization. Given the success of joint public and private promotion of tourism in some countries in the Pacific, the Office of Tourism is being reviewed. For this reason, the Task Force incorporated in the plan a new organizational structure which has a private orientation for assuming the responsibility for advancing tourism development in the territory.

Including a clearly delineated structure for plan implementation is a catalyst to ensure that the plan is implemented. This process allows for properly identifying roles for both the government and private agencies to play in plan implementation. It requires preparation of memoranda of understanding among agencies with regard to their specific roles in implementing the tourism plan. In this part of the planning process, specific actions have to be identified to be carried out. For example, one such action is the immediate sale of the Rainmaker Hotel. It also calls for reducing user fees such as airports and terminal fees, landing and departure fees. Twelve elements were identified from a list of actions documented for implementation. These elements are:

1. Establish a Tourism Authority to Implement the Action Plan;
2. Sell the Rainmaker Hotel;
3. Offer Packages of Incentives for Tourism Business Development;
4. Adopt a Funding and Financing Package to Support Tourism Development;
5. Develop Tourism-Related Facilities;
6. Design and Implement Targeted Marketing Programmes;
7. Implement an Environmental Clean-up Programme;
8. Provide Better Information for Tourists and Promote Public Awareness;
9. Adopt Measures to Increase Air Service Levels;
10. Establish Regional Linkages;
11. Implement a New System for Tourism Data Collection and Analysis;
12. Estimate Expenditures and the Basic Budget.

Each element was discussed in detail in order to focus on identification of problems which might block the advancement of tourism development. General and immediate goals are documented. An integral part of this process is to prepare a general implementation schedule tracking the completion date for each listed action or activity. Greater specification can be made by actually identifying key personnel, their salaries, appointment of the Executive Director and the people responsible for execution of these tasks. For example, the first element is the establishment of the Visitors Bureau to implement the action plan. The target completion date for this element is January 1996. A list of specific tasks are defined to ensure that this deadline is met.

All of this information was documented and public forums were organized at district levels for the purpose of soliciting public and community comments on the thinking of the Task Force. Presentations were prepared and delivered at these public forums on each identified element. Such public forums were televised to increase public awareness and interest. Such forums were also provided for the business community to give their input. This process took about four months. Input from the community was documented and incorporated in the plan as necessary. The final Five-Year Tourism Action Plan was revised accordingly, based on the comments received from the general public and the business community.

The composition of the Tourism Task Force provides a networking mechanism to ensure coordination of tourism planning efforts between the government and the private sector. Among the thirteen members of the task force, only three people were government officials.

Plans are only worth the paper they are written on, if there is no genuine interest in implementing these plans. Before preparing plans, there has to be a written commitment from the chief executive officer that the plan will be implemented.

5. Major tourism development projects

American Samoa's Tourism Programme has been restricted to internal efforts aimed at enhancing visitor attraction. Marketing is limited by the amount of funding available for tourism development. In terms of major projects, American Samoa has little to boast about. In terms of planning, American Samoa is proud to announce that we have just recently completed our Five-Year Tourism Action Plan.

6. Problems and constraints

The biggest problem faced by the American Samoa Government in tourism development is the lack of financial resources to invest in the development of the territory's tourism plant. While much attention is given to the need for the development of tourism, funds allocated to the Office of Tourism to support development does not reflect any sense of urgency. Over 70 per cent of the annual budget of the Office is devoted to paying employees' salaries, leaving very little to invest in activities, tourism infrastructure development, or our tourism plant. Several elements need new capital investment:

(a) Accommodations

One serious constraint to tourism development is the lack of adequate accommodations, most notably major quality hotels. Immediate improvement of the Rainmaker Hotel to internationally-accepted standards of excellence is vital to the success of tourism in the territory. An essential part of developing village-based tourism is to build alternate accommodations such as motels, bed and breakfast, condominiums and various forms of traditional housing. Such alternative accommodations will augment the mainstream tourism market and support the growing eco-tourism market.

(b) Transportation

Air transportation to American Samoa is inadequate. Flights from the mainland United States and Hawaii are too infrequent and costly, and the quality of service has been very inconsistent. Hawaiian Airlines now has only two flights per week to American Samoa. An increase in overall weekly seats and the addition of at least one additional flight per week, together with adequate mail and cargo service, is essential to provide even modestly convenient passenger service.

For a variety of reasons, regional transportation linkages are poorly developed, which makes it inconvenient and costly for regional travelers to visit American Samoa. To participate in the growing regional tourism market, ways must be found to include connections to American Samoa that are comparable to other destinations in terms of price and convenience. Of all the problems facing tourism development, this is probably the one that we have the least ability to affect. While we may be able to provide encouragement, regional air carriers will make their decisions based on economic realities, not on our needs.

(c) Attractions

Our most valuable tourism assets are our people, our culture and the natural beauty of our islands. Unfortunately, opportunities for tourists to experience our culture are few, and the quality of the natural environment has been degraded through decades of growth and neglect. American Samoa's trash problem is out of control and seriously jeopardizes any chance we might have to develop tourism. There is trash on the beaches, the streams, along the roads and in the villages. Solid waste collection is woefully inadequate, littering is rampant and there is very little or no enforcement of laws against it.

(d) Infrastructure and support services

Infrastructure and support services are elements that determine whether a visitor will have a pleasant experience or not. Well-maintained basic utilities, convenient immigration procedures, readily available products and services, a variety of leisure activities and accurate information help to provide a quality experience.

(e) Development incentives

At present, there are no development incentives offered by the government targeted specifically at tourism development. There are no special tax benefits, and no special support or assistance for tourism businesses. Access to capital for business start-up or improvement is extremely limited, and there are no subsidies or special terms offered to tourism businesses. If American Samoa is going to get the tourism sector off the ground, it must offer support in the form of incentives to tourism-related businesses. These incentives could be tax exemptions or credits, reduced fees, subsidized promotion and advertising, low-interest loan programmes, business technical assistance, as well as cooperative arrangements for construction, maintenance and operation of tourism-related facilities.

(f) Marketing and promotion

When funds for marketing are limited, then sporadic promotional efforts will have very little impact. Our marketing programme has been limited to the dissemination of promotional literature in the United States. At times, we have participated in joint promotional efforts with Samoa and with some of the regional efforts sponsored by TCSP. Marketing and promotion are expensive. The cost is staggering for attending trade shows and fairs, conducting familiarization tours for agents and travel trade media, producing displays and other sales tools, advertising in travel trade media and participating in regional and world-wide travel organizations. For example, the Cook Islands currently spends about \$1.7 million on marketing and promotion each year and Samoa spends about \$1 million. American Samoa spends less than \$50,000 on promotion and marketing.

7. Suggested follow-up activities

American Samoa realizes that it does not have the financial capability or the capacity to develop into a tourist destination. However, it acknowledges the fact that it must cooperate with the other countries of the Pacific in order to capitalize on the benefits of tourism development. Therefore, we would like to support activities which will facilitate collaboration among Pacific Island countries to promote the "Pacific" as the destination. To ensure that everyone benefits, a regional marketing plan must developed along with establishing networks to facilitate travel among the participating islands once a visitor comes to the Pacific. We all face common problems of limited finances and the lack of economies of scale to become full-developed destinations. These sentiments are echoed in the charter of the Tourism Council of the South Pacific. However, expectations have not always been realized.

15. TONGA

– Christopher Cocker

1. Introduction

The Kingdom of Tonga is an archipelago comprising 175 islands in the South-West Pacific. The total land area is about 700 square kilometers. The islands are widely dispersed over a sea area of about 360,000 square kilometers. Less than 40 islands are populated.

Tonga is located between latitudes 15° s and 23.5° s, and longitudes 173° w and 177° w. Tonga is thus immediately to the west of the International Dateline, about 775 kilometers south-east of Fiji, 1,900 kilometers north of Auckland and 3,500 kilometers north-east of Sydney.

There are three main island groups: Tongatapu and 'Eua in the south, the Ha'apai Group in the middle, with the main island of Lifuka, and the Vava'u Group in the north, with the main island of Vava'u.

The Tongan people are Polynesian and comprise a fairly homogeneous group, speaking a uniform Tongan language. The total population is about 104,000, of which about 70,000 live on the main island of Tongatapu. The capital of Nuku'alofa and Fua'amotu International Airport are both located on Tongatapu.

Tonga is an independent kingdom which was never colonized by a European power. It was a British Protectorate from 1895 to 1970, and many of Tonga's political and social institutions are derived from Britain.

The culture of Tonga is now an interesting mixture of elements of Polynesian culture and the European culture of the mid-nineteenth century.

2. General trend in inbound tourism

In 1994, the number of visitors arriving by air to Tonga was 28,408. (See annex table 1.) The average rate of growth in visitor arrivals for the three years from 1991 to 1994 was 8.1 per cent (See annex table 2).

Over 60 per cent of these visitors arrivals by air were generated by Tonga's three traditional markets, New Zealand 29.7 per cent, the United States 21.5 per cent and Australia 15.5 per cent. About 84.9 per cent (24,129) of the visitors arriving in Tonga in 1994 were classified as holiday/vacation visitors and 15.06 per cent (4,279) were visiting on business. (Please refer to annex table 3).

The holiday/vacation category includes Tongan residents from other countries as well as non-Tongan tourist. A precise figure for the number of non-Tongan tourists is not available. According to some estimates, about 80 per cent of all visitors are Tongan nationals or ethnic Tongans holding citizenship of other countries.

About half of the visitors (13,991) in 1994 indicated that they intended to stay in private accommodations. About 41 per cent (11,785) indicated that they would stay in primary or secondary hotels. The remaining visitors, 9.4 per cent, would stay at guest houses or on yachts or did not state where they intended to stay. (See annex table 4.)

An estimated 70 per cent (20,013) of the air visitors were visiting Tonga for the first time and the remaining visitors (30 per cent) were on their second visit (8,395).

The majority of air visitors, 19,004 (67 per cent) to Tonga remained on Tongatapu while only 4,496 (15.8 per cent) visited Vava'u, 3,840 (13.5 per cent) visited Ha'apai, and 863 (3 per cent) went to 'Eua and 205 (0.72 per cent) went to the Niua. (See annex table 5.)

Tonga Visitors Bureau statistics, stated that in 1994 the majority of air visitor arrivals were male 66 per cent (15,900) and 44 per cent (12,508) were female.

Most visitors by air stayed in Tonga from 5 to 13 nights (8,412). In terms of purpose of visit, holiday/pleasure visitors tended to stay longer than those visiting on business. (See annex table 6.)

According to the Bureau's statistics, about 50 per cent (14,066) of the air visitors arrived from Auckland, 19 per cent (5,520) from Apia and 19.1 per cent (5,426) from Nadi. These were Tonga's three major ports of embarkation for air visitor arrivals. (See annex table 7.) Air New Zealand carried the most visitors to Tonga, leading with 15,205 visitors. Polynesian Airlines followed with 13,381, Air Pacific with 8,716 passengers and Royal Tongan Airlines with 5,742 passengers. (See annex table 8.)

3. Economic significance of tourism

The economy of Tonga is primarily based on agriculture. Sustained economic growth in Tonga is constrained by structural factors such as the subsistence-based production system, its vulnerability to changes in export prices, a severely limited resource endowment, small size of the domestic market and geographical isolation. Imports of goods far exceed agricultural and manufactured exports, creating a chronic trade deficit, which has been financed with remittances, foreign aid funds and tourism earnings.

A balance of payments situation in which private transfers and development assistance are mainly used to finance consumption and public investment cannot be sustained indefinitely. It can only be overcome by expanding and diversifying export performance and by promoting import substitution. Tourism offers one of the few opportunities for Tonga to diversify its exports and earn additional foreign exchange to strengthen the balance of payments.

The current contribution of tourism to the economy of Tonga is limited for two reasons.

- (a) Many visitors to Tonga are ethnic Tongans who stay in private houses and do not make significant expenditures while visiting.
- (b) The facilities available to tourists are mainly of a low standard and do not enable Tonga to attract high-spending tourists.

Tourism makes a small but important contribution to the economy. In 1993/94 tourism generated \$12.5 million in foreign exchange earnings, or 55 per cent of total merchandise exports. The sector has shown steady growth over recent years, despite recessionary forces. Visitor arrivals have increased every year since 1988/89, with the exception of 1989/90. From 1988/89 to 1993/94, the growth in visitor arrivals averaged 6 per cent a year. Tourism earnings as recorded through the Overseas Exchange Transactions (OET) system have displayed a more erratic pattern but grew by an average 12 per cent a year during the 1988/89-1993/94 period. (See annex table 9.) Despite an average annual inflation rate of 6 per cent a year during the period, there were still real growth rates for tourism. Tourism's growth rate (hotels and restaurants) for 1993/94 of 11.9 per cent was higher than the growth rate total GDP which was 5 per cent. (See annex table 10.)

In 1993/94, tourism earnings from 28,408 visitors was estimated at \$US9.1 million dollars (\$TOP12.5 million pa'anga). Although earnings from tourism were lower than squash earnings they were much higher than two of Tonga's principal export items, vanilla (\$US1.6 million/\$TOP2.2 million pa'anga) and fish (\$US2.8 million/\$TOP3.8 million pa'anga). (See annex table 9.)

The National Reserve Bank of Tonga (NRBT) estimates for GDP categorizes tourism under commerce, restaurant and accommodation. The tourism sector contributed about 10 per cent of the total GDP for 1993/94. Tourism ranked second to agriculture, forestry and fishing which was the leader with about 34 per cent of total GDP. Since 1988/89, tourism has maintained its rank as making the second greatest contribution to GDP. (See annex table 10.)

There is potential to significantly improve the contribution of tourism to the economy of Tonga by increasing its market share of South Pacific tourism. Tonga's share is currently about 4 per cent of the estimated 700,000 persons who visit the South Pacific each year. It may be possible to increase the average expenditure per visit, which is currently estimated at about \$T500.

The number of people employed in the industry was estimated to be about 2,000 in 1994. The annual turnover in the sector per person employed was about \$T7,000. The average annual wage was only about \$T2,500. These averages could be significantly increased by low-cost institutional changes and training initiatives.

4. General policy/priorities on tourism development

Tonga's development policy is quite clear and sound. The policy is to encourage tourism development as one of the major sectors of the economy, but also ensure that tourism development will enhance Tonga's unique cultural patterns as well as sustain development.

The following objectives of the Government of Tonga for the development of the tourism sector are set out in the Sixth Development Plan.

- Encourage the development of tourism as one of the major sectors of the economy.
- Facilitate tourism growth with local economic benefits through employment creation and foreign exchange earnings.
- Allow an equitable distribution of tourism activities and benefits throughout Tonga, given the factors that limit expansion of the tourism economy in rural areas and the outer islands.
- Ensure that tourism development will serve such purposes as enhancing Tonga's unique cultural patterns, archaeological and historical sites, protecting the natural environment and improving urban areas.
- Attract travellers who will appreciate and respect Tonga's culture and environment, demonstrate substantial expenditure patterns and have a significant average length of stay.
- Encourage Tongan ownership and management in the tourism industry while offering opportunities to foreign investors when large amounts of capital are needed and/or when specialized skills are required in order to offer a broader range of services.
- Provide effective government participation with expanded resources for tourism planning and marketing, which are recognized as essential for the development of the sector.

Four strategic initiatives were identified for tourism development in Tonga's Ten-Year Master Plan:

- (a) Undertake a range of low cost initiatives, mainly to improve the training of staff employed in the tourism industry and to improve the institutional framework for tourism, to bring about necessary improvements in the quality of tourism facilities and in the standards of service to tourists. One option would be to maintain a small-scale, locally-owned, limited-capacity tourism industry providing an acceptable standard of service to tourists.
- (b) Encourage to help undertake the low cost institutional initiatives for Option 1 and introduce additional incentives to encourage private sector investment in tourism facilities. The outcome of Option 2 would depend on the willingness of the Government to forego future revenues to provide the incentives and the extent that the private sector responds to these incentives.
- (c) Joint public and private sector initiatives with Government facilitation and direct involvement when necessary would ensure implementation of an integrated package of tourism development projects to provide opportunities for new private sector initiatives and to improve significantly the quality of the main tourism plan and the services provided to tourists. Opportunities would be provided to foreign investors and hotel managers to contribute to the capital and specialized skills required.
- (d) Sixth Development Plan initiatives include implementation of the tourism proposals of the Sixth Development Plan. This would require substantial government expenditure on infrastructure, together with private sector expenditure on major new international standard hotel and tourism facilities. These large-scale tourism developments would require substantial external financial and managerial resources.

5. Tourism planning

Tourism planning and development in Tonga is still at an embryonic stage as compared to other Pacific Islands such as Tahiti, Fiji and Hawaii. To ensure integrated tourism planning and development throughout the country, the Tonga Visitors Bureau consults closely with various bodies prior to making any decision.

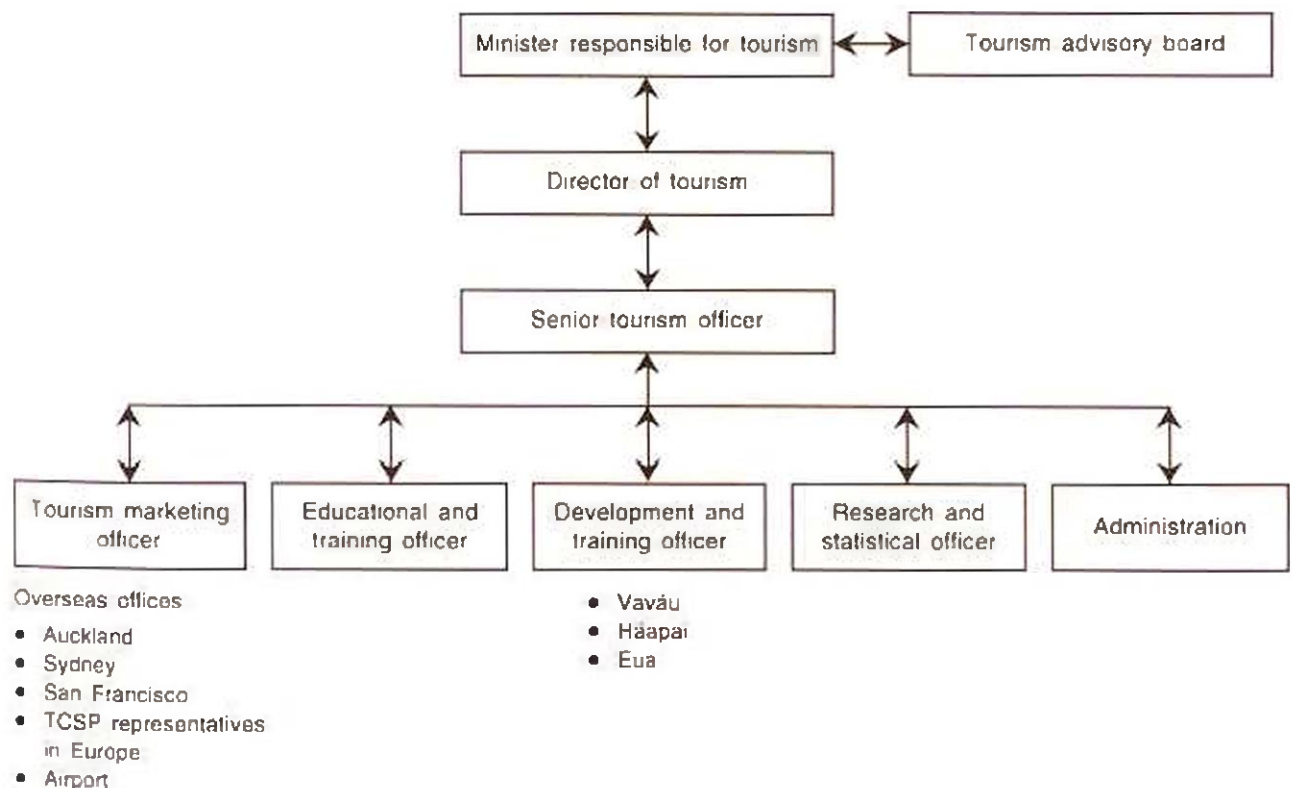
The process is mainly conducted according to policies administered by the Government through Tonga Visitors Bureau. The Bureau is the Government's tourism agency and is mandated to plan, coordinate and administer all tourism planning and development programmes and the regulation of facilities and services under the Tourism Act of 1976. (See Figure 1.)

According to provisions of the Tourism Act, as well as the Industrial Development Incentives Act (IDI) 1978, any tourism development requires a tourist and development license which is renewed annually, if the establishment meets the conditions and criteria of the Tonga Visitors Bureau. Application for the incentives under IDI Act 1978 is screened by a Standing Advisory Committee (SAC). This Committee involves representatives from Tourism, Agriculture, Finance, Police, Fisheries, Banks and Central Planning. The Committee evaluates the tourism projects with the other ministries and departments and make recommendations to the minister responsible for tourism for final decision.

The Minister responsible for Tourism is advised on all tourism policy matters by the Tonga Tourist Board, a Government Advisory Body established in 1990 in accordance with provisions of the Tourism Act (Part Two) of 1976. This board is under the chairmanship of the Minister of Foreign Affairs and Defence, and is comprised of ministers and heads of departments of the government as well as representatives of the private sector.

The Tonga Tourist Association which represents the tourism private sector plays a participatory role in the planning and development of the tourism industry. It aims at maximizing the benefits of its members and maintaining close collaboration with the Tonga Visitors Bureau. Other tools that

Figure 1. Organizational chart of the Tonga Visitors Bureau



the Bureau uses to assist its planning and development of the industry are the 1986 Sales Tax Act and the Room Tax Act of 1992. The Sales Tax Act levies a tax of 5 seniti on every pa'anga of sales, while the latter levies a tax on all accommodation sales of 2.5 seniti for each one pa'anga.

Major difficulties related to tourism planning and development mainly arises from implementation and the organizational structure of the government. The following difficulties are examples:

- The Tonga Visitors Bureau currently has a Planning and Development section, but it is understaffed and does not have enough qualified personnel.
- Preferential treatment is given to government tourism businesses and projects associated with members of the government.
- Due to government red-tape, there have been delays in implementing the planning and development process efficiently.
- The small size and limited capability of the private sector, as well as the apparent lack of financial resources to assist the Government in tourism planning and development, is also a inhibiting factor.
- Past and present Government investment in Tourism has been mainly confined to marketing activities, not planning and development.
- Current government policies, laws and investment incentives that administer and assist the planning and development process in Tonga require review or modification
- Low priority is accorded to tourism by the Government due to the following reasons:
 - no clear cut tourism policy statements
 - competition with sectors catering more directly to basic human needs
 - lack of full awareness and appreciation for tourism's claims as a major foreign currency earner; priorities are in agriculture.
- Despite signs of integrated tourism planning and development in Tonga, there is an urgent need for active participation and increased efficiency from all bodies involved in the planning and development process.
- There is a need for proper planning and coordination of tourism development with the Air Transportation Programme between the Tonga Visitors Bureau and the Ministry of Civil Aviation. The current air transportation plan is primarily concerned with maintenance of social services and acts as a public utility with little consideration to development of transportation. The major part of government revenue is diverted towards establishment of international air routes, with a small proportion spent on tourism development.

The existing constraints are due mainly to internal problems within the government and can be solved at very low cost. There is a need for the government to review and improve the way it administers and implements the planning and development process as well as how to remove the constraints mentioned above before tourism development progresses in Tonga.

6. Major tourism development projects

6.1 Current major tourism development projects

The following projects received funding in the Tonga Visitors Bureau's 1994/95 Development Estimate Budget. As shown in the nature of the projects, the emphasis of Tonga Visitors Bureau lies mainly in the areas of marketing and promotion instead of planning and development. Government's role in tourism tends towards indirect involvement through promotion and marketing.

<i>Major current tourism development projects</i>	<i>Completion dates</i>	<i>Donors</i>	<i>Brief description</i>
Regional Tourism Promotion	1994/95	Funding from EU/ TCSP, UNDP and WTO	For production of tourism brochures and participation in trade fairs. Local funds (\$86,000) to promote tourism and (\$35,500) reserved for the promotion of Tonga at the Commonwealth Games in Canada 1994.
Tourist Market Development	1994/95	Assistance from other aid donors as well as locally funded	Local funds (\$100,000) for overseas promotional schemes and advertising approved by cabinet.
Tonga National Centre Operations	1994/95	No donor	There is no funds earmarked for this project, except a ceiling fund of T\$203,000 to ensure that the Tonga National Centre's expenditure does not exceed this amount. Funds for the Centre's operation is from the revenue earned from financial transactions of the Centre.
Tourist Advisory Board	1994/95	Locally Funded	Local funds (\$50,000). Project aims at increasing occupancy rate for tourist accommodations.

6.2 Planned major tourism development projects

The projects listed below are proposed by Tonga's Tourism Ten-Year Master Plan but they have not been endorsed by the Government.

The government is reluctant move into direct investment in the tourism sector due to financial constraints. This is a major factor inhibiting the government's acceptance and implementation of these planned projects. Furthermore, these projects will require substantial economic and technical cooperation from international organizations and other donor sources.

<i>Tourism development projects</i>	<i>Planned completion dates</i>	<i>Planned donors</i>
Small lodgings in Niua's and 'Eua's	1995/96	New Zealand bilateral aid being sought
Tourism Investment promotional Seminars – Australia	1995/96	New Zealand and Australian bilateral aid programme and local funding
Tourism marketing promotion – New Zealand	1995/96	New Zealand bilateral aid programme
Velata Fortress	Next 3 years	Funding still sought
Neiafu Waterfront Tourism Precinct preliminary works	Next 10 years	Government of Tonga or in association with other funding institutions
Technical assistance for ministry of Tourism	Next 10 years	Funding sought from international agencies such as UNDP or CFTC
Nuku'alofa Central Area – Urban Structure Plan	Next 10 years	Government of Tonga
Tonga Tourism Centre incorporating the National Convention Centre	Next 5 years	Funded by the Government of Tonga (possibly Tonga Trust Fund)
Dateline Hotel Expansion & Preliminary works for new international hotel	Next 10 years	Funded by the Government of Tonga
Ha'apai Tourist Centre	Next 3 years	Australian funding sought

7. Problems and constraints faced by the government in tourism development

Tonga has significant strengths as a tourist destination. However, these strengths are offset by some substantial constraints, many of which could be addressed at low cost. Some of these constraints are;

- Absence of convenient or direct air services from major markets (such as Australia, the United States and Japan) causes relatively high costs of travel for potential visitors.

- There is a general lack of tour-based and pro-rate fares from main market areas.

There is a shortage of local financial resources for hotel and resort development.

- There is a lack of international or domestic transport for visitors and the general public on Sundays.

There is a lack of internationally competitive quality hotels, convention centres and other facilities for visitors (such as entertainment, shopping, tours, etc).

Tourist sites and activities suitable to attract large numbers of tourists are limited.

- Domestic transportation has problems with the reliability, high cost and capacity, particularly air services.

- Local roads require upgrading, especially access roads to important tourist attractions.

There is inadequate maintenance of environmental facilities.

Management arrangements for natural environmental assets, such as marine reserves, are inadequate.

There is inadequate control of domestic animals in urban areas, particularly dogs and pigs.

Tourists have limited opportunities to interact with village communities.

- There are untidy townscapes and poor urban maintenance of Nuku'alofa, Pangai & Neiafu.

Tourism awareness is lacking throughout Tonga, especially about the benefits of tourism.

There is a lack of adequate training at almost all levels in the tourism industry.

The small size of the destination and geographical isolation means high costs of transportation, expensive appropriate infrastructure and a costly telecommunication system. Much infrastructure is still unavailable throughout Tonga due to limited economic capability.

- Suitable land is unavailable for tourism projects due to:

- a complicated land tenure system

- lack of town planning and tourism site planning

- cumbersome and costly lease arrangements

A shortage of funding for local tourism projects in combination with the general lack of management skills and local entrepreneurs means that Tonga Development Bank loans for the tourism sector still have a lower priority than agricultural loans.

There is a lack of foreign interest in tourism development because of the low volume of tourist traffic to Tonga and limited seat capacity from major markets, Tonga's investment incentives are not as competitive as its neighbours.

- Maintaining the current airport infrastructure and facilities are costly due to tropical weather conditions as well as the high level of safety operations.

The nature of tourist traffic to Tonga is primarily for leisure purposes. Although it has the greatest long-term potential growth, it tends to provide low revenue yields and volatility (in response to changes in the major market economies).

8. Conclusion

The following recommendations can be undertaken by respective governments and international organizations involved in tourism as a follow-up to the workshop:

- Governments should evaluate the effectiveness of general policy/priorities for tourism development.
- Private and public sectors should try to reduce or eliminate current problems and constraints encountered in tourism development and concentrate on product development.
- Investigate means for obtaining additional sources of funding for tourism development of new sources. If the country situation indicates excessive foreign investment, methods of reducing or limiting foreign investment should be examined.
- The government's current policies, legal and institutional frameworks related to tourism development should be examined and reviewed if necessary.
- Tourism development projects not yet completed, require follow up and appropriate actions in order to complete.

A constant and continuous dialogue should be maintained among the participants at the workshops to find means to further improve tourism development in the Pacific Islands.

- A similar workshop should be conducted in the next three to five years to follow-up developments or post-workshop activities suggested in this workshop.
- Any results/feedback derived from the workshop should be utilized by government and international organizations to strengthen national capabilities of respective countries to take effective steps for tourism development.
- Any new policies or plans created as a result of the workshop should continue to avoid negative economic, cultural, environmental and political impacts.

The national airlines of the region should cooperate closely by pooling their resources, such as sharing capacities in common air routes.

- The respective governments should work closely with the airlines to achieve multiple destination packaging and innovative fare programmes.

National Tourism Organisations (NTOs) should pool their resources to develop and promote the region through the established Tourism Council of the South Pacific (TCSP).

The governments should conduct proper planning and appraisal of tourism projects, with options for development and implications fully addressed by the island governments.

Governments should pay attention to the different abilities of various sectors and individual enterprises to generate income, employment and government revenue when planning to develop the tourism industry.

Government emphasis should be placed on those areas that exhibit strong linkages with the local economy, are labour intensive, and add value to any products that are sold.

Governments with small marketing and training budgets should be lobbied for increases in order to attain effective marketing and educational and training programmes.

Annex

Table 1. Number of visitors by air, country of residence and month, 1994

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
America													
United States	407	455	325	551	406	719	567	601	286	367	502	923	6 109
Canada	1	2	0	0	2	0	2	6	35	36	76	15	175
Other America	0	0	0	2	5		2	0	2	6	0	0	18
Sub-Total	408	457	325	553	413	720	571	607	323	409	578	938	
Europe													
Austria	13	15	10	15	14	7	19	17	12	17	20	15	174
France	12	9	31	6	21	14	3	23	10	20	7	5	161
Germany	143	383	293	183	203	92	199	198	175	237	215	182	2 503
Italy	37	24	18	22	25	52	54	178	24	16	22	13	485
Sweden	54	34	27	19	15	8	8	11	29	79	17	38	339
Switzerland	29	33	28	16	19	18	28	25	20	28	9	14	267
United Kingdom	84	78	100	91	108	194	128	123	100	78	105	40	1 229
Other Europe	46	27	40	22	47	39	45	31	42	52	65	29	485
Sub-total	418	603	547	374	452	424	484	606	412	527	460	336	
Oceania													
Australia	295	253	242	268	304	35	297	300	342	307	291	1 176	4 410
New Zealand	378	459	302	620	776	748	782	880	711	560	705	1 513	8 434
Fiji	182	113	77	103	83	103	105	201	98	100	152	76	1 393
American Samoa	6		0	4	3	0	4	9	4	2	11	9	53
Samoa	27	31	25	18	16	27	41	34	34	27	21	42	343
Other Pacific Islands	33	29	22	13	9	19	58	45	26	29	20	33	336
Sub-total	921	886	668	1 026	1 191	1 232	1 287	1 469	1 215	1 025	1 200	2 849	14 969
Asia													
India	3	8	4	2	8	1	5	1	8		8	10	79
Taiwan Province of China	23	16	8	17	15	13	5	33	13	15	15	3	176
Hong Kong	0	7	2	1	1	3	0	2	7		2	1	27
Japan	38	59	76	45	52	68	77	144	116	59	54	60	848
Other Asia	27	20	21	29	35	21	23	96	23	28	27	5	355
Sub-total	91	110	111	94	111	116	110	286	167	104	106	79	1 485
Other areas	0	2	0	0	0	2	2	2	0	0	1	0	9
Total	1 838	2 058	1 651	2 047	2 167	2 494	2 454	2 970	2 117	2 065	2 345	4 202	28 408

Table 2. Visitors by air and country of residence, 1990-1994

	1990	1991	1992	1993	1994
United States of America	4 540	4 991	5 109	5 814	6 109
Australia	3 519	3 536	3 565	3 672	4 410
New Zealand	4 840	5 566	6 661	7 231	8 434
United Kingdom	755	896	912	1 030	1 229
Canada	341	329	346	291	175
Fiji	1 039	2 121	1 129	1 283	1 393
Other Pacific Islands	1 024	914	402	352	732
Japan	542	741	756	832	848
Germany	1 118	1 531	1 561	2 501	2 503
Other countries	3 201	2 382	2 579	3 137	2 575
Total	20 919	22 007	23 020	25 513	28 408

Table 3. Purpose of tourists' visits

		America				Oceania				Europe				Asia						
		United States	Canada	Other America	Total	Australia	New Zealand	Fiji	Other Oceania	Total	Germany	United Kingdom	Other Europe	Total	Japan	Taiwan Province of China	Other Asia	Total	Other areas	Total
Transit	P	1	0	0		1	0	0	2		2	0	3	0	0	0	0	0	6	
Holiday/																				
Vacation	P	3 403	138	10	3 551	2 113	4 173	540	285	7 111	2 267	887	1 655	4 809	625	113	203	941	4	16 416
Business	B	429	20	2	451	634	938	429	146	2 147	44	167	98	309	149	40	117	306	3	3 216
Visit friends																				
and relatives	P	1 995	16	6	2 017	1 497	2 994	335	178	5 004	177	152	141	470	51	19	63	133	2	7 626
Convention	B	263	0	0	263	150	310	69	121	650	13	19	14	46	22	4	78	104	0	1 063
Studies	P	1	0	0	1		0	0	0		0	0	0	0	0	0	0	0	0	2
Others	P	17	0	0	17	12	17	20	2	51	1	2	3	6		0	0		0	75
Not Stated	P	0	1	0	1	2	1	0	0	3	0	0	0	0	0	0	0	0	0	4
Total	B	692	20	2	714	784	1 248	498	267	2 797	57	186	112	355	171	44	195	410	3	4 279
	P	5 417	155	16	5 588	3 626	7 186	895	465	12 172	2 446	1 043	1 799	5 288	677	132	266	1 075	6	24 129

Note: P = Pleasure Visitors and B = Business Visitors.

Table 4. Accommodation

		America				Oceania				Europe				Asia						
		United States	Canada	Other America	Total	Australia	New Zealand	Fiji	Other Oceania	Total	Germany	United Kingdom	Other Europe	Total	Japan	Taiwan Province of China	Other Asia	Total	Other areas	Total
Primary Hotel		1 666	106	8	1 780	1 366	2 703	594	317	4 980	1 893	792	294	3 979	652	77	272	001	5	11 745
Secondary Hotel		2	0	0	2	16	8	2	0	26	3	3	4	10	2	0	0	2	0	40
Guest House		281	17	2	300	219	242	33	27	521	287	148	294	729	63		22	86	0	1 636
Private Home		3 673	40	8	3 721	2 775	5 193	764	383	9 115	247	239	272	758	130	98	165	393	4	13 991
Yacht/Ship		487	12	0	499	34	285	0	5	324	73	47	47	167	1	0	2	3	0	993
Not Stated		0	0	0	0	0	3	0	0	3	0	0	0	0	0	0	0	0	0	3

Note: This table is based on intended type of accommodation to be used within Tonga, as indicated by visitors on arrival.

Table 5. Islands visited by tourists

	America				Oceania					Europe				Asia					
	United States	Canada	Other America	Total	Australia	New Zealand	Fiji	Other Oceania	Total	Germany	United Kingdom	Other Europe	Total	Japan	Taiwan Province of China	Other Asia	Total	Other areas	Total
Tongatapu	6 109	175	18	6 302	4 410	8 434	393	732	4 969	2 503	229	1 911	5 643	848	176	461	485	9	28 408
Vava'u	1 051	55	3	1 109	690	1 351	108	74	2 223	391	186	442	1 019	96	11	38	145	0	4 496
Ha'apai	1 181	22	5	1 208	513	948	60	39	1 560	379	191	403	973	77	8	14	99	0	
Eua	204	5	0	209	129	209	14	10	362	91	48	115	254	25	5	8	38	0	863
Niua's	29	1	0	30	37	38	2	6	83	28	10	39	77	8	2	5	15	0	205

Note: This table is based on intended travel destination within Tonga, as indicated by visitors on arrival.

Table 6. Length of stay and purpose of visit of tourists

			America				Oceania					Europe				Asia					
			United States	Canada	Other America	Total	Australia	New Zealand	Fiji	Other Oceania	Total	Germany	United Kingdom	Other Europe	Total	Japan	Taiwan Province of China	Other Asia	Total	Other areas	Total
1-4	Nights	B	133	4		138	251	427	178	79	935	24	77	51	152	54	6	33	93		1 319
		P	541	15	3	559	320	576	150	80	1 126	987	269	410	666	263	26	78	367	0	3 718
5-13	Nights	B	236	8		245	243	384	199	112	938	21	71	32	124	89	5	122	216	2	1 525
		P	1 439	56	3	1 498	764	1 988	231	122	3 105	800	427	704	931	268	22	62	352		6 887
14-20	Nights	B	171	3	0	174	142	189	61	34	426	5	17	16	38	7	29	29	65	0	703
		P	1 855	32	6	1 893	454	2 427	326	155	4 362	287	164	298	749	92	62	69	223	2	7 229
21-31	Nights	B	77	3	0	80	90	164	42	32	328	4	13	9	26	5	2	14	21	0	455
		P	963	35	2	1 000	434	1 066	109	50	1 659	257	135	289	681	54	16	29	99	0	3 439
31	Nights and Over	B	74	2	0	76	58	84	18	10	170	3	7	4	14	7	2	8	17	0	277
		P	620	17	2	639	654	1 129	79	58	1 920	115	49	98	262	9	6	17	32	3	2 856
Total		B	691	20	2	713	784	1 248	498	267	2 797	57	185	112	354	162	44	206	412	3	4 279
		P	5 418	155	16	5 589	3 626	7 186	895	465	12 172	2 446	1 044	1 799	5 289	686	132	255	1 073	6	24 129

Note: P = Pleasure Visitors and B = Business Visitors.

Table 7. Port of embarkation of tourists, 1994

	<i>America</i>				<i>Oceania</i>					<i>Europe</i>				<i>Asia</i>					
	<i>United States</i>	<i>Canada</i>	<i>Other America</i>	<i>Total</i>	<i>Australia</i>	<i>New Zealand</i>	<i>Fiji</i>	<i>Other Oceania</i>	<i>Total</i>	<i>Germany</i>	<i>United Kingdom</i>	<i>Other Europe</i>	<i>Total</i>	<i>Japan</i>	<i>Taiwan Province of China</i>	<i>Other Asia</i>	<i>Total</i>	<i>Other areas</i>	<i>Total</i>
Auckland	1 217	42	5	1 264	2 105	7 173	92	173	9 543	1 367	606	813	2 786	208	55	204	467	6	14 066
Apia	2 690	42	10	2 742	440	439	68	252	1 199	570	285	540	1 395	109	31	44	184	0	5 520
Honolulu	566	14	2	582	56	105	3	20	184	149	49	142	340	5	2	6	13	1	1 120
Los Angeles	101	9	0	110	4	17	2	2	25	14	0	18	32	2	1	0	3	0	170
Nadi	1 299	59		1 359	928	421	931	237	2 517	343	217	305	865	466	57	160	683	2	5 426
Suva	168	7	0	175	203	92	291	32	618	41	55	70	166	44	13	38	95	0	1 054
Others	68	2	0	70	674	187	6	16	883	19	17	23	59	14	17	9	40	0	1 052
Total arrivals	6 109	175	18	6 302	4 410	8 434	1 393	732	14 969	2 503	1 229	1 911	5 643	848	176	461	1 485	9	28 408

Table 8. Airlines used by inbound passengers, 1994^a

	<i>Air Pacific</i>	<i>Polynesian</i>	<i>Air New Zealand</i>	<i>Royal Tongan</i>	<i>Samoan and other airlines</i>	<i>Total</i>
January	613	1 547	896	645	81	3 782
February	522	1 124	876	258	45	2 825
March	603	813	999	280	34	2 729
April	506	1 296	1 088	372	40	3 302
May	487	1 346	1 127	438	83	3 481
June	715	1 260	1 291	431	34	3 731
July	712	1 481	1 286	165	43	3 687
August	981	1 384	1 615	163	70	4 213
September	732	679	1 307	286	997	3 101
October	687	418	1 164	521	79	2 869
November	785	389	1 459	590	58	3 281
December	1 373	1 644	2 097	1 593	83	6 790
Total	8 716	13 381	15 205	5 742	747	43 791

Note: ^a Royal Tongan Airlines started operating in July 1991, and Samoan Airlines was classified in the category of other.

Table 9. Statistics on tourism and exports, 1988-1994

	<i>1988/89</i>	<i>1989/90</i>	<i>1990/91</i>	<i>1991/92</i>	<i>1992/93</i>	<i>1993/94</i>
Tourist arrivals (Number)	20 011	21 338	21 266	22 053	24 450	26 673
Tourist receipts (OET) (\$ TOP thousand)	9 231	8 765	9 637	10 066	12 477	12 500
Average expenditure (receipts/arrivals)	461	411	453	456	510	469
Real Growth Rates (percentage)						
Total GDP	-0.6	4.5	5.3	-0.9	-0.4	5.0
Hotels and restaurants	3.7	16.7	14.4	7.7	7.0	11.9
Principal Export Items (\$ Top)						
Squash	410	1 983	4 838	12 447	8 672	17 564
Vanilla	2 390	829	3 320	3 112	2 037	2 296
Fish	2 068	1 445	1 222	2 081	2 198	3 834
Total exports of goods	10 807	10 858	13 409	21 709	15 999	26 636
\$US, Exchange Rate (period average)	0.816	0.7692	0.7854	0.7591	0.7301	0.7312
Receipts (\$US)						
Tourism	7 532	6.742	7 569	7 641	9 100	9 140
Squash	335	1 526	3 800	9 448	6 332	12 843
Vanilla	1 950	638	2 608	2 363	1 487	1 679
Fish	1 688	1 112	960	1 580	1 605	2 803
Total export of all goods	8 819	8 352	10 531	16 480	11 681	19 476

Table 10. Structure of GDP, 1988-1994*(percentage)*

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94
Agriculture, forestry and fishing	35.8	36.8	36.7	36.2	34.1	34.0
Mining and quarrying	0.4	0.3	0.2	0.3	0.3	0.3
Manufacturing	3.3	3.1	2.8	3.1	3.0	2.6
Electricity and water supply	1.3	1.1	1.1	1.6	1.5	1.5
Construction	4.0	4.2	3.8	3.7	3.5	3.9
Commerce, restaurant and accommodations	9.1	8.6	9.1	9.8	9.7	10.0
Transport and communication	6.1	5.8	5.1	5.2	5.3	5.2
Finance and business services	5.1	6.6	5.3	4.9	5.3	4.7
Community and personal services						
Public administration	9.1	8.9	10.0	10.0	10.2	9.6
Others	3.7	3.6	3.5	3.5	3.6	3.5
Ownership of dwellings	2.4	2.3	2.2	2.2	2.2	2.1
Less imputed bank services charge	3.6	4.7	3.8	3.0	3.3	2.9
GDP at factor cost	85.8	85.3	85.0	87.4	85.2	84.6
Plus: net indirect taxes	14.2	14.7	15.0	12.6	14.8	15.4

Source: National Reserve Bank of Tonga.

16. VANUATU

– *Waimini Perei*
– *Linda Kalpoi*

1. Government economic development policy and objectives

The Third National Development Plan 1992-1996 (DP3) articulates current government policy and objectives for the socio-economic development of Vanuatu. DP3 aims at reorienting the economy. This will be achieved by (a) stimulating investment in export-oriented ventures, including tourism; (b) pursuing commercialization wherever applicable in the public sector; and (c) developing the marketing of traditional food crops.

The key policies proposed to support reorientation of the economy have been identified as:

- (a) Population: formulation of a national population policy to relieve pressure on the land and urban growth.
- (b) Primary commodities: development of extension services to assist farmers to produce traditional food crops for the local (urban) markets and possibly for export.
- (c) Taxation/duty exemptions: make an in-depth review of taxation systems in Vanuatu during the Third Development Plan period; limit concessions on duty exemptions to export-oriented businesses available only for the initial capital investment, (applied equally to all enterprises, including those partly owned by the government); phase out existing and future duty exemptions on imports or raw materials for all types of domestic manufacturing industries; and gradually reduce most import duty rates higher than 40 per cent to less than 40 per cent over the next three years.
- (d) Foreign investment: adopt a Foreign Investment Code to promote foreign investment and ask investors to pay a small proportion of their turnover to promote training of ni-Vanuatu staff (similar to the 1 per cent training tax levied in Fiji).
- (e) Public sector: review of the public sector: manage public enterprises or joint ventures on a more commercial basis. In the absence of hard evidence of sound management, these enterprises may be privatized/corporatized; place the organization and management of various transport activities on a more commercial basis; hold discussions with Vanuatu's main development partners regarding the use of annual development grant allocations for maintenance/rehabilitation of major infrastructure projects; have the government consider loan finance for urgently required urban infrastructure projects where cost recovery can be guaranteed. No loans will be underwritten unless it can be demonstrated that the project will generate sufficient income to repay the loan or the project is considered cost effective in the sense that taxes could be increased to service the debt, and still leave users better off; and review exchange rate policy which has led to real appreciation of the Vatu in recent years.

2. The tourism sector

For the first time in DP3, the tourism sector has been given a specific chapter in which development objectives and strategies are outlined. The government of Vanuatu has stated in DP3 that its policy for the tourism sector is, "Develop a positive tourism image abroad and strive for a stable number of tourists and tourism infrastructure that are compatible with the environment and Vanuatu cultures, which attract tourists to Vanuatu in the first place."

"Provide an attractive investment climate for overseas investors that is compatible with providing tangible economic benefits to Vanuatu and thus contributes to the country's social and economic development."

The government has specified the following objectives for the tourism sector in DP3:

Objective 1: Formulation of a master plan

Strategies: This will be a long range master plan (10-20 years) with a medium-term implementation programme which will:

- 1.1 undertake an inventory of tourist facilities, tourism products and how to market these products;
- 1.2 demarcate areas for tourism facility development;
- 1.3 consider social, cultural and environmental aspects;
- 1.4 undertake regular comprehensive tourism impact studies to establish and monitor the economic benefits of tourism for Vanuatu;
- 1.5 formulate strategies to reduce leakage of tourist expenditures from the Vanuatu economy to overseas;
- 1.6 assess the statistical requirements for monitoring tourism;
- 1.7 assess the human resource development needs;
- 1.8 review development procedures (legislation and regulations for developers, operators and custom owners); and
- 1.9 determine incentives for investors and prepare a promotion plan.

Objective 2: Expand tourism infrastructure

Strategies:

- 2.1 develop runway facilities and upgrade passenger and cargo handling facilities to handle long distance aircraft;
- 2.2 provide more hotel rooms in Port Vila, and possibly Luganville;
- 2.3 examine the viability of new jet aircraft for Air Vanuatu with long range capabilities;
- 2.4 upgrade facilities to cater passenger ships, cargo ships and cruising yachts;
- 2.5 upgrade domestic airports;
- 2.6 upgrade and modernize Vanair aircraft;
- 2.7 establish a Tourist Centre or Tourist Information Office; and
- 2.8 expand and improve accommodation facilities in the outer islands.

Objective 3: Promotion of greater ni-Vanuatu participation in the sector

Strategies:

- 3.1 provide appropriate training programmes covering a wide spectrum of activities in the tourism sector (from management skills to porters, etc.);
- 3.2 set up a forum whereby ni-Vanuatu can share experiences; and
- 3.3 study the possibility of setting up community-run facilities and joint venture arrangements between local communities and foreign investors.

Objective 4: Introduce measures to allow the National Tourism Office (NTO) and Air Vanuatu to function more effectively

Strategies:

- 4.1 overhaul institutional arrangements to market and promote Vanuatu overseas by strengthening the NTO, Air Vanuatu and Vanair to be more efficient in servicing tourism-related activities; and
- 4.2 set up more tour and ticketing offices overseas to market and promote Vanuatu overseas.

Objective 5: Diversify the tourist markets

Strategies: 5.1 target Europe, the United States and Asia in carrying out marketing and promotion of Vanuatu, and market Vanuatu as a destination for attracting upper-income groups.

Objective 6: Generate greater community awareness of tourism

Strategies: 6.1 through newsletters, magazines and organization of tourism awareness workshops for local communities and outer islands (for PGC, the government offices and the general public).

The medium-term macroeconomic projections for tourism under DP3 are shown in table 1

The tourist arrival projections were exceeded in 1993 as nearly 44,500 arrivals were recorded during that year. In 1994, there was a decline in arrivals, with slightly more than 42,000 arrivals recorded. The average length of stay also slightly surpassed the projection of 9.0 days for 1993. However, cruise ship passenger arrivals appear to be well below expectations. Only 40,589 passenger arrivals were recorded for 1994, which was 56 per cent of that projected under DP3.

Table 1. Projections for tourism, 1992-1995

	<i>Number of tourist arrivals</i>	<i>Average length of stay (days)</i>	<i>Number of cruiseship passengers</i>
1992	41 000	8.5	68 000
1993	41 000	9.0	70 000
1994	43 000	9.0	72 000
1995	43 000	10.0	72 000

3. Tourism sector review

In common with many other developing South Pacific island nations, the government of Vanuatu has emphasized the development of tourism as a short-term foreign exchange earner. The objective is to use the tourism sector as a catalyst for the development of other sectors, especially those classed as agro-based, thereby diversifying and strengthening the national economy. Unfortunately, this policy was undermined by several events; the withdrawal of the air link to Australia in 1985; the cyclones of 1987 and the political uncertainties of 1988. However, the tourism sector has made a substantial recovery in recent years indicating potential for expansion into a major sector of economic activity.

The primary point of entry for tourists to Vanuatu is Bauerfield Airport located about 5 kilometers from Port Vila. This was originally constructed as a Second World War airfield by United States military forces, but has been gradually improved over the years. The airport was upgraded in 1991 with assistance from Australia for runway extension and Japan for a new international terminal. The runway can cope with a maximum of four Boeing 767-type aircraft movements a week without incurring damage to its surface. Generally, the largest aircraft using the airport are Boeing 737-400. Adding an additional 40 mm cap to the surface of the runway would permit unlimited landings of the longer range Boeing 767, but further expansion of passenger and baggage handling facilities would also be required. Additional improvements are also needed for the approach lights system and for upgrading the fire fighting equipment.

Following the withdrawal of Ansett Airlines services to Vanuatu, the government relaunched Air Vanuatu with financial and technical assistance from Australia. The national airline currently leases one Boeing 737-400 aircraft four days a week. Its network comprises Sydney, Melbourne and Brisbane in Australia; Auckland, New Zealand; Nadi, Fiji; and Noumea, New Caledonia. A fifth service from Melbourne is expected to begin in July 1995. Other airlines which serve Bauerfield include Air Pacific, Air Nauru, Air Niugini, Air Caledonia and Solomon Airlines. Qantas and Air New Zealand have reciprocal landing rights, but choose not to exercise them as yet. Qantas does, however, code share with Air Vanuatu on flights to and from Australia, and negotiations are in progress for a similar arrangement with Air New Zealand.

It is proposed to further upgrade the facilities at Bauerfield and develop a new international airport at Pekoa outside Luganville. The possibility of building a new airport on Tanna as a third international gateway is also under consideration. The Australian government is reviewing the possibility of guaranteeing the financing for upgrading the Bauerfield and Pekoa airports, while the French government has expressed interest in Tanna. Upgrading Vanuatu's international gateways is vital to the long-term success of the tourism sector.

The two authorized ports of entry for sea vessels in Vanuatu are the international deepwater ports at Port Vila and Luganville, which have full customs and immigration facilities. Three cruise lines currently serve Vanuatu on a regular basis. These are P&O Sitmar Cruises, the Russian company CTC Cruises and Cunard Shipping. Cruise itineraries generally originate out of Sydney, Australia. Club Med occasionally visits the country with its Windstar cruise ship, though its future itinerary to Vanuatu is uncertain.

There are no specialist cruise ship or passenger handling facilities at either Port Vila or Luganville. The single wharf at each port means that only one vessel can tie up at any one time. The result is that cargo operations are suspended when cruise ships are in port. However, it is understood that this issue is being addressed by an Asian Development Bank-funded project.

Vanuatu is a popular destination for yachts sailing the South Pacific. All yachts must clear customs and immigration at either Port Vila or Luganville and obtain permits to visit any other island in the archipelago. There are limited facilities for yachts at both ports, neither have a marina.

Vanuatu has a fairly well-developed tourism plant in terms of tourist accommodations, restaurants, travel agencies and tour operators, duty free and souvenir shops, recreation and attraction operators. However, they are predominantly concentrated in Éfaté, especially around Port Vila

Hotel occupancy rates in Port Vila have improved steadily since 1988, reaching an average of 65.9 per cent in 1993 as indicated in Table 2. Preliminary data indicates a reduced average occupancy for 1994. However, the larger resort properties are achieving significantly higher than average occupancies.

The NTO lists 44 establishments offering 780 rooms for tourist accommodations in its 1994 guide. Eighteen of these establishments offering 596 rooms are located on Éfaté in and around Port Vila. Santo has ten establishments offering a total of 106 rooms. Tanna has six establishments comprising a total of 37 rooms. The remaining ten establishments offering an additional 410 rooms are scattered among other islands. The size and standards of the establishments vary considerably ranging from a minimum of two-bedroom guest houses to the current maximum of the 150-room former Royal Palms Resort which is being relaunched as a Meridien Resort. There are also a few apartments in Port Vila and Luganville which provide accommodations for tourists. A number of accommodation projects are either underway or planned. Vanuatu's tourist accommodation supply may increase by one third during the next three years.

Table 2. Hotel facilities and occupancy rates in Greater Port Vila, 1985-1994^a

	<i>Facilities available at the end of the period</i>		<i>Room occupancy rate (%)</i>
	<i>Hotels</i>	<i>Rooms^b</i>	
1985	10	414	54.0
1986	11	469	40.2
1987 ^c	8	449	45.3
1988	10	464	40.9
1989	11	517	51.6
1990	11	521	59.6
1991	12	536	63.5
1992	11	516	65.3
1993	11	533	65.9
1994	11	463	61.2

Source: Statistics Office, Tourism and Migration Annual Report, 1994.

Notes: ^a Comprises the villages of Mele, Mele Maat, Ifira Island, Pango and Erakor and the Port Vila Municipality;

^b Actual number of rooms and beds available on the last day of the period; and

^c The reduced number of roomnights and bednights offered in 1987 was due to the cyclone Uma, which hit Port Vila on the night of 7 February.

Table 3. Accommodation capacity by size of establishment

<i>Size group</i>	<i>Number of units</i>	<i>Number of rooms</i>
Efate Island		
Over 100 rooms	2	259
30-99 rooms	4	234
10-29 rooms	5	63
Under 10 rooms	7	40
Santo Island		
30-99 rooms		30
10-29 rooms	3	43
Under 10 rooms	6	33
Tanna Island		
10 rooms and over	1	11
Under 10 rooms	5	26
Malekula Island		
Under 10 rooms	3	12
Ambrym Island		
Under 10 rooms	3	14
Ambae Island		
Under 10 rooms	2	5
Banks Island		
Under 10 rooms		7
Aneityum		
Under 10 rooms		
Total all size groups	44	780

Source: National Tourism Office of Vanuatu, 1994 Accommodation Guide.

The following characteristics of the existing accommodation can be observed from Table 3.

- The concentration of as much as 76 per cent of the capacity is in Éfaté island, with a geographical imbalance around Port Vila. This is a major drawback for presenting a representative image of Vanuatu.

The existence of a large number of smaller units (28 out of 44) with less than ten rooms, particularly in outer islands, often with sub-standard facilities. These are operationally and financially not viable and cannot be marketed effectively.

The limited availability of capacity in terms of quality and size is compounded by the fact that as many as 50 rooms may be let to expatriates on a long-term basis, thereby restricting the accommodations available for tourists;

The government has recognized the above deficiencies which limits the actual number of accommodations of international tourism standard to about 500 rooms. The government has identified the need for accommodations development in a more balanced manner.

Apart from restaurants and other food outlets in hotels, Vanuatu also has a large number of independent restaurants serving a variety of French, English, Chinese, Indian and local cuisine, and almost all of them are located in Port Vila. There are presently more than 30 such independent restaurants, snack bars and other food outlets in Port Vila, six in Luganville on Santo and three in Malakula.

Vanuatu also has a variety of shopping outlets, consisting of downtown duty free shops, handicraft and souvenir shops, retail shops stocked with ready-made garments, leather products, perfumes, etc. and department stores. The NTO lists more than 20 such shopping outlets in their facilities guide for tourists, all of which are located in Port Vila. A much smaller number of similar outlets exist in Luganville.

Recreational facilities listed in the guide include sports clubs, dive shops, crewed and bare board yachts, charter boats, fitness centers, nightclubs, etc. Travel and tour services in Vanuatu are provided by a growing number of tour operators and travel agencies. They operate a range of excursions and sightseeing tours. However, tour development in Vanuatu is hindered by the limited road network.

Operators of tourism facilities in Vanuatu are required to abide by a number of the government laws and regulations relating to ownership and operational standards, including health and safety requirements.

During the years immediately following independence, tourist arrivals to Vanuatu grew substantially reaching a peak of over 32,000 in 1983. However, the next five years witnessed a dramatic decline followed by stagnation in tourist arrivals. The disruption in air services resulting from Ansetts' pullout, severe cyclones and perceived political instability adversely affected tourist arrivals. However, by 1989, this period ended dramatically with a 42 per cent increase in tourist arrivals following the relaunch of Air Vanuatu. Significant increases in arrivals have been recorded each year since then to 1993 as shown in Table 4. However, bottlenecks in the supply of airline seats, hotel rooms and seasonality of arrivals have resulted in a steadily declining rate of increase and an actual decline in arrivals during 1994.

Table 4. Tourist arrival patterns, 1985-1994

	<i>Total tourist arrivals</i>	<i>Percentage increase/decrease on previous year</i>
1985	24 521	-22.4
1986	17 515	-28.6
1987	14 602	-16.6
1988	16 151	10.6
1989	22 986	42.3
1990	34 728	51.1
1991	39 548	13.9
1992	42 673	7.9
1993	44 478	4.2
1994	42 143	-5.2

Source: Statistics Office, *Tourism and Migration Annual Report, 1994.*

4. Tourism administration

The NTO was established by an Act of Parliament in 1982 to promote tourism through planning, development, marketing and provision of information and assistance to tourists. The NTO is provided with government funds for recurring expenditures and promotional costs. The European Union regularly provides financial assistance for attendance at European travel trade shows and occasionally for regional promotional tours of Europe. Government funds for the NTO peaked at VT 46.4 million in 1988. Between then and 1993, annual budgets for the NTO stagnated between VT 40 million and VT 42 million. In real terms, there was a significant net reduction in funding for the NTO. However, in recognition of the importance of the tourism sector, not least to government revenues, the budget of the NTO was substantially increased during 1994.

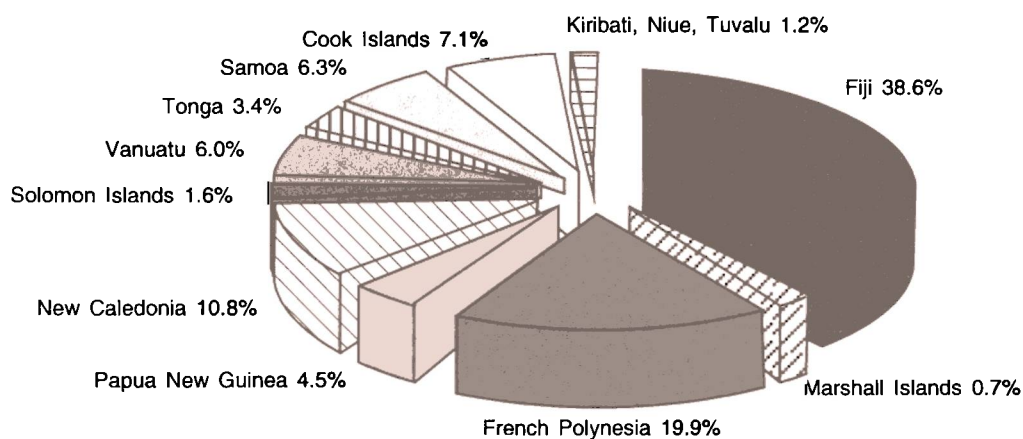
A United Nations-funded technical assistance project has been undertaken to assist the government of Vanuatu to prepare and implement a Tourism Development Master Plan. This project is expected to have a 12-month duration and result in the training of government personnel to continue a ten-year implementation programme.

A sector-wide tourism association, the Vanuatu Tourism Task Force, has recently been formed bringing together all segments of the sector to resolve issues facing its orderly expansion and to lobby for increased government support.

5. Tourism markets

Data compiled by the Tourism Council of the South Pacific which was established by funds made available by the former European Community (now the European Union) indicates that Vanuatu attracted 6 per cent of all tourist arrivals in the South Pacific during 1993. Vanuatu has increased its market share of South Pacific arrivals in the last five years from 3 per cent recorded in 1988. (See figure 1.)

Figure 1. Percentage distribution of tourist arrivals in the member countries of the Tourism Council of the South Pacific, 1993



Source: Tourism Council of the South Pacific, *Annual Report, 1993*.

Historically, tourists to Vanuatu came from a limited number of countries. In 1994, two-thirds of tourist arrivals were from either Australia (54 per cent) or New Zealand (13 per cent). New Caledonia generated a further 13 per cent of arrivals. Thus, 80 per cent of all tourists to Vanuatu originate from just three countries. This dependence on too few markets is unlikely to be altered substantially without opening up direct access to new generating markets.

The number of tourists from Europe declined by 5 per cent from 2,297 to 2,190 in 1994. It is worth noting that the number of Japanese tourist arrivals increased 39 per cent during 1993, but remained static during 1994. This is probably due to efforts by Air France in Japan to promote a joint package tour of New Caledonia and Vanuatu. However, the Japanese currently make up only 3 per cent of total arrivals compared to 6 per cent in the early 1980.

Seasonality does not appear to be a major problem, as the low season quarter (January-March) attracts around 20 per cent of tourist arrivals compared to the peak season quarter (October-December) when 30 per cent of tourists arrived during 1994.

As in previous years, almost 70 per cent of tourists to Vanuatu in 1994 came for a holiday. About 13 per cent visited the country for business purposes, while 7 per cent were visiting friends and relatives (VFR). The majority of Australians and New Zealanders were holiday tourists. Many Pacific Islanders and around half of "Other Countries" residents came to Vanuatu for business purposes.

Table 5. Tourist arrivals by country or region of residence, 1985-1994

Year	Australia		New Zealand		New Caledonia		Japan		Other Pacific Countries		Europe		North America		Other Countries		Not Stated		Total
	Number	Per-centage	Number	Per-centage	Number	Per-centage	Number	Per-centage	Number	Per-centage	Number	Per-centage	Number	Per-centage	Number	Per-centage	Number	Per-centage	
1985 ^a	14 933	61	1 210	5	3 325	14	574	2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	24 521
1986 ^b	9 236	53	1 422	8	2 699	15	591	3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	17 515
1987	6 611	45	1 485	10	2 123	15	438	3	1 512	10	1 095	7	871	6	423	3	44	0	14 602
1988	8 780	54	1 325	8	1 705	11	457	3	1 741	11	968	6	744	5	329	2	102	1	16 151
1989	13 492	59	1 916	8	2 596	11	679	3	1 683	7	1 186	5	808	4	435	2	191	1	22 986
1990 ^c	17 549	51	6 269	18	3 677	11	748	2	2 238	6	2 050	6	1 082	3	559	2	556	2	34 728
1991	21 379	54	7 288	18	3 509	9	706	2	2 461	6	2 067	5	1 300	3	472	1	366	1	39 548
1992	23 767	56	6 441	15	4 485	11	844	2	2 359	6	2 282	5	1 343	3	699	2	453	1	42 673
1993	23 258	52	6 133	14	5 692	13	3 064	7	2 190	5	1 351	3	1 174	3	937	2	679	2	44 478
1994	22 945	54	5 293	13	5 462	13	1 227	3	2 558	6	2 297	5	1 140	3	843	2	378	1	42 143

Source: Statistics Office, *Tourism and Migration Annual Report, 1994*.

- Notes:
- ^a Before 1987, these figures included "Day visitors" that is, visitors not spending a night in the country who were predominantly cruiseship passengers. This is no longer the case after 1987.
 - ^b During to damage caused by Cyclone Uma in February 1987, some third quarter and fourth quarter data of 1986 have been lost. Thus, the figures provided for 1986 are estimates.
 - ^c The figures for 1990 are questionable, as the number of tourist arrivals seem to be underestimated by about 1,000. This is possibly explained by problems caused by changes in the immigration cards in late 1989.

The Vanuatu Statistics Office estimates that in 1994, tourists were staying for an average of nine days in Vanuatu, with about 60 per cent staying one week or less. The average length of stay had been diminishing in recent years (down from 14.6 days in 1990), though it now appears to be stabilizing.

Australian, New Zealand, and Pacific Island residents length of stay patterns match the average. Japanese and New Caledonians are slightly lower than the average. Europeans and Americans, who travel the farthest, are staying longer in Vanuatu. People visiting friends and relatives tended to stay longer than tourists on holiday or tourists for business purposes.

Eight out of ten tourists stay in hotels in Vanuatu. Among all tourists, a high proportion of Australians, New Zealanders and Japanese tourists stayed in hotels (over 90 per cent), while only 60 per cent from "Other Countries" stayed in hotels.

The number of yachts visiting Vanuatu has been increasing in recent years. Around 1,000 tourist arrivals were by boat during 1994, which is up from just half that amount five years earlier. Port Vila features increasingly in regional and round-the-world yacht races.

The number of cruise ships visiting Vanuatu and the volume of passengers they carry has fluctuated widely in recent years as shown in table 6.

Table 6. Cruiseship passenger arrivals by month, 1990-1994

	1990	1991	1992	1993	1994
January	6 665	6 270	6 390	5 184	
February	4 865	3 766	3 523	4 466	
March	2 284	4 458	7 268	5 515	
April	3 934	4 124	6 665	3 674	
May	2 730	2 452	5 607	785	
June	2 619		4 604	1 752	
July	4 176		3 074	2 900	
August	2 639	2 624	4 494	5 465	
September	4 168	2 680	3 658	2 560	
October	3 612	2 772	2 693	2 994	
November	1 337	2 763	4 248	554	
December	2 838	5 114	7 122	6 710	

Source: Statistics Office, *Tourism and Migration Annual Report, 1994.*

There is no discernible pattern in the monthly arrival figures. There appears to be no relationship between the cyclone season (November to March) and cruise ship visits, as some of the largest arrival figures are recorded within those months.

The Tourism Council of the South Pacific and the Vanuatu Statistics Office conducted a survey of cruise ship passengers during 1991. Overall, the majority of cruise visitors to Vanuatu (96 per cent) are residents of Australia. This is understandable, as practically all regular cruises to Vanuatu originate from Sydney.

These regular cruises are operated by the P&O Sitmar shipping line using the ship Fairstar (capacity over 1,400 passengers) for the majority of voyages as well as other smaller ships (capacity around 700 passengers), namely Sea Princess and Belorussiya, for occasional voyages. New Zealand residents accounted for 3 per cent of the cruise to Vanuatu, while the remaining 1 per cent were residents of other countries.

6. Tourism development potential

Vanuatu's tourism sector has recovered from the slump of the mid-1980s. Recently, the government has recognized the important role that tourism can play in expanding the national economy and has given the sector a more prominent status in national development planning.

Within Melanesia, Vanuatu is a country of tremendous diversity, consisting of islands with startling contrasts in both geographical and cultural features. For travellers seeking diversity, this would be sufficient to guarantee the country's appeal as a tourist destination.

However, what distinguishes Vanuatu from other scattered island nations in the South Pacific is its remarkable history, which has left behind a unique mix of French and British cultural influences.

While many countries in the South Pacific have been pondering with the idea of tourism development for decades, trying to decide whether the economic benefits were worth the perceived socio-cultural costs, Vanuatu has accepted the low-key development of tourism and emphasized Melanesian culture and tradition.

Vanuatu's diversity of tourist attractions and the attitudes of the government and its people offer the potential for the country to be developed into one of the premier tourist destinations in the South Pacific. Apart from the outstanding natural beauty and marine environment, its multi-cultural ambiance, arts and crafts, music and dances and the friendliness of the people enhances the country's appeal to tourists. The uneven development of tourism in the past, with the majority of tourist facilities and services concentrated in and around Port Vila, gives the tourist only a partial impression and limited experience of Vanuatu. Given a balanced development of tourism products with the provision of adequate facilities for designated markets, Vanuatu has the potential to attract substantially greater visitor numbers in the medium term.

7. Tourism development constraints

There are several constraints, either imagined or real, to the further development of tourism in Vanuatu. These may be summarized as follows:

- (a) Lack of a coherent national tourism development policy and master plan, including an implementation programme. This issue is being addressed by the Vanuatu Tourism Development Master Plan prepared with United Nations assistance.
- (b) Inadequacy of the existing accommodation capacity in terms of quality, size of units and limited distribution. Prior to the Tourism Development Master Plan there was little effort to encourage investment in hotel and resort development based on an assessment of future demand for travel to the country. Southern Pacific Hotels Corporation has recently negotiated the management contract for the Le Lagon Pan Pacific Resort, which following renovations and expansion will be relaunched as the Le Lagon ParkRoyal. The sale of the Royal Palms Resort to Singaporean interests along with the refurbishment and expansion program leading to a relaunch as a Meridian Resort is another positive development.
- (c) Lack of adequate infrastructure for travel within the country. First, the roads within the resort islands are either inadequate or poorly maintained. This restricts tourist movements within the islands for sightseeing purposes. Second, the domestic air services necessary for tourist travel between the main resort islands are inadequately developed, although this is being addressed by Vanair.
- (d) Lack of community awareness about the importance of tourism development and the benefits that can accrue to the local community. This is particularly relevant in the context of the customary land tenure system which acts as a major constraint in allocating land for resort development.
- (e) Absence of a systematic programme for training at all levels for hotel and catering services, guiding and reception services, transport and travel agency services. There is also a lack of management and entrepreneurial expertise among the indigenous people to enable them to participate in the ownership and management of tourism-related enterprises.
- (f) Lack of awareness and no image of the country in the main generating markets and the tourism products available. The country's relatively new name, Vanuatu, is not widely known in most tourist-generating markets, let alone an awareness of its tourism products. In fact, what little image of the country is perceived in generating markets tends to have been fostered by reports of cyclones and political turbulence, which have created a somewhat negative image of the country.

- (g) Limited international air accessibility is also a constraint facing the expansion of the tourism sector. Air Vanuatu is increasing its capacity by 25 per cent in July and could further increase the number of flights it operates out of Australia and New Zealand, but it needs to be assured that there is sufficient market demand for additional flights and that there is adequate accommodation for increased numbers of tourists.

The above points are identified as the principal constraints to further expansion of tourism in Vanuatu. They have been addressed by the Vanuatu Tourism Development Master Plan which is in the final stages of preparation. An implementation programme has been drawn up to guide public and private sector investment in tourism to Vanuatu. This is seen as the first step in the orderly expansion of tourism to the next phase of development in Vanuatu.

8. Tourism growth scenarios

Three alternative growth scenarios have been established by the Vanuatu Tourism Development Master Plan:

- (a) Low Growth: A scenario of doing nothing.
- (b) Medium Growth: Promote small-scale development of tourist accommodations along with active marketing and provision of adequate aircraft seat capacity.
- (c) High Growth: Promote development of additional aircraft seat capacity and tourist accommodations, attractions and support direct and effective marketing of Vanuatu as a tourist destination.

Specific assumptions have been made for these three alternative growth scenarios. For low growth it is assumed that annual visitor arrivals will grow at approximately 2 per cent a year. The average length of stay will continue to fall from the current nine nights per visit to six nights by the year 2000, and then stabilize at this level.

For medium growth it is assumed that annual visitor arrivals will grow at approximately 6 per cent a year. The average length of stay will fall from nine nights per visit to seven nights by the year 2000 and then stabilize at this level.

For high growth it is assumed that annual visitor arrivals will grow at approximately 10 per cent a year, and the average length of stay will be maintained at eight nights per visit.

It should be stressed that these alternatives are not forecasts but assessments of possible outcomes in terms of tourist arrivals to Vanuatu should specific actions be taken. The outcomes are summarized in table 7.

Table 7. Impact of alternative growth scenarios, 1995-2004

	<i>Low growth</i>		<i>Medium growth</i>		<i>High growth</i>	
	<i>Number (thousand)</i>	<i>Average stay (nights)</i>	<i>Number (thousand)</i>	<i>Average stay (nights)</i>	<i>Number (thousand)</i>	<i>Average stay (nights)</i>
1995	48	8.0	49	8.0	49	8.0
1996	49	7.6	53	7.8	54	8.0
1997	50	7.2	56	7.6	59	8.0
1998	51	6.8	59	7.4	65	8.0
1999	52	6.4	63	7.2	75	8.0
2000	53	6.0	67	7.0	86	8.0
2001	54	6.0	71	7.0	95	8.0
2002	55	6.0	75	7.0	104	8.0
2003	56	6.0	80	7.0	114	8.0
2004	57	6.0	85	7.0	126	8.0

Source: Based on Vanuatu Tourism Development Master Plan Marketing Report's Estimates.

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ANNEX II

TECHNICAL PAPERS

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1. GUIDELINES ON INTEGRATED TOURISM PLANNING IN PACIFIC ISLAND COUNTRIES

– *Michael Fagence*

1. Introduction

This discussion paper has two purposes: (a) to discuss the matter of integrated planning and (b) interpret integrated planning in the context of tourism.

By its nature, planning is multidimensional and purposively integrated. However, as practice reveals, inherent expectations may be confounded by practical reality. In particular, tourism in its most expansive form incorporates social, cultural, environmental, economic, technological, trade, psychological, political, and many other complex dimensions of the community, regional and national levels. Decisions in tourism planning have a multiplier impact on other aspects of government and business activity, and decisions in other aspects have an effect on tourism. Even in the most simple national or regional context, repercussions need to be understood and incorporated into the general process of decision-making. It becomes extremely important for what may be sectoral agencies, especially but not exclusively in government, to cooperate and to integrate their policies, programmes and their decision-making generally.

2. Integrated planning

“Planning” in both government and business has to become important to deal with the increasing complexity of decision-making and to handle a multiplicity of variables as sub-points of the required decision. A number of terms have been used to describe particular management approaches, including: (a) integrated planning; (b) strategic planning; and (c) corporate planning.

Although there are subtle differences in the meaning of these terms and each may be used in particular contexts, for the purposes of the discussion here, these terms will be used interchangeably as though they were synonyms.

Increasingly, strategic planning is being pursued in public sector agencies as a way to coordinate the interests and activities of a wide range of stakeholders in the decision chain. Corporate planning has emerged as a functional process designed to improve decision-making accountability and efficiency in the use of resources. An Australian agency has defined corporate planning as: “A continuing process for deciding the allocation of ... resources now, in order to achieve stated goals and objectives by a given time in the future”.

Among the distinguishing features of an integrated/corporate/strategic approach are:

- (a) the definition of a vision or mission;
- (b) the determination of strategic issues;
- (c) the formulation of goals and objectives; and
- (d) the creation of an implementation process which includes cross-referencing the goals, objectives and intended programmes from one sector of decision-making to another.

An important characteristic of integrated planning is the pursuit of a decision-making structure which is designed to achieve cross-programme linkages. The need for political and professional commitment is added to this structure to achieve these cross-programme linkages. It has been observed that one of the dangers of introducing a form of planning which lacks definition and cannot be easily implemented is that the professional “turf battles”, historically a significant factor in poor ... performance, are likely to be exacerbated rather than reduced.

The underlying objective of integrated/strategic/corporate planning is narrow, but not simple: to minimize “turf battles” and pursue efficiency.

The emphasis in this new form of planning is to integrate decisions involving social, environmental and economic issues by streamlining function and decision-making.

An integrated approach implies:

- (a) undertaking several tasks at the same time;
- (b) achieving different goals at the same time;
- (c) maximizing the usefulness of actions, programmes;
- (d) taking diverse factors into account; and
- (e) enlarging the scope of the previous whole by incorporating new elements.

Generally, the need for integration arises from the growing complexity of problems confronting decision-makers and planners in the contexts where they are required to work. This increasing complexity can give rise to problems characterized by:

- interconnectedness – actions on one decision affect others, and may create other problems;
- complexity – problems have numerous elements, and as a consequence have numerous intervention points and possible approaches to solutions;
- uncertainty – seldom are decision-makers in command of all the facts, understand the full cause – effect relationship, or anticipate what may happen in related decision areas;
- ambiguity – different interests perceive the same problem in different ways;
- pluralism and conflict – the multiplicity of interests, overlapping responsibilities, competing interests, antagonistic sets of values, inequality in power distribution; and
- societal constraints – being bound to ways of doing things by social, organizational and political factors or cultures.

These are universal characteristics. Problems may be exacerbated by the rising expectations of the public. Some parts of the public may not be aware of the social, economic, environmental and other aspects of proposed development decisions. Attempts by government agencies to extend the range of interests taken into account, often through processes of public participation and project review, have often added to the complexity of problems.

In the various attempts to improve decision-making, especially by adopting processes of integration, some agencies have introduced themselves as a new problem. This is especially true when:

- areas of responsibility are in conflict;
political mandates assume a priority order which has not been coordinated;
gaps are created between responsibilities;
- agencies compete rather than cooperate; and
- the preoccupation for decision-making becomes quick-fix solutions and image becomes most important.

The World Commission on Environment and Development reported that the policy framework and institutional setting have a critical impact on the use of resources. Financial policies used as the basis for economic priorities and sector management practices probably have more effect on resource decision-making than efforts to build environmental planning into individual investments.

Integration is purposive action, rather than a mere comfortable metaphor. Integration has to be purpose-designed to tackle those problems which exist no matter how complex or relatively simple the nation's decision area seems to be.

Integrated action is based upon an interactive process. Public sector organizations are open rather than closed systems. The disparate points of view of all stakeholders are integrated to achieve viability and cooperation. Information is shared by all stakeholders. Integration is collaboration to achieve unity of effort and purpose. Integration is a means for collectively coping with the complexity of

the external environment. Integration can be achieved through negotiation by acknowledging the separate identities of the parts. New tasks can be blended into existing agendas of action. Sets of values can be synthesized into a unitary set with common ground. Integration through concerted and coordinated action will lead to all stakeholders having confidence in the decision-makers and implementable strategies will require behavioural change by many of the stakeholders.

The strategy which emerges from the interactive process will be action-oriented, focused, flexible and adaptive and capacity-building.

To be effective, the interaction leading to strategy formulation and integrated planning also depends on two other elements: (a) collaborative action; and (b) social learning.

Such aspirations may seem difficult to achieve, especially in the face of major national problems such as inflation, unemployment, energy sufficiency, environmental degradation, pollution, population growth, and so on. The danger is that when any agency or stakeholder pursues their particular interests at the expense of others and fails to realize that a competitive spirit will ensure that other agencies are also competitive, will eventually destroy the economic/social/environmental base which sustains the whole society.

Integration is a means for achieving mutual benefits, whether by stakeholder groups, by any public interests, by different levels of government, by agencies within the government or even within a single government agency. In management science this is related to the acknowledgement of interdependence among stakeholders in a transactional environment. This means collaboration is necessary among those who have mutual interests, especially when problems are too complex and too extensive for any one agency to solve alone.

3. Integrated tourism planning

The basic approach to tourism planning is derived from the concept of integrated planning. It provides a general planning framework with emphasis on: (a) comprehensiveness; (b) systems-linkages; and (c) integration to achieve sustainable development.

In the special area of tourism, integrated planning can include consideration of a number of issues;

- (a) impact on – the natural environment
 - the host communities
 - the local (regional, national) economy
 - the indigenous culture
- (b) demands on human resources
- (c) negotiations within and among organizations, on such matters as:
 - transport
 - infrastructure
 - regional development
 - resource use and distribution
- (d) responsibilities derived from international agreements and accords
- (e) impact on other sectors of the economy, especially agriculture, forestry, mining, fishing, transport
- (f) implications of tourism development on:
 - land tenure and ownership
 - land and property values
 - alternative best uses

- (g) need for coordination across different levels of planning:
 - national
 - regional
 - local
 - site (and facility)
- (h) negotiation with government(s), tourism industry, interest groups, host communities, indigenous communities, development industry.

These issues and other matters are considered in an integrated fashion so that the potential advantages and disadvantages of tourism development and activity can be integrated in a balanced manner. Then the advantages can be seized and the potential disadvantages controlled or avoided.

An integrated tourism plan can seize the following opportunities from tourism:

- provide both skilled and unskilled employment;
- generate needed foreign exchange;
- increase incomes;
- increase gross national product;
- require the development of infrastructure that will also help stimulate local commerce and industry;
- justify environmental protection and improvement;
- increase governmental revenues;
- help to diversify the economy
- create a favourable worldwide image for the destination
- facilitate the modernization process by educating youth and society
- provide tourist and recreational facilities that may be used by a local population
- give foreigners an opportunity to be favourably impressed by a little-known country or region

In addition, such a plan can be expected to overcome the following potential problems:

- excess demand for tourism services and amenities;
- leakages so great that economic benefits do not accrue;
- diversion of funds from more promising forms of economic development;
- social problems from income differences, social differences, introduction of prostitution, gambling, crime, and so on;
- degraded natural physical environment;
- degraded cultural environment;
- difficulties of seasonality;
- vulnerability to economic and political changes and
- inflation of land values and prices of local goods and services.

There is one view that tourism policy and planning should be built on assessments of balances on the profit and loss statements, especially financial ones. This view may be worthwhile and important, but it may overlook the purpose of tourism: to provide opportunities to achieve human welfare and happiness. This view can incorporate the welfare and happiness of: the tourist; the tourism operator and entrepreneur; the tourism employee; the host community and the host government.

When tourism's complex integrated relationship across many sectors of society, the economy, and organizations is considered, tourism must take into account many issues, including:

- (a) the quality of tourist facility design and its setting;
- (b) environmental amenities, sustainability, rehabilitation;
- (c) nature conservation;
- (d) land use management;
- (e) financial strategies for long-term economic development;
- (f) employment;
- (g) transportation;
- (h) energy conservation;
- (i) information and interpretation.

4. Need for integrated tourism planning

Evidence suggests that some tourism destinations have developed without conscious strategic and integrated planning, but other evidence shows that many have experienced unforeseen consequences which led to or contributed to their deterioration. If tourism development is crucial for sustaining any level of the economy (local, regional, national) and any society and country, as is the case with some of the Pacific Island countries, then the need for integrated planning becomes more crucial. The purpose of integrated tourism planning may be based on five considerations:

- (a) identify feasible alternative strategies;
- (b) adapt to unexpected/unforeseen matters;
- (c) maintain the primary attractiveness of the destination;
- (d) create desirable features of tourism activity; and
- (e) minimize the least desirable feature of tourism activity.

Any doubt about the need to develop an integrated strategic approach should be overcome by realizing that tourism is becoming more competitive; more extensive, with the proliferation of attractive destinations; more complicated; and more demanding of host communities, their culture and environment.

Tourism planning must, therefore, be fused with economic, land-use, infrastructure, transport, education and welfare and natural resources planning. This becomes even more crucial as the complexity of tourism increases. New challenges are also emerging, including:

- threats of environmental deterioration;
- a recognition that tourism can be synergized with protected areas;
- the principles of sustainable development;
- the threats of carrying capacity violations;
- designing to be "place-specific" and "place-appropriate";
- special interest tourism;
- eco-tourism;
- conservation and resource protection;
- the exclusivity of economic development as the goal;
- inclination towards quality, away from quantity;
- public sector and private sector cooperation;

- destination identity;
accommodating the maverick entrepreneur;
- “parachute tourism” and the resort enclave;
- the demand for adequate data to make decisions;
- creativity and innovation; and
- land use stewardship.

Faced with existing complexities and the new challenges, governments should consider developing programmes of action which could include the following:

a set of guidelines for actions by

- government
- private sector organizations, corporations, businesses
- interest groups
- host communities;

specification of the broad objectives;

specification of programmes, actions; and

assignment of responsibilities for implementation.

Setting broad objectives presents the first opportunity for integration both within tourism and with linkages across to other responsibilities of government. This opportunity, once seized and implemented as a consultative and integrating network, should be sustained. The tourism objectives should be set in the context and contribute positively to the achievement of broad economic, social, cultural and environmental objectives for the nation/region/locality. Each objective should be considered for its general applicability and contribution to broad objectives related to:

- energy conservation;
- employment;
- economic growth;
government operations;
environmental and resources conservation;
- urban revitalization;
- heritage conservation;
- consumer protection;
- community welfare;
- taxation; and
- business viability.

A commitment to achieve a satisfactory tourism policy would include the following sets of objectives and issues:

- (a) Economic: Optimize the contribution of tourism and recreation to economic prosperity, full employment, regional economic development and improved international balance of payments.
- (b) Socio-Cultural: Contribute to the personal growth and education of the population and encourage their appreciation of the geography, history and ethnic diversity. Avoid encouraging activities that have the potential to undermine or denigrate the social and cultural values and resources of the area, its traditions and lifestyles.

- (c) **Market Development:** To encourage the free and welcome entry of foreign visitors, while balancing with the need to monitor persons and goods entering the country with laws protecting public health.
- (d) **Resource Protection and Conservation:** Protect and preserve the historical and cultural foundations as a living part of community life and development and to give future generations an opportunity to enjoy the heritage. Ensure the compatibility of tourism, recreational and activity policies with other broader interests in energy development and conservation, environmental protection and judicious use of natural resources.
- (e) **Human Resource Development:** Ensure that the education and training programmes and materials are available to meet the needs of tourism.
- (f) **Government Operations:** Coordinate government activities related to tourism. Take a leadership role. Support the needs of tourists, residents and tourism businesses with appropriate legislation and administration.

5. Conclusion

Integrated tourism planning is an exercise in good management. To be effective and make a positive contribution to the overall good management of a nation's (region's or locality's) welfare and to be in the public interest, it is necessary for tourism development to:

- (a) conform to a special-purpose tourism master plan;
- (b) be coordinated with other activities and policy areas;
- (c) be supported and promoted by government;
- (d) be considered a good risk for investment; and
- (e) be conducted by a well-informed and well-trained tourism industry.

It is important that tourism does not become isolated, and that it is not considered in a vacuum. Even if tourism activity may become the dominant economic sector, it will still need to be interpreted and operated within a broader context of national welfare.

Integrated tourism planning is derived from general planning theory, even though that field has undergone a series of changes. At the present stage, and in accordance with current practice, integrated tourism planning is broader than physical or land-use planning. It includes:

- economic planning (mostly at the national level);
- human resources development planning (including education and training);
- social and community planning;
- environmental planning;
- business planning and corporate management;
- public administration;
- infrastructure planning; and
- design.

The intention of all tourism planning is to achieve "a vision". Planning policies, concepts, processes and techniques are necessary tools for achieving that vision. Tourism planners may be inclined towards a degree of formalism, especially in adopting particular model processes and methods. This may block the achievement of the vision. In all circumstances, the vision is most important. Achievement of the vision is most likely through a process of integration which calls for innovation and creativity, two of the main pillars of planning.

2. TOURISM DEVELOPMENT IN PACIFIC ISLAND COUNTRIES: OVERVIEW, ISSUES AND CONSTRAINTS

– Levani Tuinabua

1. Introduction

Before discussing South Pacific tourism, some definitions need to be established. At a conference hosted by the Tourism Council of the South Pacific (TCSP) in 1988 for statisticians from the region, it was agreed that the World Tourism Organization's (WTO) definition of "tourist" be adopted. A tourist is defined as: "a person visiting a country other than that in which he or she has his or her usual place of residence for any reason other than following an occupation remunerated from within the country visited".

This definition covers two classes of visitors, namely:

- (a) a tourist who is a visitor staying in the country visited for at least one night and not more than one year and
- (b) an excursionist, who is a visitor who does not stay overnight in the country visited.

However, will also use the term "visitor", but this must be treated the same as "tourist" in the WTO definition.

One additional clarification needs to be made. As a membership organization, TCSP works for and with its members. TCSP collects and compiles statistics for member countries only. They are: Cook Island; Fiji, French Polynesia; Kiribati; Marshall Islands; New Caledonia; Niue; Papua New Guinea; Samoa; Solomon Islands; Tonga; Tuvalu; and Vanuatu. The membership of the Tourism Council of the South Pacific has changed since it became an inter-governmental organisation in 1989. American Samoa and the Federated States of Micronesia withdrew, while New Caledonia and the Marshall Islands have joined. Statistics quoted in this paper will reflect membership at that particular time.

2. Tourist arrivals

Tourist arrivals to TCSP countries increased from 548,000 in 1985 to 809,000 last year, an average growth rate of 5 per cent a year.

Strong growth was experienced in 1985 and 1986 when average growth rates were 8.5 per cent. This growth was deflated in 1987 by political events in Fiji. As a major gateway to the region, most other TCSP member countries had adverse effects on their tourism as well. Consequently, 1987 recorded a drop of 9 per cent to 562,000 tourists from the peak figure of 620,000 in the previous year.

Since 1987, recovery has been steady, with an average annual growth rate of 6.6 per cent. Tourist arrivals reached about 689,000 in 1990. After these three years of continuous growth, tourist arrivals into the region dropped by 4.7 per cent in 1991 to 620,000. This decline may be attributed to two external factors; one, the perceived security threat by Americans to international travel as a result of the Gulf War and two, the economic recession in the major tourist markets in Australia, New Zealand and North America.

In 1992, the number of visitors to the region reached 703,000 and represented a growth of 6 per cent over 1991. This achievement was an all-time record and the first occasion tourist arrivals surpassed the 700,000 mark. This positive performance was mainly the result of recovery in the major producing markets and the decreasing impact of the Gulf War on international travel. In this year, the two biggest destinations, Fiji and Tahiti, recorded increases of 7 per cent and 2 per cent, respectively.

This growth continued into 1993 when a total of nearly 745,000 tourists visited TCSP-member countries. This represented an increase of 6 per cent.

In 1994, TCSP-member countries were hosts to nearly 810,000 visitors. This achievement represented an increase of 9.4 per cent over 1993. Double-digit growth was experienced in some markets such as New Zealand, Europe (except Germany), and Asia (excluding Japan).

Destinations which experienced growth were Tuvalu (up 295, or 32 per cent), Niue and Papua New Guinea (15 per cent), Tahiti (12 per cent), and Tonga and Fiji (11 per cent). Vanuatu recorded negligible growth, while Kiribati was the only country which showed a negative growth.

By country of residence, Australia is the biggest market for TCSP-member countries.

In 1994, more than 169,000 Australian tourists visited the South Pacific. They comprised 21 per cent of the total market. Just over half of the Australian visitors to the region went to Fiji, 14 per cent came to Vanuatu; and another 10 per cent each to New Caledonia and Papua New Guinea. These four destinations together hosted 84 per cent of all Australian visitors to the region in 1994.

The next most important market is the United States. The number of American tourists to the South Pacific in 1994 was nearly 120,000 and represented 15 per cent of the total market. The top three destinations for Americans were Tahiti (which hosted 39 per cent of all Americans), Fiji (38 per cent) and Cook Islands (6 per cent).

This is a snapshot of the American market. If we take a time analysis of its performance, it will be seen that the United States' market has steadily declined since 1986. In that year, it was the region's top provider of tourists when 196,000 Americans came to the Pacific and they accounted for nearly one third (32 per cent) of the total market. Since 1987, the importance of this market has continued to decline, such that by 1991, it comprised only 14 per cent. Beginning in 1992, the decline was arrested and growth has been recorded.

Europe is emerging as a significant market for the South Pacific. In 1986, Europeans comprised 9 per cent of the total market. By 1994, their market share was 24 per cent. One in four tourists to TCSP-member countries was a European. The markets which recorded good growth last year were France (up 26 per cent) United Kingdom (increased by 18 per cent), Germany (8 per cent) and the rest of Europe, 12 per cent. Apart from the propensity to travel, like their ancestors in the Age of Discovery, growth in the European market must be attributed to the increased promotional activities being spearheaded by TCSP in these markets, as well as attractive around-the-world airfares offered by airlines serving the South Pacific. The top three destinations for Europeans in 1994 were Tahiti, which hosted 37 per cent; Fiji, 29 per cent; and New Caledonia, 12 per cent. These destinations hosted eight out of every ten European tourists, and because of their links with France, Tahiti and New Caledonia were more popular with French tourists.

In 1994, New Zealand accounted for 116,000 visitors, or 14 per cent of the total. About two-thirds went to three destinations; Fiji (46 per cent), Cook Islands (13 per cent) and Samoa (10 per cent).

Japan is not a significant market for the region as a whole. However, growth from this market has been rather remarkable in recent years and requires special mention. In 1988, a total of 12,000 Japanese tourists came to the South Pacific. By 1991, this had risen to 46,000; almost a four-fold increase. Three years later in 1994; the number of Japanese tourists to TCSP-member countries doubled to 90,000. In the same period, the percentage share of this market increased five-fold to 11 per cent. In 1994, almost all (92 per cent) of Japanese visitors to the region went to Fiji (44 per cent), New Caledonia (26 per cent) or Tahiti (22 per cent). All three destinations have the hotel facilities normally patronized by Japanese tourists. More significantly, their dominance of this market must be attributed to the availability of direct air services from Japan.

This part of the discussion considers how visitor arrivals have been distributed among TCSP-member countries. Fiji received the largest share, 39 per cent; followed by Tahiti (20 per cent); New Caledonia (11 per cent) and Cook Islands (8 per cent). Vanuatu and Samoa received around 6 per cent each. The other member countries shared the remaining 10 per cent.

By purpose of visit, nearly three-quarters of tourists to TCSP-member countries were on holiday while 10 per cent were on business trips. The remaining 18 per cent were visiting for other reasons. The dominance of the holiday segment is to be expected in a region that promotes itself as a place for a relaxing holiday.

An interesting pattern is seen, however, when national purpose of visit statistics are studied. In the case of five destinations, the top five tourist destinations (Cook Islands, Fiji, French Polynesia, New Caledonia and Vanuatu), over 70 per cent of visitors were on holiday. Business visitors were significant for four other destinations; Papua New Guinea, Tuvalu, Marshall Islands and Solomon Islands. Those visiting for other reasons, which includes visiting family and relatives, comprised major shares of the visitor market to Samoa, Niue, Marshall Islands and Kiribati.

It will be clear that one factor characterizes tourism in this part of the world. There is an extremely uneven distribution of visitor traffic. In fact, it is dominated by two poles, Fiji in the south-west and Tahiti in the east, which between them receive about 60 per cent of all tourist arrivals to the region. As a regional organization, TCSP needs to re-focus attention on the strategic need for a wider regional spread of tourist traffic.

3. Tourist accommodations

According to statistics available to TCSP, the total number of rooms in member countries in 1993 was 16,913 rooms, which represented an increase of 1,378 rooms over the previous year. These were distributed among 826 hotels and other tourist accommodation establishments. Fiji had over 5,000 rooms, or 30 per cent of the total regional capacity; while Tahiti and Papua New Guinea had 3,900 and 2,600 rooms, respectively. At the other end of the scale are the small island destinations of Kiribati, Marshall Islands, Niue and Tuvalu, all with under 200 rooms each. The average capacity of accommodation units is 20 rooms. This means that on average tourist accommodation establishments are small. They are also numerous. The accommodation facilities are mostly of low international standards.

From a marketing perspective, the inadequate accommodation facilities in the region are constraints. This inherent product weakness is encountered in many ways. First, the lack of high-standard resort facilities in some TCSP-member countries precludes penetration of certain important markets, such as Japan. Second, the lack of certain types of facilities, such as beach resorts, in some TCSP-member countries does not allow access to significant existing and potential market segments, such as for beach-based holidays out of Australia and New Zealand. Third, in certain TCSP-member countries accommodations are fragmented into marginal and sub-standard units which are not easy to market.

4. Economic significance

The economic significance of tourism in the South Pacific also needs to be considered. Statistics are provisional estimates, but they are sufficiently reliable for assessing the economic significance of tourism. In 1994, the foreign exchange earnings of TCSP-member countries from tourism totalled \$US 658 million. Gross domestic product in these countries totalled \$US 13 billion. Tourism earnings thus contributed 5 per cent of the gross domestic product of TCSP-member countries. This regional aggregate does not show the importance of tourism to some countries. In the cases of Fiji, Vanuatu and Samoa, tourism contributes 16 per cent of GDP. In the Cook Islands, tourism has a far more significant role since it accounts for 37 per cent of GDP.

From another angle, tourism is really an export since it earns foreign exchange. It is, however, consumed within the country. It is possible to look at tourism earnings as a proportion of total export earnings. For Papua New Guinea and the Solomon Islands, tourism accounts for a negligible proportion of export earnings. This attests to the bigger export base of the two countries, especially the importance of mineral, timber and fish exports. In the cases of Fiji, Tonga and Tuvalu, tourism contributed 60 to 75 per cent of total export earnings. For these three countries, tourism, which earned more than half of their foreign exchange, was the largest earner of foreign exchange. However, for five countries, Cook Islands, French Polynesia, Niue, Vanuatu and Samoa, the earnings from tourism are worth more than all other exports combined.

Direct employment in the tourist industry in these countries is estimated at 32,650 people. Economic impact studies carried out in the past suggested a ratio of 2:1 for direct employment in the tourist industry to indirect employment in the supplying sectors. On this basis, the indirect employment created as a result of the tourist expenditure has been estimated to be 16,325. Combined, this means that tourism provided employment opportunities, both direct and indirect to about 49,000 people in the region in 1994.

5. External awareness

In 1991, the TCSP conducted a market perception study in Europe. The objective was to provide sound, research-based information to enable the TCSP and member countries to stimulate further demand from Europe. While the study is dated, the conclusions are generally valid and give an overview of the level of awareness we have in this enormous market.

When asked which countries came to mind on hearing the name "South Pacific", 63 per cent of German retailers were able to associate it with Fiji, while 53 per cent associated it with Tahiti. Twenty per cent linked the "South Pacific" with Tonga and Samoa. In the case of the United Kingdom, retailers associated the name "South Pacific" with Fiji (41 per cent) and Tahiti (37 per cent). For French retailers, Tahiti was the single most-mentioned TCSP-member country (58 per cent) followed by Fiji (10 per cent). Further, the French were far more likely to think of Australia and New Zealand when they heard the name "South Pacific". These general trends also applied to wholesalers in Europe.

In a separate survey of perceptions in the North American markets, the same trends were found. Australia, New Zealand, Fiji and Tahiti dominate the "South Pacific" country associations. There was also moderate familiarity with the Cook Islands and Papua New Guinea.

For Japan, awareness of Fiji and Tahiti was also very high, with all of the respondents stating that they were very or somewhat familiar with these two destinations. For New Caledonia, which was not then a member of the TCSP, 60 per cent of Japanese agents associated the "South Pacific" with it.

In general then, awareness in our long-haul markets about the South Pacific as a holiday destination is low, with Fiji and Tahiti being the two better-known destinations.

6. The Tourism Council of the South Pacific

Tourism in the South Pacific cannot be talked about without referring to the Tourism Council of the South Pacific (TCSP).

The TCSP was founded in the early 1980s as an informal association of national tourism organisations (NTOs) in the region. It became a regional intergovernmental body in 1989 and has a permanent secretariat in Suva, Fiji.

The broad objectives of the TCSP are to foster regional cooperation in tourism development and promotion, and optimize the contribution of tourism to the economic and social development of member countries. TCSP has three main roles. First is a leadership role to formulate policies and strategies for the growth and development of tourism in the region, and to guide and coordinate the collective efforts of its members. Second is an advisory role to advise and assist member countries in the development and promotion of tourism in and to their own countries. Third is a representational role to advance common tourist interests of members and the region with governments, regional, as well as international, organizations, which includes securing technical and development assistance for its activities and for the region as a whole.

These roles are not discrete and clear-cut, but TCSP performs them all to fulfil its corporate mission. The draft Corporate Plan now being considered by member countries provides for two categories of membership: Government and Travel Industry Members. The Plan also sets out a four-tier organizational structure.

At present, the Ministers of Tourism of member countries meet every two years to be informed about the activities, and in turn they provide guidance to the TCSP. The Council is made of thirteen representatives of the member countries and normally meets once a year at the Annual General Meeting. Apart from approving the budget for the following year, the Council elects six members to the Management Board. The Secretariat is responsible to the Board.

Within the framework of the Lomé Conventions, the European Union (EU) has assisted TCSP through the Pacific Regional Tourism Development Programme (PRTDP). Phase I of this programme commenced in August 1986 and was completed in January 1989. Total funding provided by the EU amounted to ECU 3.2 million or \$F 5 million. Phase II started in February 1989 and was concluded in March 1994. Funding for this phase was ECU 7.4 million or \$F 11 million. Phase III of the European Union's assistance began immediately after and will run for four years. The EU's assistance for this phase is ECU 11.53 million or \$F 20 million. Some assistance has also been received in the past from Australia and New Zealand, as well as the Commonwealth Secretariat.

TCSP's work programme comprises four main, inter-related components: (a) tourism planning and development; (b) research and statistics; (c) education and training; and (d) tourism marketing and promotion.

In the past, Council activities in the area of planning and development covered five main categories. First, responding to the needs of member countries, TCSP has provided assistance with the preparation of comprehensive national tourism sector development plans. This assistance has been provided to the Solomon Islands, Samoa and Tuvalu.

The second major activity was the establishment of a "Tourism Linkages Pilot Projects Scheme". As the name suggests, the objective of this scheme was to increase the linkages between tourism and other sectors of the economy. A number of projects have been completed, such as the preparation of a commercial cookbook for Fiji (all recipes based on local agricultural produce); the production of guidelines for the use of indigenous building designs and local materials in hotel development for Papua New Guinea; a project to improve handicraft production in Tonga; a dry coffee processing plant for Vanuatu, etc.

The third activity was a separate, but related programme, the "Tourism Product Development Scheme". This scheme was designed to broaden the tourism product base in the region.

The fourth and fifth major activity areas were: (a) integration of tourism development and promotion of the national environment; and (b) preservation of traditional cultural patterns.

In the area of Research and Statistics, the activities of the TCSP are designed to provide management information to assist in the formulation of regional and national policies for tourism development and promotion. National statistical offices have been persuaded to adopt common definitions on tourism statistics as well as collect a basic minimum level of data. With these initiatives, valid comparisons of tourism statistics in the region can now be made. There have been numerous surveys-international visitor surveys, economic impact studies and market perception studies. International visitor surveys in Tonga, Vanuatu and Samoa were the first ever done and provided invaluable pointers on visitor expenditures, satisfaction ratings and so on.

In the area of human resource development, the activities of the TCSP are numerous. In the past, we have sponsored a range of regional seminars and workshops in statistics, planning and development and marketing. Over the last four years, we have provided financial support to the Tourism Studies Programme at the University of the South Pacific. Perhaps the best known activity in training is the Hotel and Catering Services Scheme. Through this scheme, a mobile team of four trainers conducts in-country courses lasting four to five weeks. The courses are in four areas – Food and Beverage, Kitchen Operations, Housekeeping and Front Office, and at three levels – basic, intermediate and supervisory. The team conducts courses only in response to the requests of member countries. At present, there are not enough weeks in the year to service all requests.

For the future, our approach to Human Resource Development remains essentially the same. One important change is greater emphasis on "train-the-trainer" programmes.

In marketing and promotions, one of the major tasks has been the production of regional marketing collaterals such as the Travel Manual, posters, videos, etc. In addition, we have engaged marketing representatives in Munich and London in the past. In the current phase of the European Union's assistance, we have contracted a firm to act as marketing representative in Europe. For the first time, North America will have a marketing representative for TCSP. Our market representatives have offices in London, Berlin, Brussels, Paris and San Francisco.

One of the major activities of the Council in the area of marketing and promotion is to organize the region's participation at three international travel fairs, at (a) ITB, Berlin; (b) the Holiday and Travel Show (Sydney and Melbourne); and (c) the World Travel Market, London.

Participation in these travel shows is under the collective banner of the "South Pacific Village". This regional approach has been quite effective, not only because of the associated economies of scale, but also because of the greater promotional impact it generates. The South Pacific Village has won a number of awards at these shows. The latest was the 'Best Stand' award at ITB in March this year.

In the future, the focus of TCSP activities will be in the area of marketing and promotion. About 60 per cent of total EU funding has been allocated to this area. There are a number of reasons for this shift. The TCSP, as well as other regional organizations in the South Pacific, are required by member countries to undertake projects that are regional in scope. These are defined as projects benefiting at least two countries. Marketing and promotional activities fit into this requirement. The emphasis on marketing and promotion does not reflect a neglect of product development. It is the view of the EU that there should be greater complementarity between regional and national aid programmes. Product development, which is really a national activity, should therefore be funded from national aid programmes.

7. Conclusions

Overall, several significant patterns characterize tourism for TCSP-member countries. (a) Despite some adverse influences, the tourism industry of the South Pacific has consistently grown from 548,000 tourists in 1985 to 809,000 last year, an average annual growth rate of 5 per cent. (b) The biggest market for TCSP-member countries is Australia, but the United States and Europe are emerging as significant markets. (c) Japan is also an emerging market, but is not an important market for the region as a whole. (d) The distribution of visitors is uneven, with Fiji and Tahiti accounting for 59 per cent of the total. (e) Accommodations are characterized by numerous small properties which give rise to marketing problems. (f) In some destinations, accommodations are inadequate and not at international standard. (g) Tourism makes substantial contributions to the economies of Pacific Island countries. (h) Fiji and Tahiti are the two better known destinations.

3. VANUATU TOURISM DEVELOPMENT MASTER PLAN

– Michael McVey

The objective of this workshop is to establish reasons why an integrated approach to tourism planning should be adopted by Pacific Island countries and to specify guidelines for such an approach. This paper illustrates the methodology adopted in the process of preparing the Vanuatu Tourism Development Master Plan.

In many respects, tourism is a unique economic activity. It is an export industry which imports its consumers thus exerting powerful social and cultural influences. The successful development of tourism has always depended on a partnership of public and private sector investment. Tourism can develop strong linkages with other economic activities, such as agriculture and fisheries and financial services. These linkages do not occur automatically, however, and other economic sectors need to be shown the opportunities provided by the demands of an expanding tourism sector. Otherwise most of the economic benefits of tourism will be leaked offshore.

It is often argued that tourism provides the economic rationale for conserving environmental resources and cultural heritage. However, if it is allowed to evolve in an ad-hoc and uncontrolled manner, it may lead to environmental degradation and resentment in the host community.

Tourism to Vanuatu has had fairly turbulent patterns over the last 20 years. Natural, political, social and economic events in Vanuatu and its primary markets have had effects on tourist arrivals. Following a five-year period of unprecedented growth in arrivals until 1993, capacity constraints have resulted in the leveling off of arrivals. If Vanuatu is to move into the next phase of expansion of its tourism sector, major investments in infrastructure, airline seat capacity, accommodation units, support services and staff training will be required.

There was a major risk that without a coherent master plan and institutional strengthening of the technical and managerial capabilities of government tourism administration agencies, the anticipated expansion might not be well-managed.

There are also concerns that the rapid rate of expansion in the tourism sector, especially to the more remote islands could cause major disruptions to the way of life of the people of Vanuatu and to the environment through indiscriminate unplanned growth. There is an urgent need to ensure environmental conservation and protect the culture and way of life of the ni-Vanuatu. There is also a need to encourage more involvement of ni-Vanuatu in the tourism sector and to ensure that there is a more equal distribution of the benefits of tourism throughout the country and community.

A formal request was made by the Government of Vanuatu through the National Planning Office to the United Nations Development Programme (UNDP) for technical assistance to address these issues. After extensive negotiations with the Government of Vanuatu and revisions, the project was ready to proceed by late 1993.

The immediate objectives of the project as specified in the Project Document are:

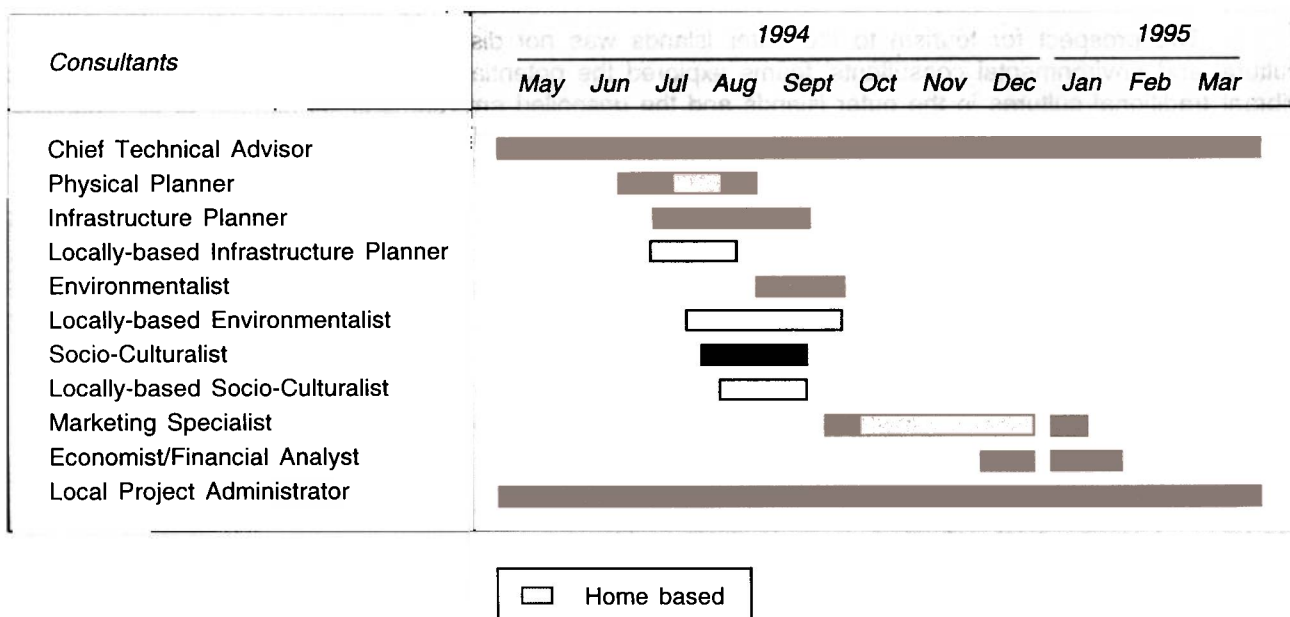
- To formulate a ten-year, long-term comprehensive strategic master plan for tourism development in Vanuatu, with emphasis on market diversification and quality, product improvement and variety, reduction of seasonality, control of socio-cultural and environmental impact, enhancement of economic benefits, and achieving an optimum level of development that is well integrated into the country's society, economy and environment; and
2. To upgrade the technical capabilities in tourism management of the Ministry of Economic Affairs and Tourism and other government agencies concerned with tourism, particularly the NTO.

The project has been made possible through funds provided by the UNDP and executed by the World Tourism Organization (WTO). A short list for the position of Chief Technical Advisor/Tourism Development Planner (CTA) was submitted by WTO to the government-appointed Steering Committee for the Master Plan who made their selection. The CTA was then requested to nominate a short list of candidates for each of the following short term consultancy positions;

- Physical Planning/Product Development;
- Infrastructure Planning;
- Environmental Planning;
Culture/Sociology;
- Tourism Marketing; and
- Tourism Economics/Financial Analysis.

The duration of these consultants' work ranged from one to three months. The short list was reviewed by the WTO Secretariat and then submitted to UNDP-Fiji. After ratification by the UNDP Resident Representative, it was presented to the Steering Committee. The CTA arrived in January 1994 to advise the Steering Committee on final selection and to procure an office, equipment and vehicle. Locally-based consultants who had applied to newspaper advertisements were also selected and counterparts nominated. Following the final selection by the Steering Committee, a work plan was drafted by the CTA and approved by WTO/UNDP as shown in figure 1.

Figure 1. Vanuatu tourism development master plan project teams' inputs and timing



In May 1994, the Vanuatu Tourism Development Master Plan (Master Plan) office was formally established. The CTA then undertook a review of the tourism sector, producing a report which was given to all short-term consultants and distributed to both government offices and business interests concerned with the tourism sector. In June 1994, we were able to commence the field work. The first consultant, the Physical Planner, arrived, was introduced to the Steering Committee and briefed by the CTA. The Physical Planner and the CTA undertook a one-month survey of Vanuatu's current and potential tourism products.

The initial findings were presented to the Steering Committee along with the proposed development concept. The recently arrived Infrastructure Planner was also briefed and the first of a series of seminars was held to explain to both government officials and industry operators initial findings and proposed recommendations.

This established a pattern that was to be repeated throughout the course of the preparation of the Master Plan. The important element was the consultation process which we believe was the most critical aspect of the entire planning process. Both the public and private sectors were fully informed of our findings and recommendations as we arrived at them. We obtained inputs throughout the planning process from both government officials and industry operators. There might not have been universal acceptance of all recommendations, but we were able to arrive at an acceptable consensus.

The Steering Committee made it clear to the project team that it was the government's declared policy to disperse the benefits of tourism more evenly throughout the country. Currently, some 85 per cent of tourists to Vanuatu do not go beyond the capital, Port Vila. Apart from Efate on which Port Vila is situated, only Espiritu Santo (Santo) and Tanna islands receive significant numbers of tourists. During April/May there are a number of day visitors to Pentecost to watch the famous land dives. The lack of economic development outside the capital is resulting in urban drift, especially among partially-educated youths. High unemployment rates are leading to rising crime rates in Port Vila. The government believes tourism development in the outer islands would alleviate these social problems.

The Infrastructure Planner concluded that tourism development was concentrated in Port Vila and to a much lesser extent in Luganville on Santo, because that is where the infrastructure is located. It is virtually non-existent outside those two communities. For the government to achieve its declared aim, substantial infrastructure investment would be required. It would be unrealistic to expect any major redistribution of tourists to the outer islands (beyond Éfaté, Santo and Tanna) during the ten-year timeframe of the Master Plan. Access to the outer islands is restricted by scattered grass landing strips, many of which become waterlogged during the wet season, infrequent service and relatively high air fares.

The prospect for tourism to the outer islands was not dismissed completely. Both the socio-cultural and environmental consultants' teams explored the potential for eco-tourism based on the many vibrant traditional cultures in the outer islands and the unspoiled environment. A number of communities throughout the country have on their own initiative launched village-based tourism projects. These usually involved some form of accommodation ranging from simple guest bungalows to small resorts. They often provide guides for walking or canoe tours.

There are currently twelve to fifteen village tourism projects at various stages of development. However, each one which was visited by members of the Master Plan team was found to be flawed in a fundamental way. There were basic design and construction faults ranging from a lack of poor siting of sanitation facilities to tiny, dark accommodation huts. There were managerial and marketing limitations ranging from dependence upon one motivated individual to an inability to communicate with potential customers either by radio or telephone to tour operators in Port Vila. There was an almost complete lack of promotional materials.

Some of these village tourism projects are receiving well-intentioned technical and/or financial assistance from a variety of interests in Port Vila. However, our primary concern is that community expectations may be raised unrealistically. These projects, though small-scale, represent a major investment in subsistence agriculture based communities. The idea of "build it and they will come" prevails, and when tourists fail to show up or do so in far fewer numbers than hoped for, there will be disappointment and over the longer term may result in resentment towards tourism in general.

The Master Plan contains a number of recommendations dealing with the issues of village tourism projects, based upon extensive discussions with community leaders. These include the establishment of a Tourism Development Unit within the Ministry of Economic Affairs and Tourism to encourage and guide ni-Vanuatu participation in the tourism sector with the provision that tourism development in the outer islands should only occur at the initiative of the local community and not be forced upon them by external interests. The quality of product offered needs to be substantially upgraded. These village tourism initiatives should be promoted as a package and not as competing destinations.

After completing a thorough review of the existing tourism resource base and appraising the potential as well as the constraints for further development, we were able to make recommendations regarding future product developments for tourism in Vanuatu. Tourism development strategies were prepared for the three primary island destinations with guidelines and safeguards for development in the outer islands which are referred to as "Longer-Term Destinations". Appropriate physical development standards and controls were also identified.

Now that it has been established what Vanuatu had to offer tourists, we brought in our Tourism Marketing Specialist. After visiting Vanuatu for two weeks, during which the consultant met the Steering Committee, was briefed by the CTA on the findings and recommendations to date, met with government and industry representatives and sampled the existing products, he began the market research. Working with the Pacific Asia Travel Association (PATA), he was able to identify 160 tour wholesalers and travel agents who promoted Vanuatu in the following markets: (a) Australia in Sydney, Melbourne and Brisbane; (b) New Zealand; (c) the United States of America; (d) Germany; (e) Japan; and (f) Singapore.

This was the first primary market research undertaken on those individuals and companies which actually distribute and/or sell Vanuatu's tourism products. The results confirmed many ideas and in some instances surprised us. The important point to be made is that this was not just one individual's opinion, either the CTA or Marketing Specialist, but direct feedback from those charged with selling Vanuatu as a destination and their customers. That was how the data was presented to the Government and industry operators. Though some of the findings were very critical, they revealed just how Vanuatu was perceived in the market place.

From this research, we were able to identify market segments which could be attracted to Vanuatu's tourism products. We were then able to prepare growth scenarios (high, medium and low) reflecting different product development patterns. A five-year marketing programme for the Vanuatu National Tourism Office (NTO) was drawn up, along with annual promotional budgets for the main markets. Although the Master Plan had a ten-year timeframe, it was agreed that the rapidly-evolving marketing conditions and increasing competitiveness meant that five years should be the maximum period for marketing planning. The Marketing Specialist returned to Vanuatu to present his findings and recommendations, first to the Steering Committee and then to a seminar of government officials and industry operators. Appropriate amendments were made to reflect their inputs.

While the Marketing Specialist was presenting his findings and recommendations, the Tourism Economist/Financial Analyst began his assignment. He was able to liaise with the Marketing Specialist on the potential for future growth in tourist arrivals and spending patterns. With this information, the results of the Master Plan's own Tourism Establishment Survey and the earlier WTO/UNDP and the Tourism Council of the South Pacific (TCSP) multiplier studies, we were able to compile estimates of the tourism sectors' contribution to Vanuatu's economy in terms of foreign exchange earnings; employment generations and government revenues.

From the current perspective, we were able to assess the future economic impact under the three growth scenarios. Comparative analysis about other sectors, with which we were assisted by officials from the Reserve Bank and the Ministry of Finance, clearly established tourism as the leading economic activity in Vanuatu and the sector with the greatest potential for expansion in the future.

However, this expansion will not occur without investment. As noted earlier, government investment in infrastructure predetermines private sector investment in tourism facilities and services. Government also has another role to play; encouraging private sector investment. In small island nations with limited capital bases, such as Vanuatu, that invariably means foreign investment. Newly-independent nations with governments of formerly colonized countries have a tendency to be suspicious of foreign investors. Excessive legislation and protracted bureaucratic procedures deter serious investors as well as shady ones. Working with the Ministry of Finance and representatives of Vanuatu's Finance Centre Committee, the Tourism Economist/Financial Analyst was able to draw up a series of recommendations that should encourage inward investment, and at the same time safeguard the country's national economic interests.

At the beginning of the projects, industry operators made it clear that in their collective view, that the government had largely ignored the tourism sector. We also found that in any given year, the proportion of donor agency funds directed to the tourism sector never exceeded one per cent of the total aid programme, although as noted earlier, tourism is the leading economic activity in Vanuatu. The reason for this paradox was clear. Not one senior civil servant had responsibility for overseeing the administration and development of the tourism sector written into his/her job description. The result was that elected political leaders had no one explaining to them the significance of tourism to Vanuatu's socio-economic development.

During the course of the Master Plan's preparation, we were able to raise the government's and community's awareness of tourism's contribution to socio-economic development at a time when aid programmes to the South Pacific are being scaled back. We devised an administrative structure that reflects tourism's importance to Vanuatu and recommended institutional strengthening for government agencies and training programmes for industry as well as public education and awareness programmes. Two short-term overseas fellowship programmes for the Ministry and NTO personnel were undertaken. One was a two-month course organized through the University of Hawaii's School of Tourism Industry Management and the other was a three-week study tour of the Maldives and Sri Lanka.

After submitting the Preliminary Draft of the Master Plan document in January 1995, there followed a two-month period of consultation and review. During this period, two Steering Committee meetings were held and all government departments were given the opportunity to comment on the Master Plan. The tourism industry operators had created a Task Force for the specific purpose of reviewing the Master Plan from an industry perspective. The Attorney General also reviewed the document to ensure its recommendations did not contravene any of Vanuatu's existing or proposed legislation. At the end of the consultative process, we were able to present the Draft Final of the Vanuatu Tourism Development Master Plan to the final Steering Committee meeting which was attended by representatives of WTO and UNDP. The Master Plan was unanimously approved.

It should be pointed out that even before the Master Plan had received its final endorsement by the Government of Vanuatu, it was the focus of Vanuatu's first trade mission. The mission to Australia was led by the Prime Minister and was composed of government officials and private sector representatives. The CTA, the Chairman of the Vanuatu Hotels and Resorts Association and a representative of the Finance Centre Committee accompanied Ministry, Air Vanuatu and NTO officials to brief potential investors on Vanuatu's expanding tourism sector.

The final section of the Vanuatu Tourism Development Master Plan is the most crucial one. It is the implementation programme. All the efforts of the last twelve months will count for nothing, if the recommendations contained within the Master Plan document are not implemented. Capital, technical and training projects have been specified along with indicative costs and phasing according to priority. The Government of Vanuatu has submitted a request to Australian Agency for International Development (AusAID) to fund the recommended position of National Tourism Planner in the National Planning Office. This is the only government agency able to request donor agency assistance, and it is part of the Prime Minister's Department. UNDP and WTO have agreed to Vanuatu's request that the CTA return to Vanuatu once the National Tourism Planner and counterpart are in place, to act as advisor to them on the Master Plan as well as to assist in securing donor agency funding for the capital, technical and training programmes recommended. The CTA will also assist in establishing the Tourism Development Unit in the Ministry of Economic Affairs and Tourism, as well as in the restructuring of the National Tourism Office. The primary role of the National Tourism Planner will be to oversee the implementation programme and secure investment from donors, the government and private sources to ensure the orderly expansion of Vanuatu's tourism sector into the next phase of development.

4. PROMOTION OF ECO-TOURISM

– Frank King

1. What is eco-tourism?

What is eco-tourism and why should we promote it? First of all, we should dispel the notion that eco-tourism is new, different or empowers people to do anything that has not already been done before. Regardless of how you rationalise eco-tourism, the prime objective is to make money by taking commercial advantage of naturally-occurring resources without degrading the value of resource. If possible, the value of the resource may even be improved by utilising profits to correct man-made degradation of the resource.

Another interpretation of the term eco-tourism is to cynically refer to it as simply “economic tourism”, because the term has been cheapened by over-use. Some may see this as trivializing eco-tourism and its objectives, but it may nevertheless be a true appraisal. If eco-tourism is not economically viable, then it offers no benefit to the developer, community or the environment. If eco-tourism degrades the resource it exploits, again it is not economic because the development will ultimately exhaust the resource. This is not a doctrine that stems from ecological awareness. It is the doctrine of sound business practices.

Therefore, a more accurate definition of eco-tourism is that it is a specific term that separates certain types of tourism development from the generic term tourism. The generic term tourism covers any commercial activity involving visitors, whereas the term eco-tourism identifies tourism development which exploits naturally-occurring resources on a sustainable basis. This makes a distinction between different types of tourism development in the same way as a distinction is made in agriculture may seek to separate the harvesting of nuts from the forest for profit as opposed to free felling and destroying the forest for its timber

Eco-tourism for Pacific Island nations is not only good business, but it also makes common sense. However, when going into any eco-tourism venture a priority should be a single-minded motive of making long-term, sustainable profits rather than any higher moral value the project may hold. Anything less is hypocritical.

There is nothing ecologically sound by imposing visitors on an ecologically or culturally-sensitive area when there is no guarantee that having visitors will produce the desired income. There is no endangered habitat, species or culture that will benefit simply from having tourists intruding into the site. It is only the cash income from visitors that will improve the welfare of the beneficiaries in any tangible way. Therefore, the more money that can be taken from the minimum number of visitors, the better the prospects for success. Therefore, the best possible plan for eco-tourism involves the best possible business proposals that maximize profits and minimize risk and potential cultural or habitat degradation. This does not mean that the projects must be small. Bold projects may succeed where timid approaches may fail.

A common complaint throughout the Pacific is that there is a shortage of investment capital for tourism ventures. There is no shortage of funds for new business ventures, only a shortage of sound business proposals and clear-cut national investment codes.

Investors do not avoid regulations or restrictions. Investors are however, reluctant to give their whole support to any venture where any regulations or restrictions are implied, vague or open to future interpretation. Investors will lend support to a development proposal where a clear and accurate business plan is set out, supported by a clear national investment code. At worst, reputable investors faced with a clear picture of the project, may say that the project is not commercially viable. It is better to understand this before capital is invested. Once development capital has been committed or borrowed and then spent, the process of reversal is highly problematical and costly to the intended beneficiaries.

2. Cultural or environmental eco-tourism projects

Among the Pacific Island nations, environmental issues and eco-tourism projects concerning degraded habitat or the survival of endangered species is less applicable than cultural eco-tourism. Abuse of culture in the Pacific through tourism is well in evidence. However, much of the cultural heritage is still in place, particularly in Melanesia. This is fortunate, because Melanesia would have the most to lose. Melanesia has the greatest per capita cultural diversity in the world and one third of all the languages spoken by mankind; all of which is still largely in place.

3. Market identification

In the South Pacific region, only Australia, New Zealand and to a lesser degree, Fiji, New Caledonia and French Polynesia handle large numbers of domestic and international visitors. No Pacific Island country has the economies of scale that will support unstructured tourism development or the sort of development that capitalizes on a large ambient population of visitors. The problems associated with small-scale tourism, vast distances, unreliable and expensive internal travel can be daunting. The overwhelming majority of Pacific Island travel is, therefore, packaged by travel wholesalers to offer cost-effective vacations with the majority of inclusions being pre-paid at point of sale. The majority of "packaged" Pacific Island holidays, particularly from regional, short-haul markets, aim at the budget end of the market where price is the major consideration. People who buy holidays in the budget end of the market are less likely to respond to cultural experiences and are less likely to have any real spending power. Nevertheless, during the short and long-term, budget priced travel will remain the major market for Pacific Island destinations.

Attempts to draw on "packaged budget price" visitors to visit remote and culturally interesting places is difficult. However, failure to adapt marketing strategies to include this prime source of visitors overlooks a potentially large market.

On a worldwide basis, another market which holds great potential is the more discerning special interest travellers. These travellers seldom buy budget priced packages, but purchase their vacations through established and specialized agencies or through clubs or associations with which they are affiliated. Group travel is frequently the method used to maintain cost effectiveness. This is the ideal market in which to sell an eco-tourism project. First, the visitors are coming to the country with a specific and common purpose. For this reason, they expect to pay a reasonable price for what they see and do. Additionally, they are likely to be more respectful of native customs and traditions, which not only lifts the prestige of the country in the eyes of the visitor, but also increases the pride and dignity of the participants in their native heritage. This market may hold better rewards, but also poses greater demands. Discerning visitors will not accept compromise or any artifice which detracts from cultural purity.

4. Marketing

The target market for the project which may be devoted to either budget or special interest visitors, or ideally, a mix of both; needs to be identified early in the life of the project in order to ensure that finance and resources are not wasted.

The marketing of an eco-tourism project is the most important element in establishing a commercially viable eco-tourism enterprise. A culturally or naturally-interesting spectacle or experience does not generate business or profit in its own right. Only when the project is well-marketed can it produce the best results. Roadside signs, magazine advertisements and pamphlets are valuable tools for promotion, but by themselves these promotional tools can never take full advantage of the potential market. Revenue produced by local promotion does not add to the national income from tourism, but simply re-distributes the existing income from visitors between more and more competitive attractions leading to potential price competition which results in lower prices and standards.

In the small-scale tourist industries of the Pacific Islands, marketing for eco-tourism projects must be projected offshore for "packaging" in either the "budget" or "special interest" markets or a combination of both. The buyers in this case will be travel wholesalers seeking to feature and promote the destination by focusing on specific attractions available at the destination, rather than the traditional sun and sand approach common to all Pacific Island destinations. In this way, the project is no longer an appendage to the existing market in competition with other attractions, but becomes an attraction in its own right, which adds to the destination's appeal at the same time giving the destination a clearer identity.

5. Packaging

The local product can be sold offshore only after it is made into a "package". This means adding all the related components such as local transportation, accommodation, meals, ticketing, any other goods or services that the wholesaler needs in order to be presented with a turn-key product. Finally, the complete product needs to have a fixed price in a number of recognized, international currencies with a forward validity of at least twelve months with credit facilities and commission structure added.

In most cases, the function of packaging a small project in-country is fulfilled by local in-bound operators, also known as tour operators. They assemble all the components of the finished product, price it, add a commission and offer it to the international retail market through foreign wholesalers with whom they have a working relationship. Tour operators chosen for this important aspect of project development must have international credibility in order to have the proposed project included in wholesaler's packages sight unseen. Furthermore, the tour operator will need to be satisfied that the end-product is saleable, good value for money and reliable. From this point on, the good reputation of the tour operator and his client wholesalers are at risk and the prospect of refunds or legal action need to be taken into account. The financial risk to the tour operator and the wholesaler is many times any risk faced by the eco-tourism project. Mutual confidence and trust among all parties is essential.

6. Foreign legislation

It is wise to raise the subject of consumer protection legislation in the countries of target markets regarding prices and tour inclusions. Most countries in which Pacific destinations are sold have legislation to protect citizens from unscrupulous and extortionate business practices. In principle, the tour being conducted must follow exactly the text of the product bought offshore and must cost no more than the same tour bought locally. Wholesalers in breach of these regulations are liable for fines and compensation up to hundreds of thousands of dollars following a successful prosecution.

The retail price for the tour package bought offshore must include the cost of all local components and taxes. To this must be added the local tour operators margin which is usually fifteen per cent; plus the tour operators hedge against foreign exchange losses, plus the wholesalers commission, usually twenty per cent. Finally, there is a margin to ensure that the retail price is less than the component prices bought locally. This compounds to a total mark up of around sixty per cent on the cost of the individual components. Therefore, any local promotion of the product in-country must advertise a sticker price around sixty per cent higher than the fee negotiated with the final beneficiaries in order to make the project saleable in off-shore markets. In other words, independent travellers wishing to visit the project will have to pay a cash entrance fee sixty per cent higher than the originally negotiated price in order to gain entry.

In view of these considerations, value for money assumes greater significance. Failure to recognize these marketing essentials is to deny a perfectly viable eco-tourism project the offshore exposure it warrants and reduces it to a product that can only be sold to casual passers-by. Once the pricing has been set, it is extremely difficult to re-price for the overseas market.

Having decided to promote a project on a large scale in the interest of earning the best return for the project and the host country, problems from villagers and local participants who may

be suspicious and fearful of being exploited by local or foreign business interests must be taken into account. This problem may be addressed early in the planning stages through industry awareness seminars with the intended beneficiaries. The seminars will include an understanding of how people in far-away countries will be made aware of the project at no cost to the project.

Similarly, future praiseworthy projects may suffer from expectations being too high when local promotional material and local prices are used as guidelines by other villages or communities.

7. Expertise

Where a village or community wishes to gain business expertise by developing their own projects and seeing them through, there is a high risk of failure. It is unreasonable to expect people to nurture a business that is most likely heavily indebted, through critical development stages at the same time as focusing on the operational aspects of the business and coming to terms with cross-cultural pressures.

It is unjust to suggest indigenous people are unable to manage their own affairs based on the historical failure rate of indigenous projects. There may be local weakness about industry awareness, marketing ability and to a lesser degree, financial management. Therefore, marketing, packaging and financial management of the project should be contracted separately. Marketing can be sub-contracted to an established and credible in-bound agent. Similarly, financial management can also be farmed out. Many developing countries provide a level of financial management inexpensively through local government agencies. In this way, villagers can focus on what they do best without the need to come to terms with the world of international tourism marketing and financial management. As experience and confidence are gained, marketing and financial management can be localized by exercising the option of terminating renewable marketing and/or accounting contracts.

8. Quality and value

A common error when approaching the more rewarding "special interest" end of the market is to presume that there is a relationship between the level of comfort and the affluence of the visitor. The discerning visitor is more concerned about authenticity and the intimacy of contact than comfort. If tradition dictates that people sit on logs in the sun and rain, then so be it. Upholstered seating in covered pavilions may impress the budget traveller, but the discerning traveller will feel that they are participating in an experience which is degrading for the participants and also devalues the cultural experience for the visitor. When value needs to be added to an authentic cultural or natural event, it is imperative that this added value be in the form of informed and expert commentary and even written material using terms and values to which the visitor can relate.

In terms of a business proposition, the more emphasis placed on authenticity, the greater the return. A simple illustrative example concerns refreshments. In the Pacific Islands, particularly in the less-developed areas, refreshments served at a local festive occasion as a special treat may be cabin biscuits and orange-flavoured cordial in glass tumblers. This may be a gesture of prestige and respect offered to fellow villagers and family and appreciated in the traditions of Pacific hospitality. The discerning visitor who has paid a large sum of money to travel half way round the world to visit this community is poorly rewarded by this genuine attempt to show esteem and respect according to contemporary Pacific values. On the other hand, to have a villager open green coconuts in full sight of the visitors may seem highly disrespectful in the Pacific tradition. To the paying visitor, this may be far better value for money and the enterprise is spared the expense of crackers, cordial and glass tumblers.

These elements of eco-tourism may be self-evident to any person familiar with tourism. However, it is not self-evident to communities currently planning to enter the tourism market with a view to improve village finances.

9. Special factors in culturally-based eco-tourism

Eco-tourism projects concerning endangered habitats or species are easier to manage, if only because the ultimate beneficiary will not be a party to the dialogue or decisions taken on their behalf, nor will they introduce subjective points of view. Culturally-based eco-tourism projects are more complex.

As a businessman, I am frequently asked by villagers in Vanuatu to send visitors to their particular village to witness some event of cultural significance, or perhaps just to patronise a new tourist bungalow project. The village representatives have usually thought it all out. They have arrived at a solution to their financial needs which will also revitalize interest in their cultural heritage by imposing the demands of satisfied tourists as a goal. In principle, there is nothing wrong with this. However, the villagers invariably fall into the same trap. The promoters of the eco-tourism proposal have tried to solve all the problems themselves and present a *fait accompli* to the investor, in-bound agent or lending authority.

A major issue in cultural eco-tourism is that the beneficiaries are free to propose and do what they will. Frequently, these proposals are highly subjective, based on vague notions and preconceived ideas about tourism and, almost inevitably, without any regard for the intricacies of marketing the project and the management of finances.

Where cultural heritage and tourism are the basis of earning money to satisfy village expectations, the villagers' point of view is the paramount consideration. Despite the fact there may be major misunderstandings of the realities and practicalities of tourism, bridging the information gap remains a very delicate issue.

It is in nobody's interest to see paternalistic businessmen or advisers imposing their values on indigenous people keen on preserving their cultural heritage. By the same token, to assist villagers in pursuing commercially-unsound projects is irresponsible. National government agencies are the logical bodies to ensure that these projects are well thought out and planned before permission to go ahead is granted. Too frequently, these decisions are left to the loan approval committees of development banks who are providing the finance, but who have no overriding interest in cultural matters and little understanding of the complex business of tourism.

National governments have a responsibility to ensure that competent, impartial assessment and continual monitoring of eco-tourism projects is readily available. The local National Tourism Office (NTO) is the logical third party to fulfil this role. However, these offices are usually staffed by employees who gained their positions through their academic achievements, rather than their competence, understanding and experience in the tourism industry. NTO officers are usually appointed by fellow bureaucrats. The tendency, therefore, is to create offices that satisfy government staffing requirements at the expense of objectivity and efficiency. More funding will not solve the problem. More funding will simply provide more of what is already in place. Entrepreneurial skills linked to a deep understanding of local cultural values are imperative to any NTO or other authority that wishes to fulfil national or regional objectives in culturally-based eco-tourism. National and regional governments wishing to see tourism as a desirable and efficient earner of foreign exchange must embrace the need for entrepreneurial inputs in tourism development at a policy level.

Much of the entrepreneurial, marketing and financial management skills lacking in any NTO are in ready supply within the local private sector. It is not unreasonable to tap these locally-available resources by sub-contracting NTO responsibilities to the private sector.

Commercial feasibility studies, economic plans and marketing proposals that form an integral part of the projects can be sub-contracted to the private sector. The cost can be minimized by encouraging the sub-contractors to participate on a profit-sharing basis until costs are recovered. In this way, assistance continues through the implementation and post-implementation stages. A major advantage of this type of proposal is that it avoids one of the problems that arise from using consultants. Consultants having completed their assignment do not have to live with the consequences of their recommendations. Nor are they required to adapt their proposals to new and changing circumstances that may arise during the implementation period. A practicing sub-contractor has to live with his recommendations, and his financial return can be directly linked to the success of the project.

Sub-contracts for specialized commercial skills or services should include clauses for successful technology transfer and training for equity partners prior to completion of the contract. In this way and at conclusion of the contract, the project should be self-sufficient and self-sustaining.

10. Foreign investors and joint venture partners

When it has been agreed that an outside developer should develop a Pacific Island cultural eco-tourism project, some other potential problem areas need to be identified. One area that causes major problems in cultural eco-tourism is that of land ownership and to a certain degree, ownership of cultural rites. Individual or family ownership of land and cultural rites is a feature in much of the Pacific. Local villagers are keen to see their project get under way and sometimes do not give due consideration to jealousies that will arise when cash flow becomes a reality. Sometimes, this can lead to acrimonious disputes and even physical violence which may seem at odds with regional attitudes of sharing and community ownership.

Where culture is the basis for eco-tourism, it is important to interpose an impartial, third party between business associates and the village or community wishing to participate in cultural tourism. These parties can be the local NTO, regional governments, councils of chiefs or whoever is best able to understand and come to terms with the real wishes and aspirations of the people. In most ministries of tourism, the environment unit or home affairs will have the authority to implement the processes, but checks and balances are necessary to proscribe forms of behaviour, visitor access and development without the need for legislation. In some countries, these regulations are already in place. However, whether or not these checks and balances are working satisfactorily is another point. Regional governments and environment units should be encouraged to examine more closely the intrusion of tourism into culturally fragile areas.

Before considering culturally-based tourism, it is vital that the whole community affected by any project is well aware of the long-term ramifications. Pacific Islanders are among the most hospitable people in the world with a tradition of sharing wealth and gift exchanging. Village-level seminars explaining the aims and objectives of visitors and a basic understanding of the cash flow and marketing of tourism is mandatory. What should be paid for and what should be included free of charge is a common source of confusion. Sometimes a village's subjectivity places disproportionate emphasis on what has value for the visitor. A realistic schedule of fees must be discussed before proposals are considered.

Any developer or business associate without a clear knowledge of Pacific Island peoples is at a distinct disadvantage when dealing with communities off the beaten track. There is a common, but rarely expressed opinion among Pacific Islanders, that all Europeans have money but are basically impetuous. Much of the impetuosity stems from a mutual misunderstanding of cross-cultural decision-making processes and protocols. Even in communities with a highly stratified social structure and an all-powerful chief, decisions are not taken, but rather evolve over a period of time. A developer or business associate who is willing to spend several days in the village even on a simple issue will find that he can resolve issues fairly easily. In reality, the speedy resolution of issues was most likely a courtesy to the visitor, and therefore, not binding. Despite assurances that clear objectives are already understood and negotiations can proceed, only collective decisions taken over a minimum of several days will succeed. Negotiations that begin on the day of arrival and particularly those that commence without observing the correct protocols will most likely result in worthless commitments. The observance of protocols is vital and too varied from culture to culture to set out in this paper. The breaching of protocol can be a grave insult, difficult to forgive. No one will point out when a protocol has been breached or propriety exceeded. Cordiality and hospitality will continue unabated in the Pacific tradition long after credibility has been lost.

Beyond the consensus-type of decision-making found in the Pacific, final commitments must be set out in writing and understood by all parties. Interpretation of verbal arrangements can lead to disappointing results and ill-will between business associates and partners.

11. Local participation in foreign-owned projects

Where traditional land or cultural heritage is a feature of any eco-tourism proposal, compensation to the land owners or the owners of the culture should be more than token. Employment as tour guides, kitchen staff or housemaids is not only demeaning, but likely to lead to problems in the future. While employment agreements add to the merits of a project, they should not form the principle basis for compensation. Equity partnership is one way of involving the real owners of the property in running the project. Modern accounting practices, however, can be confusing and promote distrust when profits are hidden in the modern world of corporate accounting.

Cash in hand is usually the best reward for participants where a lack of business skills and experience is in evidence. The best approach is to offer a percentage of gross sales as compensation. There are two major benefits to this type of arrangement. First, the participants can see the direct relationship between activity, industry and income. There is also a need to demonstrate that times of seasonal financial need may not necessarily coincide with seasonal highs in tourism. Second, any glance into the cash register or cash book will indicate the measure of cash flow into the society on a day-to-day basis. The ideal compensation is a combination of both proposals. A percentage of gross sales that will satisfy the minimum income requirements of the community and an equity holding in the enterprise commensurate with input. Stock purchase plans or buy back provisions will have greater meaning in the long term, after entrepreneurial skills have developed within the community through technology transfer arrangements.

12. Conclusions

The Pacific Island countries can profit from well thought out and well-planned eco-tourism proposals to stimulate revenues from tourism. No amount of talk or workshops is going to make this a reality. Only when the entire country from the government to the private sector and the citizens recognize that tourism development is a national enterprise, and is not confined to those people who earn direct cash returns from visitors can a pragmatic approach to tourism be realized. Political agendas, unscrupulous business interests and selfish motives may satisfy personal and short-term needs. Once the national cultural heritage is lost as a result of political or financial expediency, future generations are not only denied cultural identity, but also a means of raising the standard of living to the same degree as their parents. No amount of political will and no amount of money can replace a lost culture and the loss of that culture is a loss to the whole of mankind.

In the final analysis, eco-tourism is an amalgam of human values that reflect the moral and commercial realities of the world today. Values like culture and language are changeable and not immutable and must be reviewed from time to time in order to test their validity. In this way, eco-tourism as a concept may become durable and remain entirely sustainable.

The Bougainville copper mine in Papua New Guinea and the disaster and tragedy it has become for the parties involved will remain an example for people who choose to ignore the sanctity of Pacific Islanders' traditions, cultural heritage and their right to participate fully in the sustainable exploitation of their land, culture and resources.

5. AUSTRALIAN MARKET PERCEPTIONS OF RESORTS

– *Brian King*

1. Introduction

This paper reports on the attitudes of Australian consumers and travel agents to domestic and international island resort destinations. Two comparable island resort destinations were selected for study, the Mamanuca Islands in Fiji and the Whitsunday Islands in Queensland, Australia. Issues explored included travel experiences, influences on holiday decision-making and images held of the two destinations. Concepts to be investigated include the view that domestic destinations enjoy a higher level of awareness among consumers than their international equivalents, are perceived as more suitable for short-break holidays, more easily accessible, less expensive and less exotic. The view that short-haul sun, sea and sand resort destinations are highly substitutable from a consumer point of view was also evaluated. The two groups have some common characteristics: rough equidistance from the key Australian source markets of Melbourne and Sydney, a tropical location, close proximity among the various islands in the groups, and easy accessibility from a major airport (Nadi and Hamilton Island). Both are established resort holiday destinations for Australian travellers. The results are relevant for other South Pacific destinations, since Australia is often their major source market. The study provides some insights into the mood among Australian consumers and travel agents and provides some insights into the problems faced by Fiji in responding to the increasingly aggressive competition from domestic Australian destinations. Fiji's dilemma is faced by most of the South Pacific.

2. Objectives

This research constitutes two key phases of research. The purpose of these stages was to compare the marketing of two comparable groups of islands. Travel agent and consumer responses to prevailing images within the Australian market were also sought. Interviews were also undertaken with tour wholesalers, airline representatives and with resort managers, though the results of such discussions have not been detailed in this paper. This paper focuses on the images that Australian consumers and travel agents associate with subtropical island resorts generally and with the island resorts particular of the two relevant regions. The desirability of the destinations, the travel experiences of participants and the nature of their decision-making processes were also examined. A broader issue relating to this research, though not one which could be answered definitively, was whether the availability of domestic subtropical island destinations makes overseas tropical island destinations less attractive to Australian consumers. Australia is one of the few major tourism generating countries to have domestic subtropical islands which have been developed for tourism. In contrast, consumers from countries and areas such as Canada, New Zealand, Germany, Scandinavia, the United Kingdom and to a lesser extent the United States must travel overseas for their island resort experiences. Are such sun, sea and sand destinations competitors with other similar overseas destinations? Issues are raised about how Australian view their own country as opposed to neighbours in the Asia-Pacific region.

3. Study methodology

Eight consumer focus groups were selected with equal numbers of participants in Melbourne and Sydney. A total of sixty consumers participated. The main purpose of these groups was to generate key ideas to use in the travel agent survey, with the latter group providing quantifiable results.

The groups were selected according to four key variables. First, equal numbers of groups (four each) were selected in Melbourne and Sydney to help the researcher identify any evident differences in consumers in the two source markets. It was also hoped that by selecting consumers in Australia's two major cities that a reasonably representative segment of the Australian population could be examined. Groups were segmented into those travelling with families and those travelling as singles or as couples without children. Age specifications were placed on both types of respondent, with older (over 45) and

younger (under 25) excluded from the study. Groups were also segmented according to their level of travel experience to the two relevant destinations. Three types of experience were examined, namely those who had visited both Queensland and Fiji, those who had visited one but not the other and finally those who had visited neither.

The method used in focus discussion groups is to introduce particular subjects into the discussion in a way described as a line of inquiry. In this research, the eight groups were guided into the topic gradually and were aware only that the discussion would centre upon resorts in their broadest sense. The line of inquiry involved six stages. These sought to elicit participant views as follows:

Mental associations prompted by the terms resort and island resort.

2. The information gathering and decision-making processes used in preparing for resort holidays.
3. The previous resort experiences of experienced travellers and the experiences anticipated by inexperienced travellers who intended to travel.
4. Responses to various name prompts, both resort specific and regional.
5. Perceived differences between the two destination areas and the circumstances in which a visit to one would be preferred over a visit to the other.
6. Word association where participants were presented with a number of descriptions and asked to attach the most appropriate ones to the relevant destination area.

In order to reinforce the focus group findings and to provide some comparative data, a telephone survey of 200 travel agents was undertaken. As with the focus discussion groups, half of the respondents would be in Melbourne and half in Sydney. The travel agents were selected randomly from the telephone *Yellow Pages*. Most of the questions were closed response with a small number of open-ended questions. To qualify, respondents were required to have booked clients to both Fiji and to Queensland. The seniority of respondents was not specified and the questionnaire could be answered by consultants, senior consultants or managers. The telephone method was chosen because of its established reputation for a higher response rate achieved over equivalent mail surveys. The questions were subsequently modified following a pilot study amounting to thirteen completed interviews.

The finalized questionnaire started with some screening questions followed by eight main questions. A number of classificatory questions made up the remainder of the survey. Questions investigated the level of awareness of the two island groups and of the individual island resorts within these groups, and whether the respondents had actually visited the islands. The strengths and weaknesses of the two groups as perceived by respondents were requested. Next, the travel agents were presented with a series of pre-determined traveller segments and asked to assess which group catered better to these segments. Three representative resorts were given from each of the two groups and respondents were asked to apply various descriptions to these resorts. The resorts selected were: Club Med, Hamilton Island and Daydream Island (in the case of the Whitsundays) and Plantation, Castaway and Mana Islands (in the case of the Mamanucas). Most of the descriptions were phrases used by participants in the focus discussion groups. Respondents were then asked about a number of industry issues, including any improvements that the tourism authorities in Queensland or in Fiji might make to improve the attractiveness of the resorts from a travel agent's point of view. Agent airline affiliation (if any) was also requested.

The final component of the methodology was to conduct semi-structured interviews with the managers of each of the resorts in the Whitsundays and the Mamanucas. Of the various surveys undertaken, the travel agent subjects best lent themselves to quantitative analysis. The sample was representative of all travel agents in Melbourne and Sydney, and responses to closed questions could be readily coded. A number of statistical analyses were undertaken including frequency tables and correspondence analyses. The latter were particularly rich in highlighting the perceptions of travel agents towards individual resorts and to the island groups as a whole. These impressions are presented in the form of brand maps.

Comparable areas were selected offering tropical "sun, sea and sand" island resorts (nine in the Whitsundays, 12 in the Mamanucas) to the Australian market, equivalent accessibility (flight times) and established recognition in the marketplace. Also highlighting the relevance of Fiji for comparative purposes was the current move by the Fiji Ministry of Tourism and the Fiji Visitors Bureau to shift the focus of tourism marketing in Australia from the depiction of resort-based experiences, to a more diverse tourism product focusing on environmental and cultural experiences. It also seemed an appropriate time to evaluate whether any dissatisfaction with the resorts in Fiji was as serious as indicated by previous research.

In the case of Queensland, substantial work had been undertaken for the Queensland Tourist and Travel Corporation (QTTC) on consumer attitudes about the island resorts. The present research offered direct comparison with an equivalent overseas destination.

4. Tourism in the Whitsundays and in the Mamanucas

The Whitsunday islands are located off the north-eastern coast of Queensland in northern Australia. In 1992-1993, the State of Queensland accounted for the largest percentage (28 per cent) of all nights spent by interstate travellers in Australia, equal to New South Wales (the most populous state). Queensland is the major beach resort destination in Australia, particularly for Japanese tourists who spent 44 per cent of their total Australian nights for 1993 in the state.

There are 74 islands in the Whitsunday group. Some are small islands, occupied substantially by a single resort (Daydream Island), while others are larger islands housing a single resort (South Molle and Lindeman Islands, for example). One larger island features multiple resorts (Long Island which incorporates Palm Bay Hideaway and the Radisson Resort). The majority contain no resort development (such as Whitsunday Island). Most of the islands are designated as National Park, with overall management being the responsibility of the Great Barrier Reef Marine Park Authority. Resorts cater to a variety of markets, including the exclusive (Hayman Island), the middle market (Daydream Island) and the budget market (Hook Island). The Whitsundays are one of the four main island groupings off Queensland and are probably the best known group.

Almost 150,000 visitors were attracted in 1992-1993, of whom almost half were from New South Wales (NSW) and Victoria. The average length of stay for NSW and Victoria residents was much higher than the average of 5.1 nights. The average expenditure per visitor night was almost \$190.00, the highest for any Queensland region. Seventy-five per cent arrived by air and 22 per cent by car. The total accommodation capacity of the eight resorts (Brampton is excluded from the data) is 1,675 rooms, almost five times the capacity of the Mamanucas. In 1993, the Whitsunday Shire offered some 2,500 rooms in the category of licensed hotels, motels, etc. with facilities, with the bulk of capacity on the islands.

Most travellers to the islands arrive by air, either at Hamilton Island Airport flying with Ansett Australia or through Proserpine with Qantas Airways. Most of the islands have a close association with one or other of the airlines, in contrast to the Mamanucas where there is no direct equity or operational involvement. Until recently, Hayman, Hook and South Molle islands have been or are still (in the case of Hayman) operated by Ansett, while Brampton is operated by the Qantas subsidiary, Australian Resorts. Hamilton Island is independent of the airlines, but has a closer association with Ansett since the island airport is a joint venture between the airline and the island.

Only three significant Australian wholesalers are involved with the Whitsunday island resorts. These are the two major domestic airlines, Ansett through Ansett Holidays and Qantas through Australian Holidays and Sunlover Holidays, a subsidiary of the QTTC. Until recently, all three brands have been purely domestic operations. This has changed with Ansett Holidays introducing packages to Bali and the intention by Qantas to replace the Australian Holidays brand with Qantas Jetabout brand, which was previously a wholly international operation. The range of wholesalers is small in comparison to most Pacific Island destinations.

The Mamanucas are a group of islands located off the West coast of Fiji's main island, Viti Levu, close to the country's main international airport at Nadi. Fiji is the major tourism destination in the South Pacific, accounting for twice as many arrivals as its nearest rival, French Polynesia and twelve times the number to Tonga. Its dominance is relative, however, with northern Pacific destinations attracting larger numbers. Hawaii attracts twelve times as many and Guam twice as many as Fiji. Australia accounts for over 30 per cent of all visitor nights in Fiji, making it the dominant market source.

The Mamanuca islands range from seven to 40 kilometres off the Viti Levu coast and access to most of the inner islands is by boat departing from Denarau Beach (near Nadi). The more northerly islands can be reached by boat from Fiji's second city, Lautoka. An airstrip is located on Malolo Lailai Island, home of two of the Mamanuca resorts, Musket Cove Resort and Plantation Island Resort. Frequent flights operate the ten-minute journey from Nadi. Castaway Island, one of the more exclusive in the group, can also be accessed by seaplane and Tokoriki and Matamanoa by helicopter. The Mamanuca resorts are smaller in scale than their Whitsunday counterparts, with the largest at Mana Island having a capacity of 132 units. Most are at the middle rather than the upper end of the market, though the recent opening of the tiny Sheraton Vomo Resort, with a total capacity of 30 suites, has added an up-market alternative to the range. Accommodation is typically "bure" style, often with thatched roofs.

The total number of rooms offered by the twelve resorts is 535. This figure includes a recent expansion in capacity at the Musket Cove resort. This total of the twelve resorts is less than the capacity of the two major Nadi-based resorts (the Regent and Sheraton hotels), which indicates that most accommodation capacity is located onshore, unlike the situation in the Whitsundays where the islands hold a dominant position. The Australian market is the dominant source of business for the islands within the group, though Mana Island attracts substantial numbers of Japanese. At this stage, figures are not available for the Mamanucas specifically, but their much smaller scale than the Whitsundays is put into perspective by the realisation that the Whitsunday island resorts alone attract 146,700, visitors annually equivalent to over half of the total Fiji number 274,534 in 1992. The large difference in scale should be kept in mind, when comparing Queensland and the Pacific Islands.

Unlike the Whitsundays, the Mamanucas are packaged by a number of international wholesalers specializing in outbound travel from Australia. The national carrier of Fiji, Air Pacific, is the major airline servicing Australia and Fiji, but it does not package the island apart from releasing specials on a periodic basis with the individual resorts. Qantas packages Fiji and the Mamanucas under the Jetabout brand. A number of independent wholesalers also feature Fiji and the Mamanucas, including Viva!, Travelscene, Jetset, Orient Pacific Holidays and Venture Holidays, to name a few. The historical division between Australian domestic packaging dominated by the two domestic carriers and international packaging which is far more fragmented is currently changing. However, the existing pattern of many small operators featuring international destinations is likely to continue.

5. Consumer focus discussion group findings

"Islands" and "tropical" are the terms most closely identified with the term resort, and warm weather and water are seen as essential elements. Ski resorts were mentioned in three groups, but almost as an afterthought. Most of the images expressed were positive ones. Cultural issues rated little mention and the environment was mentioned primarily as a backdrop to other active or passive activities.

The following words were mentioned most frequently as encapsulating the resort experience:

Tropical	Being Lazy or Relaxed	Luxury/Up-Market
Lying in the Sun	Sandy Beaches	Warm Weather
A Relaxing Drink	No Clocks or Schedule	A Tropical Island
Seclusion	Palm Trees	Water

The dominant negative images were a fear of being trapped, whether it be physically by an inability to get off the island, economically by an inability to afford or unwillingness to pay the perceived high prices charged on the islands, socially by being surrounded by people with whom one feels little in common or psychologically by a general sense of being "hemmed in". Participants repeatedly expressed their desire not to feel trapped. They wanted to be able to visit other islands and not to feel constrained financially, physically or psychologically. A feeling of freedom was important even for those who doubted whether they would actually take advantage of day trips and tours. It should, however, be acknowledged that resorts were viewed predominantly in terms of positive associations. The negatives were generally beneath the surface and appeared predominantly as a reflexion of underlying anxieties.

Respondents were asked which names first come to mind when the word resort is mentioned. The main differences between awareness of the two groups was that while the Queensland resorts were identified by their names (Daydream or Hamilton), most overseas island resorts were referred to in terms of countries (Fiji, Tahiti, the Cook Islands). Mention of the names of specific overseas resorts was very limited. Australian resorts have a higher brand awareness than overseas counterparts, even those overseas destinations which involve a flight of similar duration, such as Vanuatu or New Caledonia. The most frequently-mentioned island resorts were Hamilton, Hayman, Great Keppel and to a lesser extent Daydream and Dunk. Three of the five are located in the Whitsundays, while Dunk and Great Keppel islands are not. When asked which resorts first come to mind, some groups suggested only Australian resorts. In these cases, overseas resort areas were only mentioned following prompting.

In contrast, awareness of the Fiji resorts was extremely low. Almost no one had heard of the Mamanucas, even those who had stayed there. Awareness of individual resort names was very sporadic. Those who had visited parts of Fiji other than the Mamanucas also had a very low awareness of the names of individual resorts.

The Whitsundays are perceived as far more accessible than the Mamanucas. Commenting on Fiji, one Melbourne respondent expressed his belief, "You have to go via New Zealand don't you?" In fact there are almost daily four-hour flights direct from Melbourne to Nadi. Equivalent nonstop flights from Melbourne to the Whitsundays are only operated in peak holidays periods, and intermittently. The perception of the Whitsundays as more accessible is possibly based on the familiarity consumers appear to have with a domestic destinations. Generally, consumers who have not previously visited Fiji have little idea of how long it takes to get there. Some family respondents expressed their unwillingness to take children on flights in excess of four hours. This eliminates some competing destinations such as Hawaii and Bali which involve much longer flights than either the Whitsundays or Fiji.

The Whitsundays were viewed as better suited to short-break holidays of three to five-night duration, because of their easier accessibility. A perception was evident that this was too short a period for a resort holiday, given the cost of the transport component. In the view of the author, there is no fundamental reason why the Mamanucas could not compete with the Whitsundays for the short-break market, though some changes would be needed. Evidence of this is one couple who had travelled to the Mamanucas for their honeymoon and commented that their journey time was excessive and attributed this to not being made aware of the availability of shuttle flights from Nadi to the islands. Raising awareness of the easy accessibility of the Mamanucas would seem to be a logical promotion priority for the island group.

The key influences on decision-making were word of mouth and travel agents. It was perceived that travel agents provide good advice and do not particularly try to push their own products, but a strong preference was expressed for travel consultants who have visited resorts personally. This was seen as enabling them to provide worthwhile advice. Perhaps this issue relates to the concern about possible entrapment on an island resort that is not suitable. Most consumers indicated that they would shop around to various travel agents.

Respondents viewed the choice of airline and tour operator as relatively unimportant. Most were unaware of which company had packaged the holidays that they had previously purchased. Brand loyalty was not much in evidence and was connected with travel agency names, particularly chains, and not with tour operators or airlines. Almost all respondents indicated that the choice of holiday company/tour operator should be and is left to the travel agent.

Fiji is perceived as a friendly destination for the interactions it offers among tourists and between tourism and resort staff and/or local residents. The "Bula" (welcome) greeting and friendly smiles of the Fijian staff are emblems of such perceived friendliness. The Whitsundays are perceived as offering a more perfunctory style of service, certainly more professional and more efficient, but less friendly. The Whitsunday experience was perceived as a less social one. One telling comment was, "Australians are more friendly to one another when they are travelling overseas". It was stated that in the Whitsundays tourists tend to keep to themselves. It was perceived that those who would enjoy a rewarding social experience were water-sports enthusiasts and people 18-35 years old. Ironically perhaps, the Australian resorts offering the best social experience were those which attracted a large international clientele. Dunk Island, which is in Queensland, but not in the Whitsundays, was mentioned as an example.

Another dimension of the social interactions was the view expressed by three female participants in one group (and not contested by the rest) that women needed to fit the image to go to the very public environment of a resort. The need to be young, tanned, glamorous and scantily clad was seen as a barrier to enjoyment and relaxation for those who did not think of themselves in these terms. The view of resorts as an unattainable paradise may appeal to the image makers, but clearly there have been some unfortunate by-products for certain women travellers. Other groups did not take this view and were more pragmatic, claiming that you choose the island suited to your own market segment.

Consumer judgements were arrived at via consensus with “maybe” indicated where dissenting views were expressed. A number of cards were presented containing words that participants were asked to match up with the two island groups. The positive phrases most closely associated with the Whitsundays are concerned with relaxation (“no pressures”, “casual” and “safe”), sporting opportunities “lots to see and do”, “the opportunity to try new sporting and recreational activities”, hedonism, “good food” and “romantic”, glamour/prestige “glamorous”, “prestige destination”, and “good to tell your friends about” and a beautiful environment “spectacular reef scenery” and “paradise”.

The negative images or images which failed to elicit a strong positive response related to expense, such as “expensive to get to”, “high on-island costs”. The dominant image of high cost affected perceptions of other issues. The Whitsundays were seen as offering good quality food, “but you certainly have to pay for it”. Despite the recent advertisement of discounted short-duration packages to the Whitsundays by the airlines, groups were reluctant to concede that good value packages were available.

Despite the fact that much of the Whitsunday region is designated national park, the area is thought of as being somewhat over-developed, with “too much high-rise development” and not “environmentally friendly”. Hamilton Island was the only island consistently described as “over-developed”, though a number of participants associated the concept with the group as a whole.

The response to the issue of quality service, for example, might be typified by the comment in one group “it’s a bit iffy that one”. A clear perception emerged that service in Australian regions in a general sense is unreliable. The Whitsundays are seen as typical. One negative for the Whitsundays is that though consumers expect service in Australia to be more professional because of more stringent training, it is regarded as being less friendly and more perfunctory than in Fiji or other overseas destinations. Professionalism has the potential to be a selling point, though not immediately in view of the prevailing consumer attitudes. The Whitsundays are affected by the views that Australians have of their own country as a whole.

The Whitsundays are regarded as offering less novelty than Fiji, apart from the Great Barrier Reef and sporting facilities. A visit to the Whitsundays is not an “interesting historical” or “cultural experience”, it is not “exotic”, or an “opportunity to try new foods”. It cannot offer “interesting local customs” or “shopping opportunities”. One participant commented that to get “real” culture, you would have to go up to the Torres Strait Islands (home of the Torres Strait Islanders, a group of indigenous Australians). The fact that Broome in Western Australia markets its multicultural background and influences is an indication that at least one Australian beach resort destination has sought to capitalize on its culture.

Some respondents who had previously visited the Whitsundays commented, “once you get to know a bit about the history of the area, it starts to get interesting”. For most, the Whitsundays are a place to go for total relaxation. This may be indicative of the fact that because Australia is a recently settled country by Europeans, its residents do not yet perceive its sights as offering historic interest.

A visit to the Mamanuca islands is seen as offering greater diversity. It offers “interesting history” and “interesting culture”, “lots to see and do” and “interesting customs”. It also offers plenty of other activities, having ample “new sporting and recreational activities to try” and being a “change to try new things”. It is definitely different, being strongly “exotic”. Nor is it seen as any less relaxing. It is seen as “safe”, “casual” and as offering “no pressures”. There is “plenty for kids to do” which was favourably commented upon by families who also expressed the view that the availability of child-minding facilities and “children-oriented” staff allowed the adults to relax. The perceived friendliness of the Fijian staff and their “caring nature” was seen as a key attribute for dealing with children. One group commented that, generally speaking, Australia and hence Australian resort is/are “safer” than overseas equivalents, but that security seemed more of an issue in Bali (security needed) than in Fiji. The Fiji military coups were only commented upon twice and then in passing. Fiji is not thought of as unsafe.

The Fiji island resorts were not associated with high rise buildings nor with overdevelopment. On the other hand, they were not seen as “environmentally friendly”. (possibly because of concerns about standards in a developing country). Participants appeared cynical about any close association between resorts and “environmental friendliness”. The Mamanucas were regarded as offering spectacular reef scenery, but this issue did raise nationalistic impulses among responses. A number commented that the Fiji reef scenery could “not compare with what Australia has to offer” with the Great Barrier Reef. Most groups regarded Australia as having the “biggest and the best” reef. The reality is that though Fiji’s barrier reef is certainly much shorter than Queensland’s, but there is a greater variety of reef in close proximity to the actual resorts. The Great Barrier Reef typically involves a two-hour boat trip from the Whitsunday island resorts.

The Mamanucas were described as a “wonderful” place for kids “you can let them roam entirely free with complete peace of mind”. Fiji is also regarded as lower cost than the Whitsundays. It is not “expensive to get to”, “on-island costs” are not high, “good value packages” are available. Groups were in agreement that the Whitsundays are a “prestige destination”, and this is less the case for Fiji. Their hesitation (not outright objection) to this phrase is in line with the view that Fiji offers good value. One or two participants who had visited Fiji commented that it was not actually very cheap, but the Whitsundays have a greater problem than Fiji with this issue. Though the Mamanucas were not seen as being a prestige destination, they were “good to tell your friends about”, were “romantic” and possibly (opinion was divided) “glamorous” and even “paradise”.

The sort of words revealed very few negative impressions of Fiji. Those negative impressions that did arise came up in general discussion.

“It costs more to travel within Australia than to travel overseas”. This often repeated view was clearly in evidence. The advent of airline deregulation has not yet eliminated the perception of high costs for travel within Australia. The high profile advertising of short-break packages to the Queensland islands using price leaders had little apparent impact on perceptions, though some groups did mention that the deals looked less expensive than before. In contrast, Fiji was depicted as a good value destination, even though participants who had stayed in the Mamanucas commented that on-island costs were “on a par” with those charged for meals in major Australian cities.

The perception of high costs in the Whitsundays is reinforced by the high profile of destinations such as Hayman Island. A number of participants likened their image of the Whitsundays to sitting by a large and luxurious yacht. The positive side is that the Whitsundays are regarded as a desirable destination, with an element of glamour and romance. The negative side is that travellers are perceived as unfriendly and self-contained and that one cannot escape from “monopolistic high on-island costs”. The perception of small, exclusive resorts offering highly personalized service, such as Bedarra and Lizard Islands, has translated itself across the board. Consumers do not actually believe that this is what they will receive themselves. They fear being trapped, either with people with whom they have little in common, or else in school holidays with thousands of kids. The image is a positive one, but it is the image of dreams, and consumers seem to have difficulty relating the image to their personal experience.

Fiji still has a highly favourable image with consumers. There is no doubt in the minds of consumers that Fiji is “exotic”. A couple of consumers had a negative perception of Fiji as somewhere that was suspiciously low cost. The use of price leaders excluding airfares seems to have confused consumers, some of whom think the total package price can be less than \$300. While prices must remain competitive, apparent excessive discounting can have a negative effect. The view that Fiji resorts are greatly overpriced was not confirmed by the focus discussion groups.

When presented with the names of the various Whitsunday island resorts, all groups recognized the name Whitsundays without difficulty and identified them as a group of islands in North Queensland. Most participants were aware of the general, but not the specific, location of the group. A number thought incorrectly that they are located off the North Queensland cities of Townsville and/or Cairns. The overall image is dominated by “sailing through a myriad of green islands” with the “Great Barrier Reef close by”. The resorts were regarded as vehicles for the experience of total relaxation in this highly-coveted environment. In contrast, the name Mamanucas did not elicit recognition from any group. This was the case even for individuals who had previously visited islands within the group. The only other regional name in Fiji which was mentioned was the Coral Coast, which appears to have a stronger identity.

Despite strong awareness of the Whitsunday group and generally high recognition of certain resort names, group members had difficulty summarizing the individual resort characteristics. Some resort descriptions were noticeably inaccurate. The only Whitsunday resort “brands” with high awareness were Hayman (“luxurious”, “exclusive”, “I would love to go there but could never afford it” and “I picture big luxurious boats”) and Hamilton (“Surfers on an island”, “up-market”, “expensive”, “didn’t it burn down?”). Hamilton is the most built-up of the Whitsunday islands, with two tower blocks and almost 700 rooms. Focus group participants were divided in their views on Hamilton, between those who were strong supporters and those who strongly opposed what the island was seen as representing (the “white shoe brigade” and false glamour). The focus groups confirmed the findings of previous research that the Queensland and Whitsunday island resorts are perceived to a substantial degree as unattainably luxurious. In the case of the Whitsundays, this image is undoubtedly the result of image marketing by the two resorts, Hamilton and Hayman, plus the influence of yachting. The fact that the two dominant resort images are of extreme expense (in the case of Hayman) and overdevelopment plus dubious taste (in the case of Hamilton) is a problem, since it creates an overall image which is atypical of the true range of resorts on offer.

The medium-sized resorts lack brand awareness. Brampton (20 nautical miles south of the southerly boundary of the Whitsundays and not officially part of the group) is thought of as desirable, but consumers are unclear about its target market. South Molle has some recognition as an “all inclusive” resort and as being targeted at families. For those with no awareness, it was commented that the name sounds “boring”. The same cannot be said of Daydream which people said “sounds good”. It did elicit some negative comment however. Some individuals in different groups put Daydream in the same category as Hamilton (“overdeveloped”). Others said that the island is too small for a large resort and that as a tourist on the island one would feel “cooped up”. It did receive praise for good quality and modern facilities, indicating awareness of its recent total refurbishment. No single group was aware of the Club Med resort on Lindeman Island (opened in November 1992). All eight groups made comments such as “sounds like wine” or “alcohol”. This was despite the fact that some respondents had visited Club Med resorts overseas resulting in an apparent impression of Club Med as almost synonymous with overseas resorts. The Club Med philosophy of creating an ambience suitable for different types of consumers (for example families, couples and singles) was praised by most. It was criticized by a smaller number. However, this was strictly in the context of overseas resorts. A challenge exists for Club Med to reinforce the consumers association between the concept and the island (Lindeman).

There was little apparent awareness of Hook Island Wilderness Lodge, though participants who had taken trips around the Whitsundays commented favourably on it. Finally, comments were divided on Long Island, the only Whitsunday Island with two separately-owned and managed resorts located on it. The two are the tiny Palm Bay Hideaway (14 units) and the larger (106 units) Radisson Whitsunday Resort. For two couples, Palm Bay was “the perfect place for total relaxation”; for another it was not luxurious enough (“we asked to be transferred to Hamilton”). There was generally low awareness of the Radisson property which had been taken over by the company only a year earlier and had four other recent owners. No one had stayed at the Radisson, but each group expressed opinions to the effect, “Radisson, shouldn’t they be in Florida?”, “money”, “American”, “An American hotel chain-what on earth are they doing there?”. The fact that the Radisson offers arguably the lowest accommodation tariffs in the Whitsundays is clearly out of line with consumer perceptions. The location on Long Island reinforced the North American connection for a number of respondents (another and better known Long Island is located in the North-East of the United States). Such comments are an interesting insight into consumer expectations of a domestic destination, namely that names should sound authentic.

Though both Palm Bay Hideaway and Hook Island Wilderness Lodge are promoted as being “the way the Whitsundays used to be”, there is little evidence of consumer awareness that these low key and basic alternatives are available in the Whitsundays. The Hayman and Hamilton-induced image seems to have crowded out the earlier concept of the Whitsunday resorts as places with small huts or cabins on the beach.

As previously mentioned, awareness of the individual Mamanuca resorts was low. Those who had visited various islands spoke highly of all of them. The only exception was one female respondent who had visited Castaway Island and said there were too many children. She said that if she returned it would be with a family. This comment aside, Castaway, Treasure, Mana, Matamanoa, and Plantation Islands all received strong recommendations from everyone who had been there. The group were divided on the names of the islands. A number expressed a preference for the “Fijian sounding names”

(Matamanoa, Tokoriki, Tavarua, Mana) as opposed to the more anglicized (Musket Cove, Plantation, Treasure, Castaway, Beachcomber). Others said that without more information, the English names at least conveyed a sense of what they offer.

The myths of the South Seas came out strongly when the names were proposed. All groups associated Musket Cove with pirates, or with an "attractive bay infested with smugglers". Most liked the name. Plantation Island conveyed an impression of "the colonies" and of palm trees. Again the response was favourable. Two islands were thought to sound Japanese (Naitasi and Tokoriki), though the former also had Tasmanian connotations for one group. Matamanoa sounded "Polynesian or Hawaiian", Castaway "sounds lovely and enticing" and Beachcomber and Treasure "interesting", with the former also sounding relaxing. The name Tavarua Island elicited no response with any group. The names clearly evoked the exotic, in comparison with the Whitsundays in the sense that tourists have the prospect of experiencing "otherness".

When asked to compare the two lists of resorts, respondents commented that most of the Fiji destinations were called "resorts", while the Whitsunday destinations were called simply "islands". This was not intentional on the author's part. The labels were taken directly from brochure titles, but resulted in some interesting comments. The name "resort" may be likened to an international brand name. It is a source of reassurance as it implies the necessary facilities will be in place. However, it is the word island that conveys the romance and perhaps the essence of the experience. Most respondents would probably prefer the use of the term island, provided the more descriptive promotional material provided reassurance about resort facilities. Consumers liked the "exotic" dimension conveyed by the word island, while others felt reassured by the implication of developed facilities implicit in the word resort.

6. Travel agency findings

The findings of the travel agent survey are presented largely in tabular form. These tables summarize the key quantitative elements. The tables indicate that three of the Mamanucas enjoy a level of unprompted awareness in excess of 30 per cent, while five of the Whitsunday resorts do so. In view of the much smaller scale of the Mamanuca resorts, the relatively strong awareness shows how hard the individual resorts have worked to bring in travel agent familiarization trips.

Travel agents were asked to compare what they thought were the key strengths and weaknesses of the groups. Culture emerged as the dominant strength for the Mamanucas, and location for the Whitsundays. The latter was interpreted to mean proximity to such assets as the Great Barrier Reef. The overwhelming negative point of the Whitsundays was seen as price, a perception which reinforced the consumer view. For Fiji, price was a problem, but of less urgency than in the Whitsundays. Distance was perceived as a greater barrier. It is vital that Fiji overcomes this inaccurate perception.

Travel agents were presented with a range of fifteen market segments and asked to indicate the suitability of the two island groups to such consumers. The results were very different from those emerging from the consumer research. While consumers expressed very positive images of Fiji compared to Queensland, agents regarded the domestic islands as more suitable for a wider variety of market segments. The Whitsundays were seen as more suitable for nine segments and the Mamanucas for three (a stressed executive couple in search of total relaxation, those in search of a different culture and what were described as seekers of the "classic tropical holiday experience"). The general travel agent perception of the Mamanucas appeared positive, but not strong enough in terms of offering specific benefits. The Mamanucas appear to be seen as slipping in some of their key traditional markets such as honeymooners and families. Its obvious attractions such as scuba diving were not appreciated relative to the Whitsundays.

Agents were asked in detail about three resorts each in the Mamanucas and the Whitsundays and to provide an insight into comparative positioning. These findings were then presented as a brand map, using a technique called correspondence analysis. It may be reassuring for resorts located in Fiji and the South Pacific that the largest of the competitors (Hamilton Island) emerges very unfavourably, being described as overdeveloped and expensive. The Mamanucas are seen as friendly, exotic, relaxing, different and romantic; characteristics probably shared by other Pacific resort destinations. Less positively, agents have apparent difficulty differentiating between the individual Mamanuca resorts and the

facilities are generally seen as basic. The Whitsundays are perceived as offering better activities, entertainment, quality food and service and exclusivity. They are also seen as catering to couples and young children (Daydream which has good childcare facilities is perceived as best for kids). Resorts in the Mamanucas and elsewhere in the Pacific may need to upgrade the quality of facilities for children. The excellent treatment that children receive in the Pacific has been as strong selling point for families, but more lavish provision within the Australian resorts appears to be eroding that advantage. Fiji also performs very poorly among the 15-19 age group in Australia, a symptom of a perceived lack of activities.

Travel agents were presented with a series of propositions and asked to indicate their level of agreement. A number of significant findings emerged. There was strong agreement (80 per cent) that the Whitsundays would be recommended as being more suitable than the Mamanucas. Both destinations were seen as providing satisfaction for their clients, though the impression was stronger in the case of the Whitsundays. Eighty-four per cent said that clients leave the choice of tour operator very much to the travel agent. Over half disagreed with the proposition that the Mamanucas are cheaper. This indicates a very different perception among agents than among consumers who clearly perceive Fiji to be less expensive than the Queensland islands.

The perception of price among travel agents is more accurate than among consumers. A comparison of average airfares, accommodation costs and meal plans revealed that the Mamanucas are almost 20 per cent more expensive for an equivalent holiday. While the comparative data is based on fairly uncertain assumptions (concerning average air discount secured, for example), it is clear that the Mamanucas are at best on a par with the Whitsundays in terms of price. As Queensland resorts and Qantas are spending ever-increasing promotional dollars, the competitive pressures are evident.

7. Conclusions

The Whitsunday and Mamanuca examples suggest that Australians have a better knowledge of areas within their own country than equivalent areas overseas. The familiarity of domestic destinations is simultaneously a strength and a weakness for resort and destination marketing. Familiarity provides consumers with reassurance about issues such as infrastructure, health and other services, language and currency, to name two. The unfamiliarity of overseas destinations, however, is associated with the exotic, with "otherness", with cultural diversity and with historical interest. While the myth of the idyllic tropical island applies to some extent in both areas, it has greater power for the consumer imagination when applied to overseas South Pacific settings such as Fiji. This gives these destinations a marketing advantage, though travel agents were noticeably critical of the promotional activity undertaken by Fiji.

Familiarity also seems to lead to an impression of proximity. The Whitsundays are perceived as much more accessible than the Mamanucas by both agents and consumers. There is in reality little difference. This view of accessibility gives a natural advantage to the domestic destination in the short-break (three to five night stay) market. Heavy marketing of such packages has benefited Queensland relative to international destinations such as Fiji in this growing market area. The larger marketing budgets available to domestic promoters has assisted this trend (the QTTC budget for 1993-4 was in excess of \$30 million when industry contributions are included). The short-break market is a major opportunity for Fiji and other South Pacific destinations, a point reinforced by the recent success of Air New Zealand's short break programme.

One disadvantage faced by the domestic destination and one based largely on a misconception, is that domestic holidays cost more than equivalent international holidays. The consumer perception is based on previously high costs and a highly-regulated domestic airline environment, and this does not seem to have been greatly influenced by the advent of domestic airline deregulation in 1991. There was evidence that attitudes are changing. Focus group participants were aware of an "increasing number of special packages" to the Whitsundays. While domestic means less exotic in the minds of consumers, the idea of the Whitsundays as a highly desirable tourist destination is growing. This is possibly symptomatic of an increasing interest in domestic holidays by Australian travellers. This interest is reinforced by the growing emphasis by Qantas on its domestic (Queensland) resorts. The Australian-based carriers appear better able to release large blocks of discount seats on the market at short notice than Pacific carriers. To counteract the perception that domestic travel is becoming cheaper relative to travel to the South Pacific, there is a strong case to be made for cooperation among the regional carriers to develop yield management systems. A collective approach may also be required as a response to the predatory frequent flier schemes of Qantas and Ansett which are focusing their rewards on domestic resorts.

The study has highlighted the minimal importance that Australians place on tour operators and/or tour wholesalers for both domestic and international holidays. This view is held by both consumers and travel agents, and it is a potential warning for South Pacific destinations and resorts which are highly dependent on overseas-based tour operators. Building a relationship with travel agents is probably a better way to ensure that appropriate market segments receive the relevant resort promotional material. The study reveals some insights into social attitudes, (“Australians are more friendly when they are travelling overseas”). The preference by a number of consumers for Australian resorts which attract an international clientele is an indication of the greater integration of Australia into world tourism, with the previously tiny number of overseas tourists growing rapidly and providing many Australian destinations with a more cosmopolitan atmosphere. It is a warning to Pacific destinations which are highly dependent on the Australian market that a spread of nationalities may appeal to consumers, as well as making good business sense.

The study also highlights the danger of overdevelopment, even where it is geographically confined, in areas of great natural beauty. The influence of one highly-developed resort (Hamilton Island) has coloured overall consumer impressions of an area which is otherwise notable for its world heritage qualities. Consumers perceive the smaller Fijian bure-style resorts as more compatible with the environment, despite the less stringent environmental regulations in Fiji. The whole issue of perceived and actual environmental standards is likely to play an increasing role in consumer choices between domestic and international destinations. Consumer cynicism was, however, evident concerning resorts which proclaim their credentials as “environmentally friendly” through overt promotional messages. Inaccurate imagery was also evident in the case of the Whitsundays to the extent that it was perceived to be dominated by high cost and luxurious resorts. The reality that most resorts cater to the middle of the market has clearly been distorted by the large marketing budgets of specific exclusive resorts (Hayman and Hamilton). The resulting misconception is indicative of the dangers of individual resorts advertising heavily, independent of the regions in which they are located. The need for greater collective marketing to bring about a more consistent image is evident. In Fiji, the lack of incentives to encourage regional cooperation in areas such as the Mananucas may need to be addressed. As the emphasis of tourism development in Fiji shifts to landowner-based projects and away from the main resort areas, these areas may need to reinvent themselves, proclaiming their uniqueness. Success will only occur if such a process is undertaken collectively rather than by individual resorts.

Table 1. Contrasts and similarities between the two resort groups in Fiji and Australia

<i>Contrasts</i>		<i>Similarities</i>
<i>Mamanucas</i>	<i>Whitsundays</i>	
International Destination for Australians	Domestic Destination for Australians	Both Regions are Characterized by a Tropical Setting, Pristine Beaches and Coral
Weak Concept of the Region in Australia	Strong Concept of the Region in Australia	Heavy Dependence on a Small Number of Airlines serving the Australian Market
Small to Medium-Sized Resorts Only	Small, Medium and Large-Sized Resorts	Easy Accessibility of a Major Airport Short Haul Destinations
Many Tour Operators Featuring the Islands	Few Tour Operators-Airlines Dominant	Direct Access Available Via Both Water Craft and by Air
Part of a Developing Country	Part of a Developed Country	Both Are Constituted as Established Tourism Regions
Marketing Emphasis on Local Culture	Emphasis on Natural Beauty and Relaxation	Cooperative Marketing Undertaken by the Various Resorts in the Groups
Travel Agents Officially Paid 10 per cent Commission for Air Tickets	Travel Agents Officially Paid 5 per cent Commission for Air Tickets	Both Have Fabricated Tourism Island Names (Castaway, Beachcomber, Daydream) Plus Traditional Names (South Molle, Matamanoa)
Insignificant Presence of Branded Hotel Chains	A Number of Brands Present (SPIIC/Australian Resorts)	

Table 2. Total Australian outbound holiday departures and Fiji departures^a

	<i>Total holiday departures</i>	<i>Annual increase (percentage)</i>	<i>Holiday departures to Fiji</i>	<i>Annual increase (percentage)</i>	<i>Fiji (percentage)</i>
1981	736 400	4.2	64 600	19.0	8.8
1982	791 100	7.4	78 600	21.7	9.9
1983	759 000	-4.1	68 500	-12.9	9.0
1984	860 700	13.4	77 600	13.3	9.0
1985	917 000	6.5	69 500	-10.4	7.6
1986	902 000	-1.6	63 500	-8.7	7.0
1987	901 800	-	49 700	-21.7	5.5
1988	940 700	4.3	58 600	17.8	6.2
1989	1 118 600	18.9	77 900	33.0	7.0
1990	1 225 500	9.6	82 300	5.7	6.7
1991	1 151 400	-6.0	71 200	-13.5	6.2
1992	1 179 600	2.4	73 200	2.8	6.2
1993	1 129 800	-4.4	58 069	-20.7	5.1

Source: Australian Bureau of Statistics.

Note: ^a Holiday is the purpose of trip stated by travellers on their immigration card.

Table 3. Australian overseas holiday departures by age group to Fiji and all countries, 1992 and 1993

<i>Age</i>	<i>1992</i>			<i>1993</i>		
	<i>All Destinations</i>	<i>Indonesia (percentage)</i>	<i>Fiji (percentage)</i>	<i>All Destinations</i>	<i>Indonesia (percentage)</i>	<i>Fiji (percentage)</i>
<15	121 464	12.3	9.8	118 425	13.6	9.1
15-20	72 250	15.8	4.2	64 078	16.3	4.3
20-29	284 731	15.3	5.1	269 973	15.7	4.5
30-39	217 987	13.8	5.9	210 573	16.4	5.5
40-49	221 400	13.4	5.5	214 498	15.5	4.9
50-59	147 223	9.1	4.5	151 199	9.6	3.9
60+	142 221	5.9	3.4	131 654	6.1	3.2
All ages	1 207 276	12.6	5.5	1 160 400	13.8	5.0

Source: Australian Bureau of Statistics.

Table 4. Travel Agent agreement/disagreement with propositions about the Whitsundays and the Mamanucas

(percentage)

<i>Proposition</i>	<i>Agree a little/a lot</i>	<i>Disagree a little/a lot</i>	<i>Neither agree nor disagree</i>	<i>No response/cannot say</i>
Believe the Whitsundays have matched the expectations of clients whom they have sent	90.5	5.0	3.0	2.0
The use of a resort grading system would help the Whitsundays	72.8	24.2	2.5	0
Would rather recommend the Whitsundays for a short, relaxing holiday	79.5	16.0	4.0	0.5
Information is easier to obtain on the Whitsundays	39.0	49.5	7.0	4.5
The Whitsundays offer better incentives to travel agencies	44.5	51.0	3.0	1.5
Recommend the Whitsundays in preference to the Mamanucas	32.0	44.5	21.0	2.5
Believe the Mamanucas have matched the expectations of clients who they have sent	85.5	6.5	3.0	5.5
The Mamanucas are harder to sell because of consumer ignorance of the destination	45.5	53.0	1.0	0.5
Believe the Mamanucas to be less expensive	36.4	53.0	7.6	4.5
Higher commission make the Mamanucas more attractive to sell	27.0	67.5	5.0	0.5
Believe that the Mamanucas offer a wider range of good-value packages	32.0	60.5	6.0	1.5
Clients leave the choice of tour operator to the travel agent when booking these destinations	83.5	13.0	3.0	0.5

Source: Travel Agent Survey, December 1993.
n = 200

Figure 1. Brand map – correspondence analysis

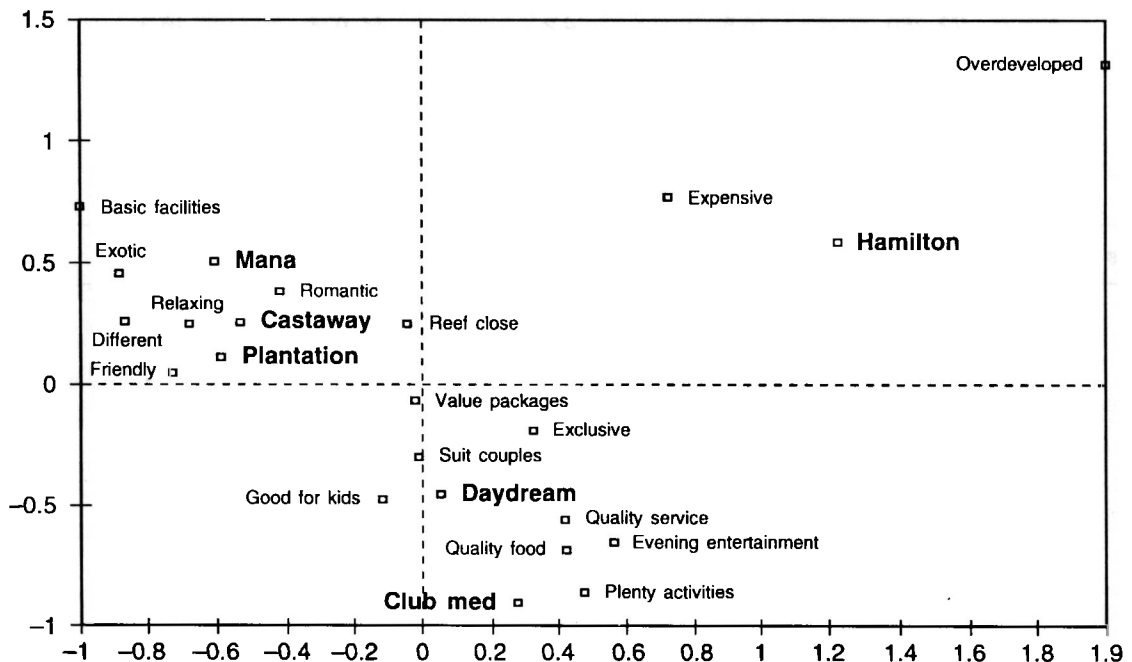


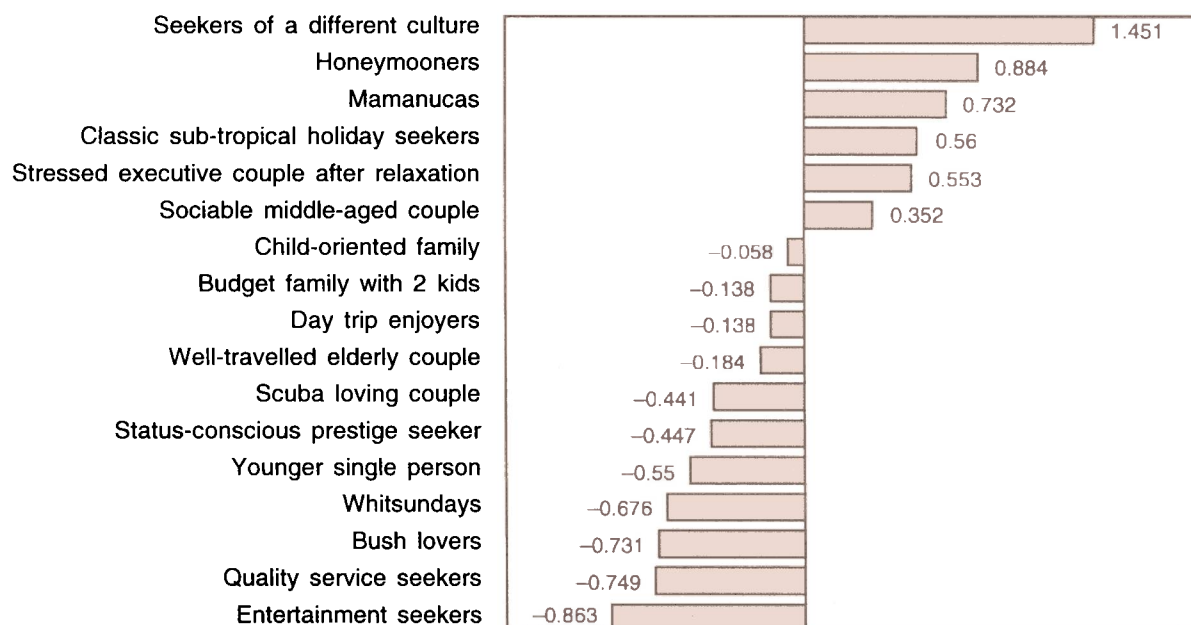
Table 5. Comparative suitability of the destination for various market segments

(percentage)

<i>Market segment description</i>	<i>Mamanucas</i>	<i>Whitsundays</i>	<i>Both</i>	<i>Neither</i>
Budget conscious family	30.0	39.5	20.5	10.0
Status conscious prestige seeker	21.3	44.7	32.0	2.0
Stressed executive couple seeking relaxation	43.5	21.0	32.5	3.0
Honeymooners	41.5	11.0	47.0	0.5
Well travelled elderly couple	24.6	34.7	34.2	6.5
Scuba loving couple	19.5	40.5	39.5	0.5
Those wanting quality service	13.1	47.5	37.4	2.0
Younger single person	20.5	51.0	25.5	3.0
Entertainment seekers	9.5	58.0	25.0	7.5
Sociable middle-aged couple	33.7	22.1	41.2	3.0
Child-oriented family	28.6	33.7	33.2	4.5
Bush lovers	12.6	43.9	12.6	30.8
Classic tropic holiday seekers	40.2	18.6	39.2	2.0
Those seeking to experience a different culture	97.0	1.0	0.5	1.5
Day trip lovers	22.3	29.4	36.5	11.7

Source: Survey of Travel Agents, December 1993.
n = 200

Figure 2. Correspondence analysis of market segmentation



6. SOCIO-CULTURAL IMPACT OF TOURISM IN PACIFIC ISLAND COUNTRIES

– *Helle Habla*

1. Introduction

Although tourism, travel and trade are not new concepts in the Pacific, the further growth and spread of tourism provides new challenges for Pacific societies and cultures.

Pacific cultures represent diverse ways of life found throughout the area, and this is the cornerstone of Pacific tourism. Culture is what distinguishes the Pacific as a place and provides a competitive advantage in the global marketplace. The use of culture as a “tourism product” brings its own challenges, however. A balance must be struck between strengthening and enhancing culture heritage in all its forms, and the danger of trivializing and commercializing them.

Contemporary cultural influences include education, mass media, trade as well as tourism. Unlike most modern economic activities which draw resources to economic centres, tourism takes its consumers, the tourists, out to remote “production sites” for tourist experiences. Tourism’s face-to-face nature can have profound effects on local peoples, their traditional societies and cultures.

Thus, the socio-cultural considerations of tourism development, the anticipation of impact, and a pro-active planning approach are of paramount importance. As important as the physical plant that allows tourism to develop is the need to consult and prepare local communities to receive and welcome their visitors, and to prepare tourists for the encounter with vulnerable cultures.

This paper focuses on an assessment of the main socio-cultural characteristics and considerations of tourism development in the Pacific. The nature of tourism is reviewed as is the nature of cultural tourism products. The main focus, however, is on the management of the “tourist encounter” and the settings in which they occur, and on the consultative, educational and training requirements to facilitate tourism growth in a controlled and balanced manner.

It should be noted that there is virtually no systematic evidence on the socio-cultural consequences of tourism. While there are increasing comments and anecdotal evidence on tourism and its effects, this issue is largely unresearched. As tourism increases in size and intensity, it will be necessary to research and monitor in a much more systematic way, tourism-related issues and changes, across the full spectrum of Pacific societies and to ensure direct inputs into the process of tourism policy formulation.

2. Tourism and development

Tourism is structurally different from other traditional economic sectors such as agriculture or manufacturing. For these industries, their products (copra, timber) are easily recognizable. More importantly, it is the products themselves that are exported to consumers. For tourism, it is the consumers (tourists) who travel to local sites to enjoy a much more diffuse “product” at the specific place where it is produced. The effects of this difference are two-fold. First, the tourist experience is a composite, involving everything a tourist sees and does from the time he/she leaves his/her home until his/her return. In this sense, each tourist assembles his/her own tourist product. Second, while destination areas clearly generate export-type incomes, they also have to manage the physical presence of tourists and their behaviour.

The “tourism product” is difficult to define. As well as specific industrial elements (hotels, transport), there is increasing interest in the broader tourism experience; culture, nature, and hospitality that provide the character and colour that distinguish one setting from another. Tourism is a resource-based industry where protection of unpriced natural and social resources is essential to the sustainability of the industry.

Cultural encounters are a central part of Pacific tourism, and are given a high profile in promotional literature. There tends to be an ambivalent relationship between culture and tourism, especially in developing countries. The most obvious and immediate benefits of tourism are in the creation of jobs and the opportunities for people to increase their income and standard of living. Tourism can also provide an incentive for infrastructure development, particularly roads, water and sewerage systems and electricity.

It is the tourism encounter that has proven the more problematic, particularly where there are wide cultural (ethno-religious) and economic differences between hosts and guests. These gaps become more evident where there is large-scale development and rapid rates of change. Education and dialogue is a requirement for both host and guest. While many early development projects rushed to keep tourist and host populations separate, there has been a continual shift in more recent years to more active and participatory tourism. There is also the belief that if clients are clearly interested in learning about their destinations, the negative impact can be minimized.

The effects of tourism and tourists on traditional arts and crafts have drawn similarly wide-ranging comment. While some craft may become mass produced, there is often a parallel growth in revitalizing authentic artforms. A transformation of traditional forms often accompanies tourism development, but this does not necessarily lead to denigration.

Within the Pacific, there is some evidence of increased pride in cultural heritage and some cultural art forms, as tourism stimulates retention of traditional forms in the midst of other pervasive industrializing influences.

In the wider context, tourism is often associated with a so-called demonstration effect where expectations and values are changed not only by the presence of tourists, but also by the facilities built to receive them. Seen in this light, tourism in all its manifestations may act as a form of publicity for the modern consumer society. The demonstration effect is most readily seen in raised economic expectations or changing behaviours, particularly in consumption or dress as local people change to copy their visitors. It is generally accepted that young people are particularly susceptible to these pressures.

It should also be noted that tourists themselves are on holiday and exhibiting behaviour that is not necessarily typical of their everyday lives. Inevitably, tourists demonstrate a standard of living that is considerably higher than their average level of consumption during the rest of the year. The image they project of their home society tends to be distorted and magnifies further the gap between their living standards and those of the majority of the host country's population.

While it is possible to define numerous cultural and sub-cultural groups within the Pacific, we also need to recognize that there are varying forms for tourists. Conventional (resort-based) tourists, cruiseship passengers, adventure tourists, and yacht enthusiasts, all of whom have markedly different expenditures and social behaviours. Each will invoke different responses from host communities and have different information and management requirements.

Conversely, tourism can be set up as a convenient scapegoat for the whole range of modernizing effects. Tourism is but one agent of change. Other significant agents of change include education, radio, the press, videos and television, which have also been identified with demonstration effects or with cultural dependence. In Vanuatu, for example, agriculture, cropping, and logging have already brought significant changes. Likewise, increasing education and residents who travel and study abroad and then return to live or visit are also major sources of new ideas and values.

In the wider context, tourism can and must contribute to three broad inter-dependent areas: 1) preserving social harmony; 2) continued transformation of the economy and 3) maintenance of a stable political system. The development of tourism impinges directly on all of these, not only because it is a major thrust for economic diversification, but also because it draws on diverse special resources as the core of the tourism product. It is, therefore, important to stress that development of any kind, tourism included, should begin with the community targeted for change.

This view is particularly true for tourism where the industry uses the community as a resource, sells it as a product and in the process affects the lives of everyone. This perspective is particularly relevant for village-based tourism and other forms of cultural products.

Cultural policy for tourism needs to take account of both the national and local community. To establish tourism within a wider context of socio-economic development, the following issues need to be addressed:

- (a) public participation in the decision-making process;
- (b) the control of foreign influences and ownership and
- (c) the direction of management and human resource development in the local industry.

Tourism is generally seen as a necessary tool in the development of many Pacific nations. The primary resources for tourism are “people, culture and environment” and because these are all public or common goods, special challenges are raised in their deployment for tourism development. Currently, tourism is usually concentrated in certain centres, for example, in Vanuatu the majority of visitors stay in Port Vila. However, the wider spread of tourism development challenges a country and it is unlikely that tourism on its own can contribute significantly to the objectives of balanced provincial development. Moreover, its effects are likely to be uneven and unbalanced. If introduced too rapidly, it can rekindle old jealousies within and between communities, or it can provide a new path toward wider cooperation. Tourism can also contribute to economic growth, diversity and government funds. Village visitation, local transport and handicraft production and sales are the types of tourism that have the potential to contribute to rural redistribution.

As a service industry, tourism is regarded as a relatively high generator of employment. The current growth of the tourism industry will generate demands for labour which can be targeted at an anticipated growth in urban youth unemployment. However, urgent attention should be drawn to the need for human resources assessment and training policies.

There are also increasing warnings that local resentment may surface in situations where those excluded from the opportunities brought in by tourism also happen to be the source of attraction for tourists. The challenge is to provide the policy, management and training mechanisms to ensure that these groups move from the position of mere attractions to the position of beneficiaries.

3. Socio-cultural background for tourism

Culture, or the way of life in a society, is conditioned not only by the history and natural environment of that society, but also by outside influences. For the Pacific, the tyranny of distance, territorial isolation and limitations, have helped retain a wide cultural diversity and prevented uniform and even development. However, the very cultural diversity that complicates nation-forming, governance and economic development is also the most distinctive aspect of the Pacific’s tourism product and remains one of the area’s main attractions.

The Melanesian cultural group (which, with Vanuatu includes Papua New Guinea, Solomon Islands, New Caledonia and parts of Fiji) differs in a number of ways from the two other main cultural groups in the Pacific: Polynesian and Micronesian. Traditionally, Melanesian society consisted of many relatively isolated, self-governing units without any central institutions and with a high degree of equality in social systems. The predominant forms of distribution were trading and the exchange of goods. In contrast, Polynesia and Micronesia had developed systems where a high chief had power over many lower chiefs and commoners, which in turn created a centralizing effect on the socio-cultural and political systems. Redistribution of goods and favours were strictly related to one’s position in the rank system, as were one’s rights and obligations in all matters of life.

While a Melanesian chief, or Big Man, had to achieve his position, a Polynesian chief was born to his position (his “office”) and usually accumulated substantial wealth in his lifetime. For Melanesians, while blood line is often one of the considerations for the status of chief, the ability to accumulate goods for the benefit of his subjects rather than for himself is the key to winning the popular support required for chiefly status. Pigs, mats and elaborate feasts were the manifestations of this ability, which also tended to leave the chief relatively poor in personal wealth.

Outside influences, from the first group of explorers, traders, “black-birders”, missionaries and European settlers has not led to a total elimination of the fundamental aspects of the traditional cultures, despite dedicated attempts, especially from the early missionaries. In more recent history, colonial administrators, European planters, the small but conspicuous expatriate communities, government

advisers, aid donors, volunteers, travellers, etc. have presented new challenges to the Pacific way of life and value systems. Previously, Christianity and education (usually modelled on European systems) were the two main outside influences threatening traditional lifestyles. In the contemporary Pacific, mass media (video, television, foreign magazines and papers) and tourism can now be added to the list. These contemporary influences are felt more in urban areas than rural areas.

The single most important internal factor of change in most Pacific countries is a rapidly growing population. This puts pressure on land and traditional food production techniques and leads to urban drift and unemployment/underemployment.

In recent years, the combined effects of contemporary external and internal forces has led to rapid rates of social change and the emergence of costs found in most modern societies, increased inequality, unemployment, crime (rape, theft, prostitution, domestic and other violence), divorce, alcoholism and other psychological problems (caused by stress, confused and frustrated aspirations and loss of sense of belonging). The modernisation process has also resulted in increased options for individuals and groups, better means of communicating information, and often in improved health of the population at the same time.

The above description of some causes and effects of development/modernization may give an impression that Pacific culture and tradition are close to extinction, but that is far from the truth. Outside the urban areas, modernization has made mere scratches on the surface of a solid core of traditional life. In Vanuatu for instance, even within urban areas, the Melanesian way still dominates the fabric of daily life, but in a less conspicuous way.

The fact that the tradition has shown its strength and resilience and that tourism is only one of many external influences does not make it less important to assess the socio-cultural impact of further tourism development. This is especially so since tourism is likely to become a driving force in the general economic and social development in the Pacific countries.

4. Social-cultural characteristics

Despite the cultural diversity and the distinct differences between and within the Pacific nations, it is still possible to identify some general socio-cultural characteristics that have to be taken into account in tourism development. These are: (a) land tenure, (b) social system, (c) religion and traditions (d) and the Pacific way.

In most Pacific countries, the traditional land tenure system is based on family rather than individual ownership and the most common way of transfer of land is through inheritance. In most of the Pacific, people are strongly attached to their land. For example, in Vanuatu the re-acquisition of land was the single most important motivation for the independence struggle. Land disputes are still not fully settled and are still the biggest preoccupation for both the island courts and the conventional legal system.

In rural areas, land is used for residential, ceremonial purposes and access. It is, however, mainly deployed to sustain the predominant subsistence agriculture (supplemented by hunting, fishing and gathering) and market gardening. Shifting cultivation, use of simple tools (in Vanuatu the wooden digging stick and bushknife) and no use of fertilizers or pesticides still are common practices, which means that increasingly larger tracts of land are needed to sustain a growing population.

For foreign investors and tourism developers, the above aspects of the traditional land tenure system have to be understood and respected in order to succeed in their projects and protect their investments. Governments must ensure proper guidance and information to both tourism developers and traditional land-owners to safeguard sustainable and beneficial tourism development.

As discussed, traditional Melanesian society is based on egalitarian principles and communal sharing of resources. This differs from Polynesian and Micronesian cultures which are highly stratified.

The chief (whether elected or in "office" by inheritance) commands more respect and power than his people and his involvement is essential in decision-making and problem-solving processes. Sex and age are still determining factors for an individual's position and functions in Pacific communities. As a rule, women are subordinate to men and young people to older people. Modern economic activities, particularly the introduction of a cash economy and tertiary education and training, all contribute to gradual changes in the traditional social system and values.

Despite modernizing tendencies, most Pacific Islanders still live in extended families and regard their kin group and clan relations to be important in their daily life. Even in urban areas, the nuclear family is the exception, not the rule.

Redistribution and sharing among the extended family, clan and fellow villagers may explain why there are relatively few entrepreneurs or individuals with personal wealth. Also, a society based in an environment where there are frequent cyclic natural catastrophes and where there are high natural growth rates has had little need for long-term future planning or the accumulation of financial wealth. Redistribution and sharing also underscore why no public social security system has been established in many of the Pacific nations.

Tourism as an important part of the general socio-economic development will continue to present challenges to the traditional social systems. On a practical level, it is important that tourism developers and tourists are aware of and show sensitivity to the existing social structures, the paucity of experience in business practice and the mechanisms for change.

Most of the Pacific people today are Christian and active members in one of the many churches. However, many also have a strong bond with traditional beliefs and participate actively in traditional ceremonies. In Vanuatu, for example, for circumcision, weddings, grade-taking and dancing people use herbal medicines, consult "clevers/sorcerers" and believe to varying degrees in magic and/or ancestral spirits.

To Westerners this may seem a contradiction, but to Pacific people it does not necessarily present a dilemma. In the early days of the Christian mission, the churches demanded renouncement of the old ways by its converts. A great many artifacts were burned or buried, traditional ceremonies forbidden and a new dress code introduced.

Despite this massive attack on traditional beliefs, they have remained resilient. Today, there exists a reasonably harmonious truce between the two belief systems. Mutual openness and tolerance, an ability to reach a compromise and to form consensus is, however, endemic to the Pacific way.

It should again be stressed that tourism developers and tourists must take care to avoid offending Christian values and traditional ways. Better information and more systematic awareness by visitors can help both parties in the tourism encounter. But where tourism on the one hand represents a challenge to existing values and the traditional way of life in the Pacific, tourism also has already had positive effects.

Aspects of traditional life that have an obvious appeal to tourists can lead to an increased sense of pride in one's cultural inheritance and give added dignity to the people of the Pacific. However, tourism also carries the seed for commercialization of traditional values, local arts and handicrafts and can run parallel with a deterioration in self-esteem and community norms.

Carefully managed tourism development with a strong emphasis on information and education for both the host community and the guests should ensure an optimal balance of the positive and negative effects on the socio-cultural aspects of Pacific life. A moderate pace and gradual increase in the volume of tourists, particularly in the rural areas, is critical to the beneficial development of tourism. It gives communities time to adapt and individuals have opportunities to develop new skills.

Despite the fact that historically Pacific people's previous experience with Europeans who represent the largest number of tourists, was as victims of exploitation, they seem to extend their natural openness, generosity and friendliness to any new visitors to their country.

Both tourists and foreign tourism developers should be aware that Pacific Islanders, as a rule, are less assertive/aggressive than individuals socialized in Western cultures. Problem-solving and decision-making are done by consensus and "talk-talk", not by confrontation. For tourists, foreign investors and expatriates who have been brought up in highly industrialized societies, as slaves to the clock, the lack of stress or sense of urgency, known as "Pacific time", is charming, but can also be annoying. Showing patience and some acceptance of "Pacific time" is also a way of respecting the people and the culture, and ensuring that friendly people and the relaxed atmosphere remain as attributes for future tourists.

The guiding principles and recommendations for managing the socio-cultural impact of tourism were developed for the Vanuatu Tourism Master Plan, but we believe that they are applicable for tourism development elsewhere in the Pacific.

5. Managing the socio-cultural impact of tourism

The host community, their past history, including its cultural expression, built environment and present day hospitality are at the heart of the tourism product. Much to their regret, a number of destinations have learned too late that failure to manage the social impact of tourism has seen both the disenchantment of local people and the demise of the industry.

We believe that two fundamental issues have to be addressed to obtain a healthy and sustainable tourism development: (a) first, to allow culture to be presented to tourists with the minimal possible harm, and (b) second to explore ways in which Pacific Island people might become successful in tourism-related business, both as developers and employees.

1. The development of physical infrastructure requires parallel development of social infrastructure.

Often, it is easy to identify the physical structures necessary for tourism development. For example, rapid visitation growth often follows the provision of access (airports, ports, marketing services). While it remains relatively easy to identify the cost, and at times, sponsors of physical structures, it is our belief that these should be shadowed by programmes to reinforce or build on existing social infrastructure. These would include:

- (a) extensive community awareness programmes (village discussions, written materials, role plays, theatre);
- (b) local and district coordination of tourism product components (transport, accommodation, guiding, communications);
- (c) business skill development; and
- (d) guiding skills.

It should be noted that physical planning often has considerable lead time, for example, five to eight years for hotel development. Similar time-frames should be considered in the development of community awareness and skill development for tourism development.

2. Village based tourism development should be initiated from within local communities, be on a small scale and be owned by local people.

The review of the cultural resource base has drawn attention to some of the major cultural factors that will shape tourism development. In keeping with the government's development objectives, village-based tourism must be at the initiative and with the support of local communities. Without such support, developments will inevitably fail and tourism will be regarded with suspicion.

3. Tourism planning and development should reflect existing social processes.

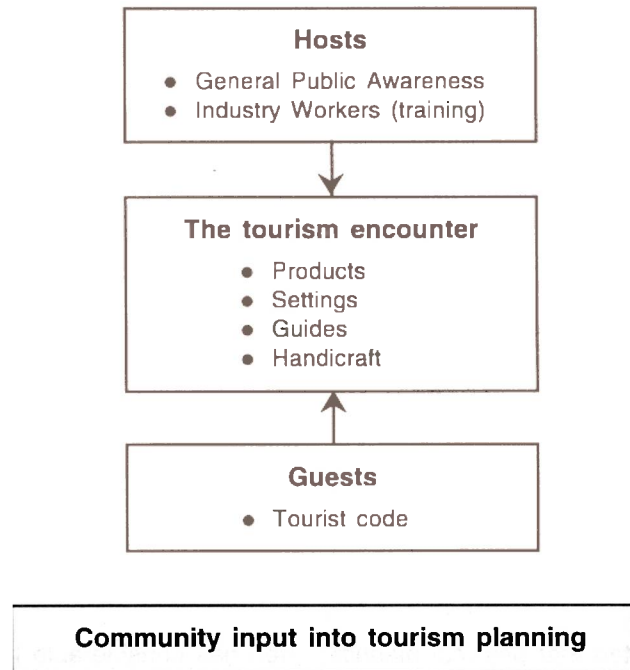
The introduction of tourism and its associated cash economy can be disruptive at the community level, particularly when some individuals are seen to advance significantly relative to their peers. At present, village chiefs report being under increasing pressure in an extended period of rapid social change and high population growth. Their positions can be subtly undermined if in extending traditional care to their people they are less able to accumulate wealth by their traditional or new means. Over time, local people may turn to alternative sources of support brought about by individual wealth rather than traditional sources within the village hierarchy.

Successful tourist experiences require management of both the setting and the encounter between host and guest. While initial information about visits can be accommodated because of the innate curiosity of pioneer travellers and because of their infrequent visits, increased visits place increasing constraints on traditional hospitality.

6. Socio-cultural recommendations

The recommendations that follow are based on a model of the tourism encounter shown in figure 1. In this model, the educational and attitudinal needs of both sets of human participants, the hosts and guests, are considered as are the specific settings and events (products) where they meet.

Figure 1. Framework for managing the socio-cultural impact of tourism



More concrete recommendations were developed in the Vanuatu Tourism Master Plan, but this paper will only touch on the main points.

The list is arranged within three broad themes: (a) Product Development and Management, (b) Education and Training (including community awareness), and (c) Institutional Strengthening.

Village based development

- Build separate 'bungalows' adjacent to villages based on the endorsement of individual villages.
- Monitor village visitation rates (or establish a policy in this regard).
- Continue to support the development of the handicraft and performing artists.
- Assist villages in the development of a wide activity base.
- Develop a business and marketing strategy for village-based development to be presented to tourists.

Shift promotional material away from historical images of ethnic groups to "meet the people experiences".

Provide training for village guides.

- Give increased recognition to local guides and remunerate their work.

General public education

- Develop a comprehensive community awareness programme.
Continue and broaden a regular series of media (newspaper and other print, radio) programmes to present a variety of viewpoints on tourism. Topics could include: the industry, visitor types and origin, the importance of culture as a tourism product, economic contribution, tourism's role in development.
Review and strengthen tourism topics within the primary and second education syllabi.
In relation to the above, prepare resource material for tourism education.
- Pursue wide education objectives in litter control, personal and public hygiene and environmental conservation.
Establish a Tourism Human Resource Development Committee within the Department of Economic Affairs and Tourism.
- Training programmes at all levels should include subjects on communication and general tourism studies.
- Define and demonstrate the links between training, promotion and career development.
- Seek out and develop higher educational opportunities in tourism (such as university and postgraduate study).

Tourist education

Develop "tourist codes" suitably adapted for different types of tourists.
Take steps to ensure that the tourist code is widely disseminated and freely available.
Improve tourist information and interpretative material.

Institutional strengthening

- Appoint a suitably trained extension officer.
Obtain community input into tourism planning.
Establish a formal link between the Ministry of Cultural Affairs and the National Tourism Office.
- Strengthen the National Tourism Administration.
Establish Island/District Tourist Committees.
- Provide for tourism planning input from local government, island councils and village representatives.
Address the need for environmental and social impact assessments in project development.
- Develop a broad-based social and environmental policy for urban environments.
Facilitate the systematic study of the effects of tourism on indigenous groups.

7. HUMAN RESOURCE DEVELOPMENT IN THE TOURISM SECTOR IN PACIFIC ISLAND COUNTRIES

– Levani V. Tuinabua

1. Introduction

Any study on tourism projections will invariably paint pictures of robust growth. Further, this growth is envisaged to be much stronger in the Asian and Pacific region than elsewhere in the world. If the distinctive feature of any travel experience is the provision of professional and international standards of service, human resource development (HRD) will be a critical factor in our preparations for this growth.

For Pacific Island countries, most tourists have been to at least one other holiday destination. They will, therefore, be seasoned travellers and discerning hotel guests. They will be connoisseurs of wine and good food. They will expect high standards of service. HRD is therefore even more significant in the Pacific. At the TCSP, we recognise this, and our efforts are aimed at addressing the following problems and constraints confronting HRD in the region.

- (a) limited labour supply;
- (b) lack of trained personnel;
- (c) lack of tourism education facilities; and
- (d) lack of qualified instructors.

We believe there are two possible solutions:

- (a) the need for structural reform, to make training relevant and address the differing levels of tourism development; and
- (b) the need for a broad-based training which addresses all major segments of the industry.

2. Past human resource development

Over the last ten years, the TCSP through the Division of Education and Training has implemented several training schemes. These included:

- The Hotel and Catering Services Training Scheme
- Travel and Tourism Sector Training Scheme
- Tourism Awareness Training Scheme
- Training of NTO and TCSP Staff
- University Tourism Studies Programme
- Training Resource Centre

The implementation of the hotel and catering services training scheme was based on the premise that the main component of the travel experience is the provision of accommodation and related services. In the South Pacific region, this is the single largest sub-sector of the tourism industry. The first training assignment for this scheme was piloted in the Solomon Islands in July 1987. From its inception, the Council recognized the priority of training for the hotel sector, since few countries within the region operate formal training institutions to cater exclusively to the needs of any sector within the travel industry.

Through this scheme, a training package was offered which consisted initially of week-long workshops on food, bar and wine service, food production, housekeeping, and front office and reception services. The courses were conducted at the basic level. At the time, a single trainer was employed by the Council to conduct these courses.

Since then, the number of trainers has increased to four and there has also been a corresponding increase in the number of hotel and catering services workshops offered. The basic courses were further developed to include intermediate level courses. Supervisory courses were also introduced. Since the scheme's inception, over 4,000 participants have attended these courses.

Tour guides and other front-line staff, such as tourist information officers, spend the longest period of contact time with visitors in comparison to other employees. A visitor's impressions of the country can largely be determined by the performance of these staff.

With this recognition, in the last five years, TCSP introduced courses in travel and tourism. Workshops for tourist guides as well as for information officers and point of sale staff were conducted. A distinctive feature of these training workshops was that they were completely consultant led.

Given the experience of Hawaii in the 1970s, the continued development and success of a tourism industry will depend on the extent to which the industry is accepted and supported by the host community. One way to achieve this is to educate the general public about the contributions of tourism to national economic development through a tourism awareness training scheme.

One of the major activities of the TCSP in the last five years was the production of support material on tourism awareness. We recently produced a tourism awareness video in English as well as in ten vernacular languages and posters for the member countries. Further, a manual on Tourism Awareness and posters were produced.

In recognition of the lack of qualified human resources, and the fact that the majority of the training courses offered on a national basis to government officials are not totally relevant to those involved in planning and promotion of tourism, the TCSP has in the past sponsored a policy formulation and industry familiarization course for senior NTO officers.

In addition to the measures mentioned, the TCSP decided in 1989 to financially sponsor a Tourism Studies Programme at the University of the South Pacific. Our involvement was a response to the growing need for educated and trained manpower in the tourism sector. The Tourism Studies Programme is designed to provide opportunities for indigenous people of the region who envisage a career in tourism and for those already in tourism-related employment who need to enhance their knowledge and career development.

The Programme began in 1990 with two undergraduate electives. Certificate and Diploma courses were offered from 1991, and the first stream of students graduated in 1993. Distance Learning Courses are also being offered.

The lack of suitable training materials, tools and trainers and the non-existence of any training or resource materials meant that the establishment of a Training Resource Centre was critical to HRD. Furthermore, the limitations of physical size and the limited scope of training needs meant that it was uneconomical for each member country to provide for their own national training requirements.

In 1990, the TCSP took a major initiative in setting up the Tourism Resource Centres in each of the member countries. This was, in effect, the first step towards creating individual resource centres which included training material such as textbooks, hotel and catering resource material, videos and an overhead projector.

3. Present human resource development

Current activities in HRD will essentially continue with what we have done in the past. There are, however, two major new strategic thrusts.

This involves the introduction of a train-the-trainers programme. The previous approach involved conducting courses with short-term consultants from overseas, which was costly. It also had a short-lived multiplier effect, because with the departure of the consultant, it was impossible to continue delivery of the training because local trainers did not have the required knowledge. Our concept of Train-the-

Trainer will involve training our four current trainers in areas other than hotel and catering services so that they are able to conduct the various training courses themselves. Apart from upgrading local skills and allowing exchange of personnel delivering the courses, this approach is much more cost-effective and generates a greater multiplier effect. After our trainers have successfully progressed through the Train-the-Trainer programme, they would be able to provide travel and tourism courses as part of a regular package offered to member countries, just as they currently do with hotel and catering courses.

The introduction of a Train-the-Trainer programme is, therefore, a major step by the TCSP towards HRD for the industry. The three essential elements governing the Train-the-Trainer Programme include:

- (1) Training the Trainer in training skills and methods,
- (2) Course Development by development of course outline and contents and
- (3) Development of Training Material such as handouts and a manual.

The consultancy input for the Train-the-Trainer Programme includes the following three essential ingredients:

- (1) Training the Trainers course – training skills, course development and developing course material;
- (2) Coaching the Trainers during pilot courses; and
- (3) Evaluation of courses after the first series (feedback).

Another significant feature of the Train-the-Trainer Programme was the participation of member countries. While the TCSP regional trainers were identified as the core group to benefit from the training, the participation of training personnel from member NTOs provided a greater multiplier effect of trained personnel. As a result, some member countries are willing to undertake training on their own for the future. This is evident in the decision of the Papua New Guinea Tourism Promotion Authority to run future workshops on tour guiding on their own, without the assistance of a TCSP trainer.

In the long-term, it is envisaged that the NTO will become increasingly independent of the TCSP, and as in the case of Papua New Guinea, conduct training in response to the needs of their country. This will provide for a greater flexibility on the part of the NTO to satisfy local demands, respond to the needs when they arise, provide a graduated level of training aimed at the standard of the recipients, and above all, provide training that addresses the needs of the people and is relevant to their context.

The benefits of Train-the-Trainer are substantial:

- (a) TCSP will have a multi-skilled complement of trainers.
- (b) As they develop their various skills, it becomes possible to inter-change trainers. The administrative convenience enables us to mount training courses all the time and not be held back by the availability of only one person.
- (c) With a multi-skilled and inter-changeable team, our trainers can offer a package of courses.

At TCSP, our view is that while we will extend the benefits of train-the-trainer programmes to many member countries, TCSP would retain control of the courses through frequent reviews and evaluation.

In keeping with our broad objective for HRD, our training programmes have been extended into the travel and tourism areas, in addition to the very successful courses we have offered in hotel and catering services. The first stage in the development phase of the travel and tourism courses involved a Train-the-Trainer Programme for our four regional trainers by an overseas Train-the-Trainer expert. Initially, this will include a basic course in tour guiding techniques. Other travel and tourism courses which will be introduced later this year will be advanced tour guiding techniques, tourist information skills, inbound travel and tour operating skills, tourism awareness and tourism organization, planning and marketing skills.

HRD efforts have also been realized through the provision of training attachments. As part of our efforts to improve the quality of tourism services, we have sponsored practical training attachments to tourism plants in Fiji. For example, we recently organized and funded practical attachments for two New Caledonian students with the Sheraton Resort of Fiji for a period of three months. We also hosted the Manager, Research and Statistics of the Western Samoa Visitors Bureau at the TCSP at the time that their visitor survey data was being processed. With some assistance from us, he prepared the report.

As to the future, we plan to host more of these attachments in other areas such as marketing.

To carry out relevant and cost-effective comprehensive training programmes, it is necessary to determine the qualitative and quantitative HRD needs at various levels of both the public and private sector in all TCSP-member countries. In 1991, such an assessment was carried out as part of the "Pre-feasibility Study of Tourism Training Facilities and Institutional Frameworks in the South Pacific". This should be updated and extended to include tourism and travel-related training needs.

The objectives of this HRD Needs Assessment Study are:

- (a) to determine regional manpower needs;
- (b) to assess hotel and tourism training needs;
- (c) to develop a regional human resource development strategy;
- (d) develop guidelines on HRD planning; and
- (e) create a regional network of training coordinators.

We have just done this study in March and are awaiting the report of the consultant. We expect that the results of this training needs assessment study will form the basis of a comprehensive human resource development plan for the region and production of Guidelines on Human Resource Planning to assist and guide our member countries to plan and implement their human resource development policies and strategies.

4. The future of HRD in TCSP-member countries

The TCSP has become increasingly aware that a successful tourism industry depends largely on its ability to harness the best of its human resources. The quality of those people employed is of critical importance. To this extent, we see our future role in HRD providing leadership and direction in regional cooperation in HRD.

We have, therefore, identified some key elements that could provide the framework for future efforts in HRD. Among these are:

- Network of National Training Coordinators
- Marketing of TCSP Training Products
 - Self-supporting South Pacific Mobile Training Unit
 - Training according to Demand
- Regional Trainers Train National Trainers and
- Vigorous Marketing Campaign of the Training Product

We plan to initiate a regional network of National Training Coordinators. It is envisaged that they will be the education and training officers of NTOs or Ministries of Tourism. Such a network of regional representatives will be responsible for reinforcing the efforts of the TCSP in achieving HRD in the member countries. The establishment of the regional network of training coordinators will also set the framework for effective communication with the TCSP Regional Coordinator.

Training in the past was restricted to the scheduled visits of the TCSP trainers to the region. A major concern of the member countries is that while the TCSP training provides an excellent learning experience, the difficulty is that this training is short-lived because with the departure of the TCSP

regional trainers the training comes to a stand-still. To get around this problem, we believe that National Training Committees should be established. Membership of the Committee can be drawn from government, the national tourism office (in particular the national training coordinator), the private sector, hotel management, and outstanding trainees who have undergone the Hotel and Catering Services Training.

Tourism training committees have been established in Tonga and Samoa, and over the past years have provided a successful way to sustain the efforts of TCSP in maintaining training services and training standards. These committees meet on a regular basis to identify their training needs, they also carry out inspections of tourist establishments and address the training needs at a national level.

TCSP's role in HRD will move increasingly in the direction of training-the-trainers of the region. This will allow the member countries of TCSP to become increasingly independent of TCSP to plan, manage and initiate their own training programmes.

As stated earlier, our role for the future will be limited to training-the-trainers while the actual implementation of the training be left to the NTOs and their Tourism Training Committees. TCSP will, however, retain full control over training standards and evaluation of training courses.

5. Recommendations for HRD at a regional level

In view of the great variations in TCSP member countries' size, economy and levels of tourism development, the TCSP sees that there is scope for greater networking, mutual support and economies of scale among the member countries.

Some of the major recommendations include:

- (a) Promote regional cooperation through cooperative arrangements in exchange of teachers/instructors, exchange of students and exchange of course material.
- (b) Greater cooperative efforts between the public and private sectors.
- (c) Training institutes in the region should have up-to-date information on developments and progress in HRD through a centralized computer network.
- (d) NTOs should play a more active role in informing the government decision-makers about the critical role of education and training for a successful tourism industry.
- (e) An international conference on HRD for tourism will be an opportune occasion to familiarize and create awareness among regional NTOs about the importance of an effective HRD strategy and progress made in other countries.
- (f) Given the pivotal role that airlines play in the region's tourism, there is a need for close links between TCSP and the Association of South Pacific Airlines (ASPA).
- (g) TCSP should be responsible for enforcing regional standards based on skills and competency. TCSP should aim at being the regional accreditation body for tourism and hospitality.
- (h) TCSP should formalize a data base of potential trainers in the region who could be utilized for training purposes. They could become the potential trainers of the South Pacific Mobile Training Unit.

8. ASIAN DEVELOPMENT BANK'S ECONOMIC AND TECHNICAL COOPERATION IN TOURISM DEVELOPMENT

– Peter Hanton

1. Introduction

Tourism has an important role to play throughout the Asian and Pacific region in the economic and social development of many of the developing member countries (DMCs). Well-conceived, soundly-planned, carefully-implemented and properly-managed tourism development policies can generate valuable foreign exchange earnings, promote increased economic activity and bring other important socioeconomic benefits, including infrastructure improvements, training, livelihood and employment opportunities. These benefits can accrue to the economies of both large and small DMCs, and can result in improved living standards and quality of life for the indigenous population. Conversely, ill-conceived, unplanned, poorly-implemented and badly-managed tourism development policies may generate little foreign exchange and can bring about undesirable economic, physical, social and environmental consequences for the host country. Intolerable burdens may be placed on local infrastructure and municipal services, causing devastating environmental damage and lead to cultural alienation and social disruption.

2. The Asian Development Bank and types of assistance that can be provided

The Asian Development Bank (ADB) is an international development finance institution established in 1966 and owned by its member countries. Its main role is to promote the economic and social progress of its DMCs by lending funds and providing technical assistance. The bank's DMCs represent a vast array of cultural, ethnic and economic diversity. They range in size from the People's Republic of China, the most populous nation on earth, to the island nations of the South Pacific with just a few thousand inhabitants, and include small landlocked countries such as Bhutan, Lao People's Democratic Republic and Nepal, and large archipelagos like Indonesia and the Philippines. Membership of the ADB is steadily increasing and is open to DMCs which are members of ESCAP and all other developed countries which are members of the United Nations.

ADB operates by providing various types of assistance to its DMCs. In close consultation with member governments, country operational strategies are formulated based on study of the country's economy and development plans with the objective of ensuring that the bank's limited financial resources are utilized in the most effective manner for high priority sectors. From these strategies, country operational programmes are developed and kept under continuous review. If the tourism sector is accorded a high priority, it should be introduced into the policy dialogue between the government and the bank at an early stage. This will enable tourism development proposals appropriate for bank consideration to be included in the operational programme.

An important element of the ADB's development role is the provision of technical assistance to fill gaps in local technical know-how and expertise. Technical assistance operations can provide assistance with (a) project preparation; (b) project implementation; (c) advisory services to establish or strengthen an institution or to carry out sector and policy studies; and (d) regional technical assistance (RETA), covering two or more DMCs simultaneously.

The principal functions of technical assistance are to facilitate the transfer of resources and technology to DMCs and help them to identify, design, implement and manage development programmes and projects. More specifically, bank technical assistance is provided to (a) prepare national, regional and/or local development programmes; (b) develop sector policies and economic development strategies, (c) identify, formulate and implement high-priority projects which the bank itself might finance or which may attract investment financing from other donors; (d) enhance the institutional capabilities and capacity of DMCs by strengthening their technical, managerial and organizational abilities in key areas such as project identification, planning, design, and implementation; (e) promote technology transfer and encourage the adoption of appropriate technology and (g) foster regional cooperation among DMCs, particularly on development policy issues, exchange of technical information and sharing experiences. Such assistance is usually provided on a grant basis.

Development finance is the major form of assistance available from ADB, and this is offered only for high-priority development projects that conform with the bank's country operational strategy, are technically, economically, financially and socially justified, and have been successfully appraised by the bank. Financial assistance is provided to cover the foreign exchange expenditures incurred on a project and under certain circumstances, a proportion of the local currency costs.

3. The bank's strategic development agenda

The bank has established a strategic development agenda incorporating five objectives:

- (a) promotion of economic growth;
- (b) reduction of poverty;
- (c) improvement in the status of women;
- (d) progress in population planning; and
- (e) promotion of sound management of natural resources and the environment.

These objectives have emerged from an analysis of development efforts in Asia and elsewhere and represent a bank-wide consensus on a balanced approach for improving living standards and the quality of life in the region. These development objectives apply, in varying degrees, to all DMCs depending on country-specific circumstances and needs. The strategic development agenda has established the direction that the bank intends to pursue and the objectives and priorities it has set for itself. The development objectives are mutually reinforcing and one cannot be considered in isolation from others. The bank believes that, in appropriate circumstances, the promotion of tourism development can be highly compatible with and facilitate the realization of these objectives.

In determining its development priorities, the bank faces competing demands for its limited resources and has to make difficult and finely balanced judgements as to where and how funds can be most effectively applied. Great emphasis is placed on carefully targeting bank interventions to maximize the effectiveness of its operations. In determining if a sector, such as tourism development, is to form part of the bank's country strategy, many factors will be taken into account including; (a) the government's commitment to the sector; (b) the existing or potential importance of the sector to the national economy; (c) the current status of the sector's development in the country and the need for development assistance, (d) the availability of assistance from other sources such as the World Bank, United Nations agencies or bilateral donors and (e) the type of assistance that is needed. Through this process the bank will assist governments to formulate appropriate country-specific tourism development policies and implementation strategies that ensure that each DMC is able to maximize the advantages to be gained from tourism and be safeguarded against potentially detrimental effects.

Tourism development may be considered as a discrete sectoral activity in its own right and as a cross-cutting development issue that influences and is influenced by policies and actions in many other sectors of the economy. It is important that tourism be seen as part of the wider economy of a country and not developed in isolation. For example, the quality of transportation, the environment and basic infrastructure are all important considerations in the development of a viable tourism policy. However, they also have a major impact on other aspects of the economy and should not be considered only from a tourism perspective. Similarly, activities such as industrialization, urban development and utilization of natural resources can have direct and profound impacts on tourism development and should not be ignored if tourism is to fulfill its important economic role. Consequently, national policies should be formulated and implemented recognizing the competing financial and resource demands and the role tourism plays in the domestic economy.

In some countries, particularly in the Pacific region, tourism is or has the potential to be one of the major economic activities and special attention should be given to the formulation and implementation of viable and sustainable tourism development policies. In larger countries, there may be regions or special areas where tourism is an important economic function. For these locations, regional or local tourism plans and strategies should be prepared.

The bank believes that the role of the private sector in the development of tourism is of vital importance and that the role of government should be to create the conditions and circumstances which encourage and enable private enterprises to flourish. In this regard, the bank considers that activities such as construction, operation and management of hotels, resort facilities and other tourist attractions are generally best left to the private sector. The main areas where the Government should be involved and the Bank can assist, include the preparation of tourism master plans and development strategies; financing of infrastructure in support of tourism development; environmental management and protection; institutional strengthening and human resources development.

4. The DMCs' interest in tourism development

According to the World Tourism Organization (WTO), tourism is growing faster in the East Asia and Pacific (EAP)¹ region than in any other region of the world. The region's share of world tourism is increasing substantially both in terms of international tourist arrivals and receipts. Furthermore, the region's share of receipts from tourism (15.5 per cent of world total) exceeds its share of tourist arrivals (12 per cent of world total), suggesting that tourists stay longer and/or spend more in EAP than in other regions. Growth in the South Asia (SA)² region has been steady and the region has maintained its overall share of world tourism.

The opportunities and benefits that tourism can bring to DMCs include: (a) foreign exchange earnings; (b) job creation; (c) investment in infrastructure; (d) private sector participation and (e) human resource development through training. This is demonstrated by the addition of 340,000 hotel rooms in the EAP region during the four-year period from 1987 to 1991, which clearly represents a significant mobilization of mainly private sector financial resources; investment in infrastructure and the creation of livelihood and employment opportunities.

5. Meeting the bank's strategic objectives through tourism development

Tourism development can contribute substantially to the advancement of the bank's strategic development agenda. The creation of sustainable development is one of the bank's clearly-established development objectives. Based on WTO data, tourism has been remarkably robust during the recent period of recession that has affected many regions and sectors of the world economy. Tourism has achieved sustained growth, a factor which suggests that the tourism sector is an area where sustainable development can be achieved.

Other basic objectives on the bank's development agenda include: (a) economic growth, which is potentially one of the main advantages to be gained from tourism development; (b) poverty reduction, which can be achieved through the creation of direct employment in tourism, indirect jobs in construction and other enterprises serving the tourist industry and opportunities for the establishment of small-scale enterprises and self-employment; (c) improvements in the status of women which can accrue through their participation in the economic and employment activities related to tourism, provided that local social customs permit and situations that result in exploitation are avoided and adequate training opportunities are offered; (d) with careful planning, design and implementation environmental protection can be achieved and sustained through tourism development, although there are clearly many situations and circumstances where some forms of tourism can contribute to environmental

According to the WTO definition, the EAP region includes the following bank DMCs: Cambodia; Cook Islands; Fiji; Indonesia; Kiribati; Lao People's Democratic Republic; Malaysia; Marshall Islands; Mongolia; Nauru; Papua New Guinea; People's Republic of China; Philippines; Republic of Korea; Samoa; Solomon Islands; Thailand; Tonga; Tuvalu; Vanuatu; and Viet Nam. Other countries and areas in the region include: American Samoa; Australia; Brunei; Democratic People's Republic of Korea; French Polynesia; Guam; Hong Kong; Japan; Macau; Marianas Islands; New Caledonia; New Zealand; Niue; Pohnpei; Singapore; Taiwan Province of China; Tokelau; Truk State and Yap State.

According to the WTO definition, the SA region includes the following bank DMCs: Afghanistan; Bangladesh; Bhutan; India; Maldives; Myanmar; Nepal; Pakistan; and Sri Lanka. The other country in the SA region is the Islamic Republic of Iran.

degradation and cause considerable environmental damage; (e) the development of human resources can be achieved through tourism development, provided adequate training programmes are available to enable local people to develop the necessary expertise to fully participate in the tourist industry and compete for the many highly-skilled jobs that are created. If training opportunities are not provided, most of the skilled labor will be imported from other areas and the local population may be disadvantaged.

6. The bank's involvement in tourism development

The bank's direct involvement in tourism began in 1988, when there was an AOTA to prepare a Tourism Master Plan for Fiji was approved. Subsequently, AOTAs have been approved for the preparation of tourism master plans and development strategies for Cook Islands, Nepal and Tonga. A PPTA for tourism development has also been prepared for Nepal for which a \$10.4 million loan ensued to finance tourism infrastructure development.³ In 1991, a PPTA for tourism development in Tonga was undertaken, but so far a bank loan has not resulted.

The bank's direct involvement in the tourism sector so far represents only a small proportion of its total technical assistance and lending activities. The experience to date, however, demonstrates that a comprehensive approach through the formulation of sector policies, the preparation of tourism development plans and the implementation of specific high priority projects can make a significant contribution to the development of the tourism sector as a viable economic activity. It is considered unlikely that the same degree of success will be achieved by supporting individual projects on a piecemeal basis.

The relatively small magnitude of direct financial assistance to the tourism sector, compared with the bank's total lending operations disguises the fact that many of the sanitation, urban development and education, especially technical and vocational, have had a significant impact on tourism development in many of the DMCs. These sectors account for over 52 per cent of the bank's lending to date. Tourism development is, therefore, an indirect or secondary beneficiary of many lending operations. Typical examples of projects that benefit tourism indirectly include those in the civil aviation sector. The bank has supported several projects involving the development, improvement and upgrading of airport infrastructure, support facilities and operational capability in Samoa, Singapore, Philippines, Indonesia, Lao People's Democratic Republic and Mongolia. These and similar infrastructure projects can make important improvements not only to the physical infrastructure, but also to the institutional operational management and maintenance capability and capacity of a DMC. The combined effect of these interventions can make the country a much more attractive, safe and problem-free tourist destination.

Typically, ADB technical assistance for the preparation of a national tourism master plan or development strategy will investigate the country's tourism sector, its performance, issues and problems. It will establish short, medium and long-term action plans to generate sustainable growth in the tourism sector that is socially acceptable, environmentally sound and economically viable. Among the objectives of the plan are likely to be: (a) preparation of strategic policy guidelines for the systematic development of the tourism sector; (b) identification of a tourism development concept which optimizes the special attractions or comparative advantage of the country in relation to the international tourist market; (c) production of a specific tourism development programme which could include components in the areas of physical infrastructure, institutional strengthening and human resources development.

The main areas where a Government should be involved, and the bank can assist include the preparation and implementation of (a) tourism strategies and master plans; (b) institutional development plans (c) infrastructure improvements (d) human resources development strategies; (e) environmental protection measures; (f) operations, management and maintenance procedures; (g) assistance to the private sector through its PSD operation; (h) tourism promotional strategies and campaigns; and (i) donor coordination and co-financing.

³ Loan No. 1156-NEP(SF): Tourism Infrastructure Development, for \$10.4 million, approved on 16 January 1992.

7. Bank strategy for the tourism sector

The bank's strategy for the tourism sector should concentrate on DMCs with: (a) tourism potential; (b) strong government commitment to tourism development and (c) the potential for tourism to be an important economic activity.

The bank could assist in the sector through the provision of: (a) ADTAs for the preparation of tourism development strategies, master plans, institutional development plans, capability and capacity building (b) PPTAs for the preparation of tourism-related infrastructure projects that are based on well-founded tourism development strategies and/or master plans; and (c) the provision of loans for high-priority infrastructure projects that support tourism and are found to be technically, environmentally, economically and financially viable and have been identified through the tourism development strategies and master plans.

For DMCs with tourism potential, ADB should consider the likely indirect impact of bank-assisted infrastructure and other projects on the tourism sector and, where appropriate, the scope for the tourism sector to be a secondary beneficiary of such projects. The bank can act as a catalyst to ensure coordination and dialogue with other donor agencies and, if necessary, in resource mobilization from the private sector.

8. Assessing the consequences

The consequences that should be considered by the bank and governments when evaluating the likely impact of tourism development include the effects, either beneficial or adverse, on (a) the economy; (b) foreign exchange earnings; (c) livelihood opportunities and job creation; (d) the social fabric and customs of the host society; (e) the environment and (f) other economic activities such as fishing, industry and agriculture. The likely impact of other forms of development and economic activity on the viability of tourism should also be considered.

9. Decision-making criteria

The following criteria should be met to the satisfaction of the bank and the government before implementing tourism-related development projects for a DMC: (a) the tourism development project should be within the context of a comprehensive tourism development strategy and/or tourism master plan; (b) a commitment to establish the necessary institutional capability and capacity for tourism development should exist and, if necessary, the bank can assist with institutional development; (c) the bank's normal technical, economic and financial feasibility criteria should be met; (d) the proposed project should be sustainable; (e) adequate financial resources, technical expertise and logistics should be committed to ensure that satisfactory operational, management and maintenance standards are achieved and sustained through the lifetime of the project; (f) cost recovery should be maximized for public sector infrastructure projects whose primary purpose is to support tourism development; (g) tourism development should be self-financing and tourists should not be subsidized by the host country; (h) the host population should be consulted and enabled to participate fully in the project decision-making process; satisfactory measures to alleviate potential adverse impacts should be introduced, the cost of which should be considered as part of the overall project cost to be met by the projects' proponents; (i) the likely socioeconomic and cultural impact of tourism development on the indigenous population should be evaluated and understood by the host community and projects' proponents and deemed to be acceptable and justified; (j) the likely environmental impact of tourism development should be understood and deemed to be acceptable and justified, satisfactory measures to mitigate potentially adverse environmental impacts should be introduced and the cost of these measures should be considered as part of overall project cost to be met by the projects' proponents.

The process for incorporating tourism development into the Bank's development agenda includes: (a) develop a thorough understanding of the potential and dynamics of tourism in the Asian and Pacific region; (b) establish tourism on the development agenda for DMCs with tourism potential, (c) undertake in-depth tourism sector studies in appropriate DMCs; (d) establish with the governments of DMCs the relative priority for tourism development in relation to other sectors of the economy; (e) prepare tourism development strategies and/or master plans for appropriate DMCs, identify and prioritize projects; (f) include appropriate tourism development projects in the Country Operational Program; and (g) prepare and implement high-priority tourism development projects.

10. Conclusion

The bank offers a wide range of support for sectors and sub-sectors that directly or indirectly assist tourism development, including: (a) the formulation of tourism policy; (b) the preparation of national, regional and local tourism development strategies and master plans; (c) the development of physical infrastructure to support tourism including transportation and communication systems and all aspects of municipal services, (d) environmental protection and pollution control; (e) the strengthening of institutions responsible for the delivery, operation, management and maintenance of tourism-related infrastructure and (f) the development of human resources.

DMCs interested in developing tourism policies and implementing tourism development strategies and projects should engage the bank in a policy dialogue and firmly establish tourism on the country's development agenda. Specific tourism projects should be identified in the context of tourism sector policies and should support the country's tourism strategies.

The bank encourages the evolution and implementation of tourism development policies that focus government efforts on the creation of physical conditions and an economic climate that are conducive to tourism and support the active participation of private enterprise in the sector. The policies should result in tourism development that brings the host country economic, social and physical development benefits and adequate protection for the environment.

9. RESORT DEVELOPMENT AND OPERATION

– Rick Graham

1. Operations

In the theatre of operations, we must never forget that essentially our business remains what it has always been, a people business. The ability to provide consistent, courteous, and concerned service will always be the cornerstone for success in the hotel and tourism business. The greatest asset the Pacific Islands have are the indigenous people working in our industry. Regardless of training and hotel standards, our local employees are listed highly in the assets column of our balance sheets.

Hotels, resorts and related tourism businesses can be successful in many ways and be an asset to the community and country, but unfortunately the only yardstick a business can be measured by its profitability. Hotels of the Pacific are generally well-managed, staffed and operated and must be recognised as the major generator of foreign exchange.

There are two areas of operations to be addressed; (a) external and (b) internal. Both require coordinated thinking to produce an effective, consistent and profitable hotel operation.

One area of concern that has a marked effect on our industry is the long-term planning and lead times that are required in the marketing and presentation of hotel products. For example, 1 July of each year is the beginning of our financial year for our new contracted rates and tariffs to our representative wholesalers. For the printing, publication and distribution of the revised product these rates are required six months in advance. The rates remain current for a 12-month period under contract. If during this 18-month period any changes are made by government bodies or local authorities that affect the cost of service, duties, taxes, food products, etc., then the costs must be absorbed by the hotel operators.

In the last twelve months of trading, costs in Vanuatu have increased 16 per cent for water charges, 4 per cent for imported food duties (compounded to about 9 per cent on w/s cost) 2.5 per cent in wharfage charges in duty on fuel, 100 per cent in local beer production duties. There have been some compensatory reductions of duties in some areas, but these are not totally beneficial to the tourism industry.

Overall, the average increase in hotel rates have now reached a premium and increased by 5.8 per cent in 1994-1995 while the actual cost of operations increased 11.2 per cent. These figures are a general summary of the leading hotel properties in Port Vila.

While hotels are able to achieve single digit profits in their profit and loss percentages, these figures are prior to debt servicing, depreciation and amortisation. As with many Pacific properties, balance sheet profits are not possible, and under the present circumstances there is no sign of improvement.

There must obviously be a greater understanding of the causes and effects of government decisions on the tourism industry and an awareness of the industry's competitiveness internationally. Most bureaucracies tend to view tourism as the saviour and their economic salvation, but they will stifle its growth if the tactics and approach do not change. We are fortunate in Vanuatu to have a government that is at least listening to the problems. With the release of the master tourism plan we will have a very balanced guide for the future.

Work and residency permits for expatriate employees are a contentious issue in all countries, and although the problem is widely discussed, no government appears to have found a workable answer.

The hotel industry requires highly-trained, efficient and responsible management staff to train, supervise and operate the respective departments. There appears to be a consistent idea that these positions can be filled by nationals of the country. In some areas of operation this may be so, but generally the main criteria of overseas training within a Western society will be required. Weaknesses that are inherent in home-based training concern financial management, costing, budgeting, reporting and essential financial accountability and control. With the exception of Fiji, none of the smaller Pacific Island nations can offer these training programmes and facilities.

Many labour departments do not understand the philosophy of hotel management at the executive level. Our industry is a people business and to retain a fresh and energetic outlook in our hotels, management is changed on a regular basis, an average of every two years for a department head. Consequently, all hotel properties, even in Western countries are managed by a broad spectrum of well-trained, articulate and highly-mobile groups of people. This philosophy is the cornerstone of growth and prosperity in the tourism and hotel industry and should not be forgotten.

Suggestions have been made that hotel/tourism developments should be given a percentage criteria for local employment; for example one expatriate for every 10 to 15 local employees. Hotels should then have an open work permit and residency status for qualified and acceptable employees to fill on a continuing basis. Expatriate salary levels also cause concern with the differentiation between them and local employees. I can assure you that this gap, particularly as nationals are filling middle-management positions, is diminishing.

It is an interesting question if any country has tried to equate the diminished expatriate spending power and its compounding effect in the economy prior to changes in government policies. It is difficult to focus on the "heart of the problem" without getting caught up in personalities of the peripherals.

All of the Pacific Islands have unique qualities that relates to their largest problem in tourism, isolation. Isolation in tourism equates with cost. It is this cost that poses the greatest deterrent to growth in the Pacific. Hotel and resorts in the Pacific are now in danger of pricing their product outside the capability of the major markets in Australia and New Zealand to pay. Our greatest competition is the internal market of Australia, particularly Queensland at the barrier reef and Whitsunday Islands. The new plant and equipment built during the boom of the 1980s now poses a serious threat to the Pacific product and its perception as value for money.

The industry is heavily reliant on imported products to maintain an expectancy level in all food and beverage outlets. As product costs escalate, one of two options exist for a hotel's food outlets: (a) raise menu prices or, (b) use less than prime products. Both options are detrimental to tourism growth and profitability.

With local produce, there is a different set of problems, including

- (a) quality is not consistent;
- (b) availability is static;
- (c) variety is too narrow;
- (d) many staple products are not acceptable to tourist tastes; and
- (e) they are prone to cyclone damage.

Considering these problems, it is easy to understand why most of the smaller resorts have to accept less than desirable returns on food and beverage revenues.

While problems may differ from country to country, we all experience many of the same operational problems which can be addressed by:

- (a) Greater government understanding about how its decisions can affect the industry.
- (b) Establishing a firm policy on work and residency permits that avoid current problems.
- (c) Accept and pursue training programmes that are viable in the local community and supported by industry.

- (d) Allocate a percentage of revenue received directly through tourism to promote and maintain attendant services and facilities.
- (e) Concentrate aid programmes on continuous training and on-going management support for longer-term benefits, rather than two or three-year isolated programmes with major plant and equipment costs.
- (f) Create a tourism segment of the economy that allows duty exemptions on some specific products to keep the industry competitive.

2. Development

Vanuatu, along with other Pacific nations, has difficulties in attracting new investment and venture capital to its shores. If seeing tourism development as a solution all our economic ills has a familiar ring, it is clear that all countries are searching for, but have not found, any magic wand. Governments seeking foreign investment must first know where to look, what to look for, understand the competition and sell their strengths while overcoming their weaknesses.

Fundamental problems that exist throughout the Pacific are uncertainty about government stability and management, sovereign risk and economic growth. If we remember that there are fast-growing and developing economies in South-east Asia in direct competition for investment dollars, the Pacific must take stock of what it has to offer and realize that investors' main priority is a satisfactory return on funds and the security of investments. Most major investors and funding partners have a very keen instinct about placing their investments. The main point about investment is, of course, timing, about which many investors have a sixth sense.

We recently experienced that phenomenon in Vanuatu with the purchase of Port Vila's two largest properties, le Lagon and le Meridian, by Australian and Singaporean investors. Twelve months ago, neither party would have been interested, but a combination of factors made the timing right. These factors included:

- (a) the government was prepared to listen and act on sound advice;
- (b) concessions were sought and granted;
- (c) on-going support was offered to upgrade ancillary services;
- (d) the government showed responsibility and direction with its tourism master plan. A catalyst has been activated and now further investment interest has been created.

This prospect is exciting, but we should not overlook one important factor; the investment did not produce growth of stock, plant or equipment, there was no new construction, no more hotel rooms or more employment opportunities. The major advantage is that the investment has stabilized the industry and produced a sound platform for further growth. The tourism master plan for Vanuatu covers in detail the problems and recommended solutions for development in this country and is worth reading.

Tourism development in any Pacific country must have four fundamental assets that work together successfully to complete a workable infrastructure for growth. These assets are: (a) a stable international airline and facilities; (b) acceptable hotels and resort capacity; (c) appropriate services and tour operations and (d) a pool of trained staff.

Most countries can achieve two or three out of the four assets, but to be successful all four must be gained. If not, the tourism industry needs pioneers, not developers. Although we think our country offers a special image to a developer, we forget that he has already seen many similar opportunities and the deciding factors will always come back to the four assets.

Specific problems that face developers in the Pacific fall into the following categories:

1. Land availability and tenure
2. Lack of defined incentives
3. High cost of construction
4. Lack of skilled trades people (including management)
5. High duty factors for plant, equipment and fittings
6. Scepticism from funding institutions
Interest premiums for high risk areas
8. High cost for insurance
9. Lack of understanding by government departments

Principles for tourism development do not change for any country, they are only flavoured by geographical, cultural or national influences. Any project that does not adhere to the fundamentals will never reach fruition because institutions will not make funding available. The coordinated development of airline scheduling and hotel rooms is the base from which mainstream tourism grows.

10. AVIATION ISSUES FOR EXPANSION OF TOURISM IN PACIFIC ISLAND COUNTRIES

George E. Faktaufon

1. Introduction

The importance of tourism to the small economies of the Pacific Island countries is well-recognised by governments in the region. To many island countries, tourism may well represent the only opportunity to stimulate economic growth. It is, therefore, understandable that much emphasis has been given to this industry in the past two decades.

Tourism, however, is a highly capital-intensive industry. While attention in the past has been focussed on the areas of promotion, marketing, statistics and environment, which are no doubt important, but a major priority now should be directed towards the financial needs of the industry. It is important to address this component of the industry.

2. Tourism and air transport are inextricably linked

Up to the early 1970s, inbound tourism, was concentrated largely on a few Pacific Island countries, particularly those with direct air access to the major tourist-generating markets of Australia, New Zealand and North America. These island countries consist mainly of Fiji, Tahiti and New Caledonia. In the early 1970s, the region witnessed a major reconstruction of several regional airports, some new and others extensions of existing airports. This resulted in the introduction of direct air services to New Zealand from Cook Islands, Samoa, Tonga; and to Australia from Vanuatu and Solomon Islands. It would be fair to say that tourism to these countries in the 1970s was a sub-set of air transport.

Today, however, tourism has grown to such an extent that it is equally as important as air transport to the region's economy. The future growth of the two industries are inter-dependent of each other.

As mentioned, a major priority must be focused on the financial needs of the tourism industry. It is an opinion shared by the carriers that perhaps the biggest single factor that will affect future growth in tourism, and invariably air transport in the region, will be the lack of hotel accommodations. This is quite apparent now in many Pacific Islands where the rate of hotel development is not able to keep pace with the expansion of airline services, resulting in the airlines having to adjust their services and capacity in order to achieve a reasonable load factor.

3. Lack of hotel accommodation as a major constraint to growth of tourism and aviation

The Pacific Island region currently attracts approximately 815,000 tourists a year, with Fiji receiving the most, approximately 319,000 (39 per cent). There are approximately 15,000 hotel rooms dominated by Fiji with about 6,000 (40 per cent). The following equation demonstrates the potential constraint in hotel accommodations and its effect on tourism and air transport growth in the region.

$$\begin{array}{l} \text{Total number of room nights} \\ (15,000 \times 365) \end{array} = 5,475,000$$

$$\begin{array}{l} \text{Total number of tourist room nights,} \\ \text{at an average of 7 nights stay and} \\ \text{room density of 1.7 persons per room} \\ (815,000 \times 7) \end{array} = 3,355,882$$

1.7

$$\text{Current average room occupancy rate} = 61.3 \text{ per cent}$$

At the current rate of growth, the region will achieve the 1 million tourist mark by the end of 1997, and there is no reason to suggest that this cannot be achieved. Using the same formula (average of 7 nights stay and room density of 1.7), and assuming that there will be no major hotel developments within the next three years, we will achieve 75 per cent room occupancy rate when we reach the 1 million tourist mark. We can all agree that many countries will find it difficult to exceed an average hotel room occupancy rate of 75 per cent for the simple reason that tourism flows to many Pacific Island countries are very seasonal. During the peak months, many countries will be turning away tourists.

There are two basic options that can be pursued:

- (a) Deal with the seasonality problem head-on by providing attractive incentives in the market place during the offpeak – This requires a concerted effort by the airlines (reduced fares), the hotels (reduced room rates) and the NTOs in advertising and marketing support.
- (b) Build more hotel rooms (extend existing hotels and build new hotels).

The first option seems to be one that requires serious consideration by the airlines, the hotels and NTOs, because it is a strategy that can be made to work. It may result in reduced revenue for both the airlines and the hotels (during off peak), but an aircraft on the ground or an empty hotel room is not much better.

However, the long-term solution has to be the creation of new hotel rooms in the region. Our limited financial capabilities means there is a need to attract foreign investors to develop future hotel needs in the region. Governments will need to provide the right investment climate. Land ownership is becoming a problem in the Pacific Islands in relation to hotel development, and solutions need to be found. Governments will need to ensure that there are satisfactory land lease arrangements that will facilitate hotel development in the Pacific Islands.

4. Other aviation issues for expansion of tourism in the Pacific Island countries

The importance of air transportation to the developing Pacific Island countries is unquestionable. Governments over the years have made unilateral decisions to establish their own national airlines to meet their air transport needs. To a certain extent, they will continue to support them, if no suitable alternatives are found.

There are, however, many complex issues associated with the operation of an airline. In addition to its complexity, there are some fundamental requirements that must be met in order that an airline effectively fulfill its role. These requirements are:

- (a) Governments need to define and adopt clear and firm aviation policies.
- (b) Airlines must develop clearly-defined objectives and long-term plans.
- (c) Airlines must have an appropriately qualified and experienced workforce.
- (d) Governments should provide adequate working capital for their national airlines.

The above requirements are interdependent. An airline needs clear and firm aviation policies, including route rights, from which it can develop its objectives and long-term plans. And it needs qualified and experienced management to develop plans, and equally important, a skilled workforce to carry them out. Last, but not least, an airline needs adequate capital in order to maintain its services and allow for growth. Even profitable airlines will occasionally require additional capital if their profits are insufficient to meet their future needs.

One of the major expense items in airline operations is related to manpower costs. A major priority, therefore, should be focused on developing a long-term plan for localization at all levels of personnel. It is an undeniable fact that the cost of relying on foreign personnel, or inadequately trained local staff is very high.

An airline that has all these requirements will not necessarily be guaranteed future success in terms of economic viability. There are many factors, such as infrastructure (airports, hotels, tourist attractions), market access (traffic potential) and pricing (air fares and ground expenses) that need to be considered. However, an airline that has clear and firm policies and objectives and has a well-trained and skilled workforce will be better able to make rational judgements and decisions that will allow it to provide a reasonable level of air service to meet its country's needs and at a cost that will not unduly strain its limited resources. This should be the ultimate objective of governments in the region.

5. Trends in world aviation and possible effects on regional aviation

Over the past two decades, the growth in world air traffic has reflected prevailing economic conditions. There were three major downturns in the growth of air traffic during this period; two of these coincided with the two major recessions driven by oil prices in the mid 1970s and the early 1980s. The third occurred in the aftermath of the Gulf War in 1990. As the growth in air traffic has fluctuated with economic activity, so has the financial performance of the industry.

In the Pacific Island context, the trend in air traffic growth did reflect the prevailing economic conditions. However, the overall financial performance was worse during the downturn and did not measure up during the good years. This has been so largely because of the manner in which airlines were operated in the past. It is a widely accepted fact that many regional airlines have been poorly structured in terms of manpower and capital and lacked clear directions from their governments.

However, this situation is changing rapidly and there is already clear evidence that positive steps are being taken by governments to make their airlines more commercially oriented. Steps are being taken by governments as well as within ASPA to assist in the development of regional carriers.

Future world aviation will witness an increasing trend towards greater liberalization, particularly within trading blocs of comparable size and economic power. This is quite evident now in Europe with the creation of the European Union and in the Americas with the North American Free Trade Area and by extending to a free trade area throughout the Americas. It is likely, however, that there will be greater liberalization within these trading blocs as compared to the extent of liberalisation between them.

It is now clear that for a region in which there is likely to be the greatest growth in air traffic, the pace of development of open skies in Asia and the Pacific will not be as significant as between Europe and the Americas. This is mainly because many countries in the region, particularly Japan, will continue to be protectionist in their approach. In the South Pacific region, the development of the Single Aviation Market (SAM) between Australia and New Zealand will see increasing liberalization of air services between themselves once it is completed. Liberalization will also affect them as a bloc with the outside world in terms of cabotage traffic.

The South Pacific Islands will watch all these developments happening around them and be able to do very little about them. In reality, the size of traffic that will be generated to/within the islands will be relatively small. Traffic growth will be constrained by the lack of appropriate infrastructure, particularly hotels, and the long distances from major tourist-originating markets. An open sky policy will, therefore, not be likely to occur in the Pacific Island region in the near future. However, even if it does occur, it will not solve the air transport needs of the region. The reason is simply that the limited market potential will not sustain any competition. The cost of additional capacity will not be matched by the expected growth in traffic.

Bilateralism is expected to remain the cornerstone of future air service negotiations, and it is important that governments ensure that their national carriers are given fair and equal opportunities to have access to those traditional markets, particularly New Zealand and Australia. One major asset of an airline, although it does not normally appear on the balance sheet, is its route network. The need for a balanced Air Service Agreement is an issue of concern among several Pacific Island carriers. While it is accepted that it is a national issue, it is important to understand the importance of route rights for national airlines.

Many Pacific Island countries may have to face up to the need to re-negotiate some of the bilateral agreements which were entered into at a time when their national carriers did not exist or were much smaller. In this respect, governments do not necessarily have to opt for policies of excessive protectionism with regard to route rights. It is vital for the commercial viability of their airlines to prevent unfair competition or exploitation of their own resources. It may, therefore, be necessary at times to accept some short-term disadvantage with the long-term objective of allowing the national carrier to become self-reliant and strong.

Throughout the world, we are witnessing an increased pace of privatization of national carriers. There are various reasons for privatizing a nationally-owned airline, including:

- (a) to free the airline of government involvement thus allowing the airline to sign off on results and not depend on subsidies;
- (b) to allow private sector investment in future development of the airline and
- (c) to bring in much needed capital to the government.

Within the South Pacific region, we have seen the privatization of Air New Zealand to be followed soon by Qantas. The attempted privatization of Solomon Airlines did not occur and there were talks of privatization of Air Niugini, and perhaps Air Pacific.

The move to privatization of Pacific Island carriers will not occur at a similar pace or in a form that happened in other developing regions, like the Caribbean. The reason is simply that very few airlines in the region are viable economic units themselves, and nearly all of them need to collaborate with each other. Several intra-regional routes are unprofitable and will require continuous subsidies. The potential for growth in tourism and aviation will be severely constrained by the lack of appropriate infrastructure, particularly hotels. It is to be noted that the island of Barbados (about the size of Rarotonga) has more hotel rooms than all the Pacific Islands combined. A major challenge for Pacific Island governments will be to ensure that if they do consider privatizing their national carriers, that they are not left with profitable airlines that do not serve their national interests.

The emergence of the World Trade Organization will have a significant impact on trade-in-services. In the field of air transport, the General Agreement on Trade-in-Services (GATS) in its Annex on Air Transport Services, restricts the application of the Agreement to:

- (a) repair and maintenance services;
- (b) the selling and marketing of air transport services; and
- (c) computer reservation system (CRS) services.

The Annex expressly excluded:

- (a) traffic rights, however granted; or
- (b) services directly related to the exercise of traffic rights.

The Council on Trade in Services, however, is required to review periodically, at least every five years, developments in the air transport sector and the operation of this annex with a view to considering the possible further application of the Agreement in this sector. There is an increasing awareness of potential for conflict between the World Trade Organization and ICAO in the exercise of jurisdiction in the air transport sector. There already exists a code of conduct on computer reservation services under the auspices of ICAO, a matter which will also fall under the jurisdiction of the WTO.

It seems obvious that the future of air transportation is likely to assume a more confrontational approach between developed and developing countries in a battle between the WTO, which industrialized countries might see as a more suitable forum to address their needs, and ICAO, which is seen by most developing countries as the appropriate forum for civil aviation. The reality of today's world is that there is a significant disparity in the ability of developing countries to compete effectively in an aviation market characterized by large carriers from the industrialised countries.

At the Worldwide Air Transport Conference on International Air Transport Regulation – Present and Future, held at Montreal, 23 November – 6 December, 1994, it was recognised that:

- (a) The interests and needs of developing countries require special consideration in future arrangements for international air transport regulation, including access to financial resources and technology.
- (b) In view of the disparities in economic and competitive situations, there is no prospect in the near future for a global multilateral agreement in the exchange of traffic rights.
- (c) Preferential measures in the economic regulation of international air transport may be needed to ensure the effective participation of developing countries in such transport.

The above declaration does not, however, guarantee that due consideration will be given to developing countries. The world in which the airlines will be flying in the future will be characterized by the technologically-advanced and the technologically-deprived, the developed and the developing countries. The airlines of the Pacific Island region will need a special regime of political, financial and technical cooperation in regional air transport to guarantee their survival in an increasingly harsh competitive aviation environment.

6. Tourism strategies will drive aviation changes

The tourism industry of the region is united about the fact that promoting inbound tourism from key origin markets of the world is one of the most powerful economic forces at play for the rest of this decade and well into the next century. Aviation, as a subset of this South Pacific inbound tourism, is going to be a major driving force for economic activity. Future developments in aviation will, therefore, be more commercial and less political. It has been generally accepted by governments and airlines that the airline seats will not necessarily develop business, as has been demonstrated in the past when major airline expansions in the region resulted in a steadily-declining load factor with the tourism industry generally failing to keep up. This, should be the last experiment with a resource-driven strategy that we will see in the region.

7. Future of regional carriers

It is quite clear that the future success of aviation in this region will depend on regional airline cooperation. The reason is simple; very few carriers are viable economic units themselves, and many will need to collaborate with their neighbours or with other carriers in the region. It is also clear that one regional airline will not be the answer to the region's air transport needs. However, a sub-regional approach might work, and in fact, this is currently being addressed by the Micronesian states.

There is clear evidence that most Pacific Island carriers are taking positive actions to correct their poor financial performances, largely through cooperative ventures. Solomon Airlines and Air Vanuatu have leasing arrangements with Qantas, where the two carriers use the aircrafts only on days when the aircrafts are needed. Royal Tongan and Air Pacific recently concluded a joint lease of a Boeing 737, the first such joint venture in this form in the region. And Polynesian Airlines have recently entered into a commercial arrangement with Air New Zealand of joint services to and from Apia. In addition to these, there are many joint services being operated in the region under code sharing.

Obviously, when regional carriers begin to realize the benefits of such joint ventures, there will be an increased desire for closer working relationships among themselves as they strive to achieve further economies of scale.

The situation, however, remains vulnerable as there are no clear-cut solutions. A major challenge for the region's carriers will be to try and coordinate their schedules, quite often in very inflexible environments, in order to maximize their limited resources, and at the same time ensure that their air transport needs are reasonably met.

The regional carriers do not appear to have a problem cooperating with each other in joint services. The most difficult part is trying to find the right combinations by matching schedules to fit their needs as well as their individual capabilities. This is easier said than done, because quite often it just never works the way it should. To sum up, we are going to see very strong bonds between the Pacific Island regional carriers and Air New Zealand and Qantas in the future development of tourism to the region. Both Qantas and Air New Zealand will need to take onboard some major undertakings to continue to provide the necessary links from Europe, North America and Asia through Australia and New Zealand and eventually to the islands. Air Niugini and Air Pacific are currently the only regional carriers that operate outside the region and they will continue to play vital roles in tourism development for Asia and North America.

8. Role of ASPA

ASPA was formed in 1979 at the directive of the Council of Civil Aviation Ministers of the South Pacific Forum. It was formed primarily to promote and coordinate the development of aviation in the region. This was at a time when the concept of a regional airline began to lose support from the governments. ASPA's broad terms of reference were established by the Council as follows:

- Standardisation of equipment
- Rationalisation of schedules
- Pooling of resources
- Joint marketing
- Tariff recommendations

While much has been achieved in the past, results have been slow and quite often painful. One major reason is that while regional cooperation is easy to accept in theoretical terms, it is difficult to depart from an ingrained nationalistic approach. Regional cooperation, therefore, must evolve by agreement among all parties and cannot be imposed.

ASPA recognized this impediment and, while continuing to promote cooperation among the carriers, it has over the years concentrated mainly on less contentious issues, such as:

- HRD – Regional Training
- Joint insurance scheme
- Joint fuel purchasing and management of fuel
- Joint approach to CRS development
- Regional aviation security programme
- Tariffs – Regional Pass
- Development of regional engineering apprenticeship training
- Joint promotion with TCSP
- Identification of operational deficiencies in the region
- Representing the collective interest of members to governments and industry bodies
- Advise the Civil Aviation Council of any problems related to aviation in region

The pace of regional airline cooperation will begin to accelerate when carriers are able to relate to the benefits that can result from working together.

The Association has its headquarters at Nadi and has only two staff. There are 14 full members (Pacific Island carriers) and two associate members (Qantas and Air New Zealand). Its secretariat is fully funded by the members, while some of its development programmes have been funded by aid from outside sources.

11. LAND USE STRATEGY FOR TOURISM DEVELOPMENT IN PACIFIC ISLAND COUNTRIES

– *Graham Gaston*

The concept of sustainable development

The concept of sustainable development has various definitions. For present purposes, it means the development of activities which meet the needs of the present without compromising the ability of future generations to meet their needs. Expressed in economic terms, it implies maximizing the net benefits of economic development subject to maintaining the services and quality of natural resources. In the specific context of tourism development, permanent residents of a country should not be expected to pay a long-term price in terms of a degraded environment for short-term tourist benefits, much of which does not directly filter down to the general population.

2. Premises for sustainable development

For sustainable tourism development to be achieved, there are four fundamental premises:

- (a) Effective planning for tourism should encompass the medium to long-term future and not be restricted to short-term projections of visitor numbers.
- (b) Tourism is inextricably linked to the development of the country as a whole. Therefore, integrated tourism planning should be integrated into a country's broader development potential.
- (c) Governments have a key facilitating role to play in tourism development, principally in the provision of ground rules that enable the private sector to operate with a degree of certainty and in a manner that is acceptable to the resident community.
- (d) Small island nations can and should play a more pro-active role in realizing their tourism development potential and should not be restricted to a reactive role in which they simply approve, amend or reject a proposal initiated externally.

With these premises in mind, now we can address some of the harder issues related to the spatial aspects of tourism development.

3. Land use conflicts

Land, including mangroves and near-shore reefs, is a finite resource. Increasingly, that land or at least the most accessible parts of it, is being placed under pressure for development of one kind or another. This pressure, whether from the demands of tourists, an expanding resident population, increased agriculture production, additional physical and social infrastructure requirements or some other cause, tends to result in the intensification of land use in areas that lack the carrying capacity to cope with such development.

Land tenure issues aside, it seems axiomatic that tourists and tourism developers seek out the most attractive locations for their activities. Such locations are often vulnerable to over-use, extremely sensitive to pollution, difficult (or at least expensive) to provide with adequate infrastructure or better suited to other forms of development. The result may give rise to land use conflicts. While concepts such as visitor-carrying capacity and the general field of environmental economics cannot yet be described as exact sciences, we recognize that too many fishing boats will deplete the marine resource, too much noise or anti-social behaviour will create a serious nuisance in the eyes of others and the development of a hotel next to the municipal rubbish dump does not make very good sense.

While these principles are commonly accepted, it remains easier to do little or nothing until it is too late. Few countries have a system of national parks or reserves that really work. Solutions to known problems that involve controls of one sort or another are difficult to impose when traditional rights may be infringed, particularly when it is another agency that technically has responsibility.

This paper addresses such issues; first by means of a spatial strategy for tourism, and second by discussing some of the land-related issues that have an impact on tourism development.

4. Spatial strategy

In any country, it is evident that some areas will present more opportunities for tourism development than other areas. It is, therefore, possible to formulate a spatial tourism development strategy that recognizes these differences. Although many categories could be included, a simple three-fold classification is adequate to illustrate:

- (a) Designation of primary tourist regions based on existing tourism developments with an adequate infrastructure capacity, an established acceptance of foreign visitors, and a capability to accommodate the majority of “sand, sea and smiles” tourists from the main source markets.

This designation will maximize opportunities for additional tourism development and associated benefits: (1) without incurring major additional government expenditure on tourism-related infrastructure, and (2) by creating a demand base for the development of secondary tourism activities.

- (b) Definition of second-tier areas associated with the small but increasing level of interest in specialist activities, ecotourism, cultural tourism and the like, with opportunities for appropriate development in a more diverse range of locations.

This category will broaden the range and spread of small-scale, special interest tourism developments, and thus: (1) cater to growing visitor interest in these types of activity; (2) assist in the promotion of local participation in the tourism sector; and (3) facilitate the equitable distribution of benefits from tourism throughout the community.

- (c) Identification of “no go” areas in which tourism development will be discouraged. Criteria for inclusion in this category may include: (1) extreme environmental sensitivity; (2) demands from an alternative but incompatible land use activity; (3) lack of infrastructural capacity; or (4) opposition to tourism expressed by local inhabitants.

Ideally, the three categories would be drawn up as broad areas rather than detailed locality by locality. Boundaries between the categories would typically be flexible to allow for changes over time due to the opportunities for tourism development that may arise from infrastructural extensions initiated for other purposes, for example. Further, categories (a) and (b) should be described in terms of their desired future character for tourism development purposes, so prospective developers have a clear understanding of the type of development that is envisaged, and therefore, the type of development that would not be acceptable in each case.

5. Land related issues

- (a) **Land capability/suitability** – Most Pacific Island countries have been subject to land capability analysis. Land capability is a term used to describe the ability of land to sustain a particular use. This ability is affected by the natural characteristics of the land, including soils, topography, natural vegetation and climate. Land which has a high capability for a particular use does not require highly specialized management to achieve and sustain that use or to avoid environmental degradation. The same land put to a use for which it has a low capability will require considerable expense and specialized management efforts to achieve a desired result.

Translation of land capability into land suitability involves consideration of proposed or established land use in the light of land capability assessment along with other factors such as economic viability, environmental protection and social preferences.

Typically, land suitability analysis for development purposes (for tourism or other types of development) will synthesize these physical, economic and social factors into a classification of development potential.

- (b) **Land use zoning/impact assessment** – Many Pacific Island countries also have statutory Development Plans and land use zoning systems even if they are often rudimentary. These tend to be focused on towns rather than rural areas and their content often ignored. However, to the extent that they exist and are followed, planning mechanisms of this kind provide one essential policy component; the willingness to accept that some kind of control needs to be exerted on development.

Land Use Zones often include a separate category for tourism developments, in addition to the usual zones for residential, commercial, industrial, agriculture, public services. etc.

Regulations attached to these development plans usually cover aspects of building forms, including height, bulk, setbacks, plot ratio, offstreet car parking requirements, and sometimes colour, texture, landscaping, orientation and the like.

Separate legislation is frequently enacted for national parks, wildlife reserves, historic sites and other conservation areas. The reality of such reserves often bears little resemblance to the legislation's full intent, however.

In addition environmental impact assessments may be required in connection with any proposal for major development, although public sector projects are often exempted.

- (c) **Land Tenure/Land Banking** – In all Pacific Island countries, the land tenure system is complex and deeply rooted in the social structure. There is often conflict between customary laws and more recent government statutes in relation to land matters. In many cases, land ownership has not been surveyed, titled or formally registered, and thus development proposals have to go through claims and counter-claims before they can be implemented. There is often controversy over the definition of land for public purposes. Similarly, there is often an important difference between de jure land ownership and de facto land use (or usufruct) opportunity.

Frequently, therefore, the ability of a developer investor, whether foreign, local or joint venture, to acquire an adequate leasehold on an assemblage of land parcels for development purposes, is difficult. Even public access can be a major problem, with ad hoc charges or outright refusal being commonplace.

Some countries have a more formalized land ownership register than others, or are at least progressing towards one.

6. Guidelines

Some planning authorities have prepared guidelines to provide both the context and the parameters within which public and private developers should operate. Although not necessarily carrying the full weight of law, they are nonetheless invaluable guides. They cover such matters as:

- (a) guidelines for screening development proposals in terms of land suitability, environmental impact, social impact, demands on public infrastructure and services, and community acceptance;
- (b) site-specific performance standards to ensure acceptable built form characteristics and adequate attention to on-site utilities, parking and other requirements;
- (c) introduction of a uniform building code modelled on an international code to ensure that all future construction is of an acceptable standard, in the interests of cost-effective maintenance and public safety;

- (d) management plans and associated regulations to minimize user/resource conflicts in popular but environmentally sensitive locations such as marine reserves, wildlife reserves and significant historic sites; and
- (e) guidelines for the prospective foreign investor to facilitate understanding of the steps to be taken, including land leasing and other land-related matters to realise an investment proposal.

7. Institutional cooperation/strengthening

Responsibility for sustainable tourism development rests inevitably with a number of government institutions and the private sector. The responsibility is by no means confined to NTOs and tourism operators. Principal stakeholders will also include agencies concerned with planning, infrastructure development, land capability/suitability, national parks/reserves, environmental protection and land tenure, among others. Most of these agencies will not regard tourism development as their principal focus, and may even regard tourism as a source of some of the problems they face, for example, environmental degradation.

While Tourism Development Boards may include representatives from other stakeholder institutions, the level of cooperation, information exchange, and general assistance between government departments is often lacking. Inter-agency collaboration in planning for appropriate tourism development and enforcement of various codes of conduct related to tourist activity, therefore, needs to be enhanced. This may require a combination of internal networking and technical assistance for institutional strengthening. However, it will be up to the NTOs to take the initiative in this regard. Those other agencies presently taking the lead in decision-making will not give up or even share their privileged position, unless convinced of the need to do so.

8. Synthesis

Unless carefully planned and managed, tourism, particularly mass tourism, may be a “double edged sword”. Tourists, and therefore tourism developments, undoubtedly contribute significantly to the national economies of many countries. Tourists are drawn to particular locations because of the environment (physical, cultural, etc.) that is offered. However, tourism inevitably has an impact upon that environment and can change it over time to a point where the fundamental attraction may be seriously compromised.

The theme of this paper has been the importance of collaborative and effective planning to realize sustainable tourism development. To some, the approach will appear negative: land use strategies, without the marketing often associated with tourism, may seem both difficult and dull.

Such a view could be countered by saying that tourism can and should play a leading role in sustainable development for the benefit of all. Tourism has the opportunity to involve effective management of sensitive areas, general improvements in environmental management, including rectification of past mistakes, and rationalization of land use patterns. In some cases, tourism may be preferable environmentally to alternative land uses. In summary, effective land use planning makes sound economic sense.

ANNEX III

LIST OF PARTICIPANTS

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