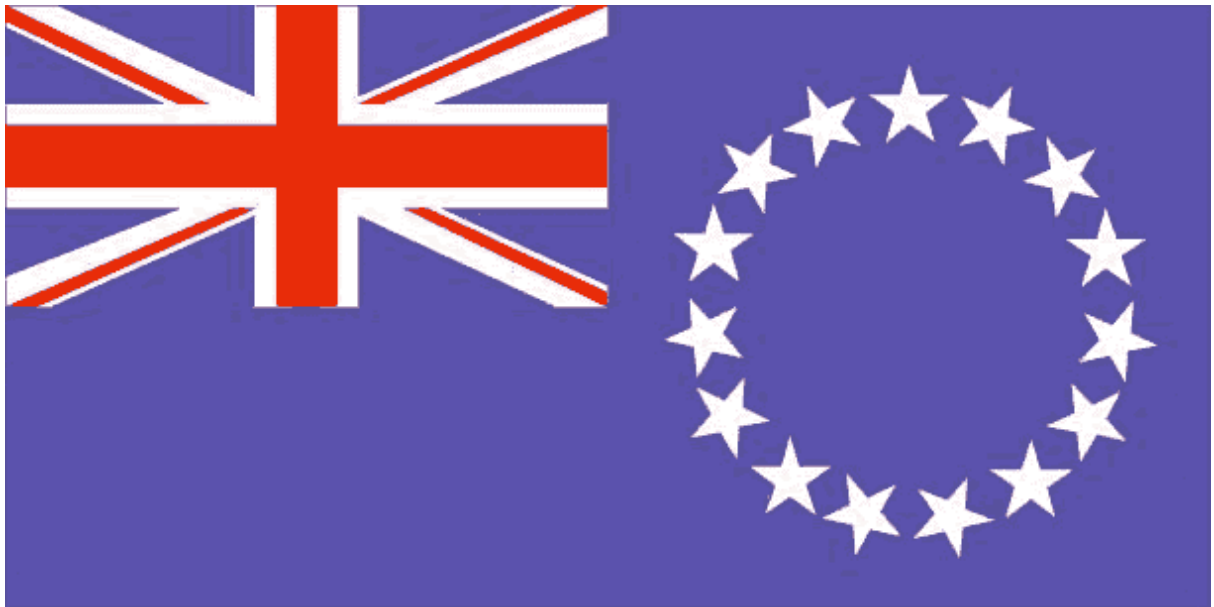




# **COOK ISLANDS**

*National Report  
to the  
World Summit on Sustainable Development*

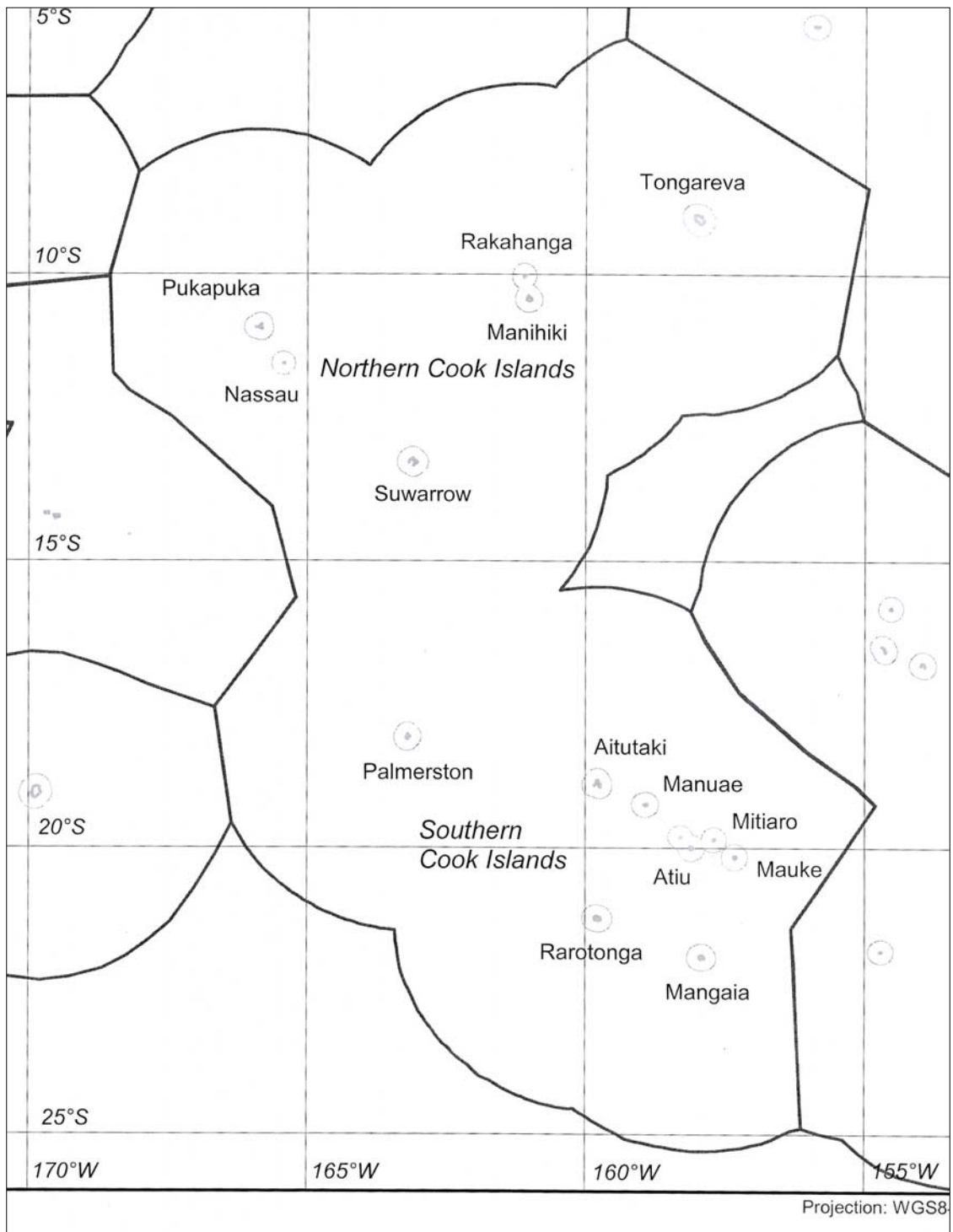


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## Map of the Cook Islands



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## Foreword

The Cook Islands Report has been prepared following extensive consultations with stakeholders and a National Workshop on Sustainable Development held in May 2002. Discussions at the workshop focused on economic, social and environment issues with input from government officials, the private sector, non-government organisations and the general public.

The Cook Islands activities in promoting environmental conservation and economic sustainable development since Rio include the drafting of a new Environment Bill that will cover the whole of the Cook Islands, the development of the NEMS which provides guidelines for sustainable development, EIA to provide guidelines for land use and development and the establishment of an Environment Protection Fund to cover environment activities. The Cook Islands has also declared all of its oceans in its exclusive economic zone as a whale sanctuary and its island of Suvarrow as a wildlife park.

The economic reforms of 1995/96 caused a large number of Cook Islanders to emigrate, with significant ramifications to the ability of the Outer Islands in achieving sustainable island governance. Total resident population in 2001 was 14,600 compared with 18,800 in 1996. Population in the outer islands declined from 7,697 in 1996 to 5,567 in 2001 a decline of 27.7%. The emigration of Cook Islanders has created a national shortage in skilled manpower and diminished the productive capabilities of the outer islands.

Activities by the government to strengthen and grow the foundations of sustainable development include continued focus on improvements in education, health and the establishment of the Human Resources Department, the development of policies to promote economic growth and the recognition of the importance of the private sector as a strategic partner in creating employment opportunities, wealth and security of opportunity.

This report is the outcome of extensive consultations with all stakeholders and is a process that will continue after the presentation of the Report to ensure that all stakeholders are informed of its progress, contribute and are active and equal partners in the process of developing programs for sustainable development for the Cook Islands.

The report identifies the needs of the Cook Islands, calls for the establishment of the Sustainable Development Unit within the Office of the Prime Minister responsible for the coordination and development of projects for submission under Type 2 initiatives.

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## Terms and Abbreviations

ADB	Asian Development Bank
APEC	Asia Pacific Economic Commission
Aust Aid	Australia Aid
CHARMS	Comprehensive Hazard and Risk Management Strategy
DIB	Development Investment Board
EIA	Environment Impact Assessment
EU	European Union
FEMM	Forum Economic Ministers Meeting
FSC	Financial Supervisory Commission
FTRA	Financial Transactions Reporting Act
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gases
MACM	Mutual Assistance in Criminal Matters Act
MARPOL	Marine Pollution
MDG	Millennium Development Goals
MFEM	Ministry of Finance and Economic Management
MMR	Ministry of Marine Resources
MoA	Ministry of Agriculture
MoE	Ministry of Education
MP	Member of Parliament
NATPLAN	National Marine Spill Prevention Plan
NEMS	National Environment Management Strategy
NZAid	New Zealand Aid
NGOs	Non Government Organisations
OIDGF	Outer Islands Development Grant Fund
PATA	Pacific Area Travel Association
PCB	Poly Chlorinated Biphenyls
PERCA	Public Expenditure Review Committee and Audit
PIREP	Pacific Island Renewable Energy Project
POC	Proceeds of Crime Act
PSC	Public Service Commission
QR	Queens Representative
REAP	Rarotonga Environment Awareness Program
SBEC	Small Business Development Centre
SOE	State of the Environment
SPREP	South Pacific Regional Environment Program
SPTO	South Pacific Tourism Organisation
UNDP	United Nations Development Program
WWF	World Wildlife Fund

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## Executive Summary

Cook Islands is committed to the promotion and strengthening of sustainable development initiatives, that will improve the quality of life and living standards for all Cook Islanders, today and tomorrow, without compromise to the environment.

The Cook Islands was given an opportunity to develop a pragmatic approach to sustainable development during the economic reforms era of 1995/96. The reform process involved the introduction of a range of legislation to improve and enhance fiscal discipline, accountability and transparency as well as the transformation of the economy from government to private sector dominance to create jobs and wealth. Increased government revenue was also sought through changes to the taxation system as well as the foreign investment regime.

Critical to the success of the reform process was the reduction of fiscal expenditure, mainly through public sector downsizing. The downsizing caused major upheavals in the outer islands as they depend largely on public sector employment. This in turn resulted in several thousand Cook Islanders emigrating to New Zealand and Australia contributing to a decline of 22.3% in total resident population from 1996 to 2001.

While the economic reform was successful in achieving its objectives of restoring macroeconomic stability through fiscal balances and manageable debt levels, it seriously hindered the implementation of the National Environment Management Strategies Report (NEMS) an output of the Rio+10 environmental initiatives.

The period immediately after the economic reform saw rapid economic growth, particularly visitor arrivals increasing from under fifty thousand in the mid nineties to almost seventy five thousand in calendar year 2002. The economic success of the reform has positioned the Cook Islands to develop strategic plans to address sustainable development – economic growth, infrastructure advancement, social cohesion and environmental sustainability. At the same time, significant constraints in human resources have also emerged in labour and skills shortages in both the public and private sectors.

The economic restructuring, particularly the public sector downsizing, and the frequent changes in government in the current election period weakened effective coordination of national economic planning. The existing process for national planning is reflected in the annual budget process, and is not specifically set in a medium term framework. The current allocation of resources is derived from the Budget Policy Statement, which contains the national development strategies of government including its objectives and priorities. The production of the Budget Policy Statement is a collaboration between the Office of the Minister of Finance and MFEM. A major shortcoming of the budget policy statement is the concentration on annual work programs without serious regard to a national strategic development plan that should guide the annual policies, objectives and priorities.

Despite the lack of long term planning, the current planning process has nonetheless recognised the integration of the three pillars (economic, social and environment) of sustainable development. In the 2002/2003 Budget Policy Statement the main objectives linked economic, social and environment initiatives to sustainable

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development. The Budget Policy Statement 2003/2004 sought to strengthen the linkages of the national outcomes to the three pillars of sustainable development. The integration of the Millennium Development Goals (MDGs) into the national strategic development plan will be important.

Demonstration of good governance has been weak over the past few years due mainly to financial constraints, human resource shortfalls, financial reporting requirements not fulfilled, and political instability. This is a serious challenge given the commitment made by successive governments to good governance principles and the regional commitment made to the FEMM Eight Principles of Accountability since the 1997 Forum Economic Ministers Meeting. This was further demonstrated to the Budget Committee (2003/04) in its ministry consultations where it became clear that several decisions made by Heads of Ministries were a result of undue political pressures. There appeared to be a lack of appreciation of the accountability of ministry budgetary resources to produce agreed outputs at the discretion of Heads of Ministries.

Sustained economic growth is central to the well being of all Cook Islanders through increased employment opportunities, higher incomes and the advancement of social justice through equal access to basic services such as health, education, cultural development and the reduction of national disparities. The need and importance of a National Strategic Development Plan is highlighted by the clear deficiency of understanding and appreciation by ministries and government agencies of each other's roles and the linkages of their activities with each other. The lack of sectorial master plans from the key ministries is of concern as it is one of the most important building blocks to the preparation of a National Strategic Development Plan.

The proposed new Cook Islands Environment Bill to replace the Rarotonga Environment Act is a major step towards strengthening and improving environment management capacity, monitoring and implementation and meeting our regional and international obligations.

The sporadic consultation and involvement in real terms by government ministries with the NGOs and the private sector is of concern and needs to be addressed in the planning process. Despite this, government commitment to partnerships between the private sector and the community at large is demonstrated in its recognition of the Chamber of Commerce as a "strategic partner" in creating jobs, income, wealth and security of livelihood. This is further supported by government withdrawal from activities in competition with the private sector and increased budgetary support for NGOs initiatives in social and community activities.

The challenge to strengthening relations between NGOs and government lie in the creation of institutions or official processes by which public/private sector dialogue is formalised with mechanisms positioned to help the development of 'partnerships between government and the public sector'. That mechanism should include medium-term perspective and broad-based consultation and participation in policy formulation for sustainable development.

Strong leadership and political commitment to sustainable development is imperative to its success and as social partners; government, private sector and NGOs need to develop a stable and workable partnerships respecting the independent and supportive roles of each other.

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## **I. INTRODUCTION**

### **1.1 Geography**

The Cook Islands is made up of 15 islands spread out over an exclusive economic zone of approximately two million square kilometres (750,000 square miles) in the Southern Pacific Ocean. Two of these islands are uninhabited. Total land area is just under 240 square kilometres with Rarotonga the center of Government and commerce representing just over 28 percent of the total.

Geographically and to a certain extent culturally the nation is divided into two groups. The Southern group islands are Aitutaki, Atiu, Mangaia, Mauke, Mitiaro, Rarotonga, Manuae an uninhabited atoll and Takutea an uninhabited sand cay. The Northern Group islands are Manihiki, Nassau, Palmerston, Penrhyn, Pukapuka, Suvarrow and Nassau, which is administered in conjunction with Pukapuka. All are atolls and remains relatively isolated and less developed.

The Cook Islands enjoy a tropical climate with two seasons, hot wet during the months of November to March and cool dry from April to November. The hot/wet season coincides with the cyclone season for the Pacific Region.

The people of the Cook Islands are Maori of Polynesian stock. The Cook Islands language is Maori but all Cook Islanders speak English as well.

### **1.2 Population**

The 2001 census show the population of the Cook Islands at 18,027, with residents making up 14,600 of that total. Since 1965 the Cook Islands population has been in decline. Issues' relating to the continuing outward migration of Cook Islanders is a major priority for Government.

The 2001 Census report show all islands except Rarotonga suffered a decline of population with Atiu, Mangaia, Nassau, Rakahanga and Penrhyn all experiencing declines of over 30% in their population when compared to census reports in 1996. The outer islands collectively account for 37% of resident population with the balance living on Rarotonga. Aitutaki is the most populous outer island in the southern group reflecting the impact of the development of the tourism industry on that island and Pukapuka remains the most populous island in the northern group. The census report also shows the recovery in the population of Manihiki following a forced evacuation in November 1997 as a result of the devastating effects of Cyclone Martin. Manihiki is the center of the Cook Islands black pearl industry.

### **1.3 Government**

The Cook Islands has been a self-governing nation in free association with New Zealand since 1965. As a result of this special relationship Cook Islanders are citizens of New Zealand. This special relationship was strengthened by the 2001 Joint Centenary Declaration of Principles of the Relationship between the Cook Islands and New Zealand allowing the country to conduct its foreign affairs and interact with the international community as a sovereign and independent state. This agreement allows the Government of the Cook Islands capacity to enter into treaties



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and other international agreements in its own right with governments and regional and international organisations.

The Cook Islands Head of State is the Queen of England, represented in the Cook Islands by an appointed Queen's Representative (QR).

The Cook Islands Parliament has 25 elected Members (MP's). Rarotonga with 59 percent of the population has 10 MP's (40 percent). There is one MP for the Cook Islands overseas constituency. The other islands elect the remaining 14 MP's. The least populated island of Nassau is represented with Pukapuka and Palmerston is included in Rarotonga's Avatiu/Ruatonga constituency.

General elections are held every five years and all Cook Islanders age 18 and over are eligible to vote. The Cook Islands has undergone political instability since the 1999 elections that gave no party a clear mandate to govern. The result is that the Cook Islands has had five coalition governments in four years. The current government is the Democratic Party. The Cook Islands Party is in opposition.

In addition to the central government, the outer islands operate local government under statutory powers devolved by Parliament to local councils. Each island and each of the three districts of Rarotonga elects a local council and a Mayor. An Island Secretary manages operations of the local government in the Outer Islands

Political reform was part of the economic reform process and while a study of the political system was conducted in 1998 the recommendations of that report have yet to be implemented.

#### **1.4 Economic Reform**

The economic reform, of 1995/96, has allowed the Cook Islands an opportunity to develop a pragmatic approach to sustainable development. The economy is among the best performing countries in the Pacific region with the economy growing by 2.8% annually in real terms for the period 1982-2002. Such performance is complimentary given a declining population and the recent economic restructuring.

The economic reform was brought about largely by economic mismanagement, including expansionary fiscal policies and public investments in highly speculative ventures in the early nineties. In particular, the defaulting of a significant government held guarantee resulted in an unsustainable increase in the country's debt portfolio and was the single most important factor to trigger the economic restructuring. The economy faced a severe financial and economic crisis. The cyclical downturn in the tourism sector contributed further to the problem.

The economic restructuring caused several thousand Cook Islanders to emigrate to New Zealand and Australia resulting in the resident population of the Cook Islands declining from 18,800 in 1996 to 14,600 in 2001.

The reform process involved the introduction of a range of legislations to improve and enhance fiscal discipline, accountability and transparency as well as the transformation of the economy from government to private sector dominance to create jobs and wealth. Enhancement in government revenue was also sought through changes to the taxation laws as well as the foreign investment legislation.

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Critical to the success of the reform process was the constraining of fiscal expenditure, mainly through public sector downsizing. The downsizing of government caused major upheavals in the outer islands with the loss of jobs in the public sector. Unlike Rarotonga, those who lost their jobs in the outer islands could not be absorbed by the private sector and opportunities for them to establish private income generating ventures were limited.

While the economic reform was successful in achieving its objectives of restoring macroeconomic stability through fiscal balances and manageable debt levels, it seriously hindered the implementation of the National Environment Management Strategies Report (NEMS). The report is an output of the Rio+10 environmental initiatives. Following the economic success of the reform, the Cook Islands is well placed to develop programs to address sustainable development – economic growth, social cohesion and environmental sustainability.

## **1.5 Economic Performance**

Gross Domestic Product (GDP), as measured by the value added approach, has grown significantly at 2.8% from 1982-2002. Expansion in the last five years has set record growth rates, with nominal GDP growth reaching 10.25% in 2000 and an average of 7.3% in the four years to 2002. The period immediately after the economic reform saw rapid expansion in economic activity, particularly tourist related. Visitor arrivals have increased from under fifty thousand in the mid nineties to almost seventy five thousand in calendar year 2002. As expected the largest industry in the Cook Islands is tourism. The offshore financial centre and the black pearl industry follow this. Tourism is largely based in Rarotonga with a growing market in Aitutaki, and small operations in the neighbouring southern group islands.

Since the reform, market forces have generally set prices after years of comprehensive price control regulations. Consumer prices have generally moved in line with New Zealand price movements at 2.8% for the Cook Islands since 1988 and 2.7% for New Zealand. This is unsurprising given the openness of the Cook Islands economy, with imports averaging over 60% of GDP, dominance of New Zealand as the principal source of imports, the parity of the two currencies until 1995 and the use of the same currency since 1995.

The country's external economic performance shows a significant trade imbalance. Given the country's isolation and limited resources, this is unsurprising. However the generation of tourism receipts is substantial in offsetting the monetary outflows from imports. Pearls have dominated exports in recent years however the value of exports has fallen off significantly in 2002 to \$6.4 million from a high of \$18.3 million in 2000. Growth is expected in manufactured nono juice and fresh fish, as a direct result of increased activity in nono production and the emerging longline fishing industry. Another notable export product is the export of pawpaw (\$163,000 in 2002).

Total imports into the Cook Islands for the year 2002 was \$102 million, with the top import categories being machines, transport and equipment (\$26 million), food and live animals (\$23 million), basic manufactured items (\$17 million) and miscellaneous manufactured goods (\$14 million). New Zealand is the principle supplier of goods into the Cook Islands representing \$80 million or 80% of total imports in 2002. The import of food and live animals reflects the dominance of imported food items and highlights

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the failure of the agriculture and the secondary sector to substitute with local products.

The recent economic performance of the country is reflected in the emerging trends in the financial sector. The operation of the New Zealand currency precludes the need for a central bank and more significantly the inability to exercise monetary policy. The government's major input on the financial sector is through its fiscal policy, specifically through its large deposit holdings with the domestic banks. There are three banks trading in the Cook Islands: ANZ Banking Group, Westpac Banking Corporation and Bank of the Cook Islands. The demand of the government on the banking system prior and during the economic crisis caused a shortage of funds for the private sector. The recovery and growth of the economy since the reform period has seen a shift in the government position from borrower to net depositor in the amount of NZ\$30m in 2002. This positive result is mirrored by a reduction in the public enterprise borrowing from NZ\$8.7m in 1995 to under NZ\$1m at the end of 2002 thus providing more funds for private sector activities. The level of borrowing by the private sector has grown substantially in the years following the reform reflecting increased business confidence, especially relating to tourism ventures. The Cook Islands also hosts an Offshore Financial Services Centre. There are two domestic insurance companies as well as a number of insurance agents.

## **II. SUSTAINABLE ECONOMIC DEVELOPMENT**

The linkage between economic development, social development and the population without compromise to the environment defines sustainable development. A precondition to sustainable development is a framework for effective policy making, good governance, political stability and strong leadership, viable private sector, and an active NGO participation to policy development.

In this regard it is important that policy makers, planners, political parties and community leaders are aware of the needs and aspirations of the people of their country. Governments need to be aware of their country's population structure, population processes and socio-economic characteristics in order to plan for an adequate standard of living, and for a proper provision and distribution of goods and services.

The achievement of equitable and sustainable economic growth, social cohesion and development in a healthy environment requires government to manage conflicts of interest, establish efficient and transparent budgeting processes accompanied by mechanisms for public scrutiny and access to information.

### **2.1 Economic Planning and Policy Coordination**

Following the economic restructuring, particularly the public sector downsizing, and the frequent changes in government in the current election period, the effective coordination of national economic planning has been weak. Planning has taken place on an adhoc basis and pursued by individual ministries with very little effective coordination and stewardship by the political leaders.

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The existing process for national planning is captured in the annual budget process, and is not specifically set in a medium term framework. The current allocation of resources is derived from the Budget Policy Statement. The production of the Budget Policy Statement is a collaboration between the Office of the Minister of Finance and the Ministry of Finance and Economic Management. A key factor in national planning is donor assistance; however there has been a lack of effective participation from the Aid Coordinating Committee into the budget process.

The Budget Policy Statement contains the national development strategies of government including its objectives and priorities. It reflects the political aspirations and philosophies of the government of the day. A major shortcoming of the budget policy statement is the concentration on annual work programs without serious regard to a national medium term strategy including a public sector investment program that should guide the annual budget process.

Despite the lack of long term planning, the current planning process has nonetheless recognised the integration of the three pillars of sustainable development. In the 2002/2003 Budget Policy Statement the main objectives linked economic, social and environment initiatives to sustainable development. These were social cohesion, economic sustainability, good governance, infrastructure development, outer islands development and environmental management. The Budget Policy Statement 2003/2004 sought to strengthen the linkages of the national outcomes to the three pillars of sustainable development. However the annual focus of planning in the past six years raises efficiency issues and the need for a coordinated national strategic development plan.

The preparation of a national strategic development plan (with a three year rolling focus) will assist government to establish broader macroeconomic objectives with respect to fiscal policy including intentions relating to revenue, expenditure and debt. One positive development in late 2002 has been the assistance given by the Asian Development Bank to establish prudent fiscal ratios under the Manila Agreement 1998 relating to expenditure and debt. This provides a prudent framework for future fiscal decision-making. However it does not identify what government's priorities are or what they should be. A serious concern on the current planning processes and the lack of effective coordination between key agencies such as the Office of the Prime Minister, the Ministry of Finance and Economic Management and the Aid Coordinating Committee will need to be addressed. The political instability and weak leadership has also contributed to this problem during this election term. Assistance from the Asian Development Bank to help facilitate the development of the National Strategic Development Plan is expected in 2003.

The integration of the Millennium Development Goals (MDGs) into the national strategic plan will be important. Despite the non-membership to the United Nations and that the Cook Islands was not a signatory to the Millennium Declaration, the MDGs are consistent with the objectives of government and have been endorsed in principle in the Cook Islands.

### **Challenge**

The preparation of the National Strategic Development Plan, with the inclusion of a Public Investment Program and the MDG will be crucial to assist the government of the day to maintain its sustainable development priorities and objectives.

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## 2.2 Good Governance

A pre-condition to sustainable development is strong governance institutions particularly in the public sector. Governance requires transparency of processes and accountability of decision-making. The introduction of three key Acts of Parliament with the restructuring of the public sector institutions was seen as strengthening the governance institutions. These were the Ministry of Finance and Economic Management Act requiring fiscal discipline and increased accountability on the Heads of Ministries; the Public Service Commission Act requiring performance assessments between Heads of Ministries and the Public Service Commissioner; and the PERCA Act establishing an independent public expenditure review committee to assist with the Audit Office. The judiciary system also plays an important role in the effectiveness of the governance institutions.

There have been weaknesses in meeting the financial reporting requirements in the public sector since the introduction of the MFEM Act. The Ministry of Finance and Economic Management has responded to this issue over the last few years by providing increased assistance to ministries through training and the production of an Accounting Procedures and Policies Manual in December 2002. The Budget Committee (2003/04) in its ministry consultations identified as a key concern that several decisions made by Heads of Ministries were as a result of undue political pressure. There appeared to be a lack of appreciation of the accountability of ministry budgets belonging to the Heads of Ministry alone.

The Public Service Commission (PSC) is responsible for the welfare of the public servants, the administration of the code of conduct for the public service and senior executives and the management and evaluation of the performance of the Heads of Ministries. The Code of Conduct remains to be completed and enforced and until such a time, no such code applies. The PSC is also responsible for the development, improvement and institutional strengthening of government ministries in terms of business and management plans. Assistance is currently being given to PSC and MFEM from the Asian Development Bank to strengthen good corporate governance in the ministries involving the full planning, monitoring and reporting cycle.

The Public Expenditure Review Committee and Audit (PERCA) is the watchdog on the use of public monies by executive government, government departments, and entities handling public monies. PERCA operates as an independent agency within government and relies on the cooperation and support of government agencies and departments to be successful. Current obstacles to the efficient operations of PERCA include the need to strengthen its Act, the lack of public consultation on government activities, the perceived culture of secrecy within the Public Administration, lack of resources, availability of appropriate experience, skills, management and professional expertise in the public sector.

The Cook Islands judiciary system comprises of the Parliament of the Cook Islands, the Office of the Crown Law, Ministry of Justice and Cook Islands Police. Collectively they provide the foundation and uphold the principles of democracy and provide checks and balances fundamental to the cause of justice. The challenge for these key entities is the requirement for a proactive approach to the execution of their roles with adequate resources.

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## **Challenge**

Demonstration of good governance has been weak over the past few years due mainly to the lack of resources, shortage of qualified and skilled staff and political instability. This is a serious challenge given the commitment made by successive governments to good governance principles and the regional commitment made to the FEMM Eight Principles of Accountability since the 1997 Forum Economic Ministers Meeting.

### **2.3 Private Sector Development**

The government recognises the private sector as a strategic partner in generating and sustaining economic growth. The economic reform program saw the withdrawal of government from economic activities providing room for the private sector to grow. As a result, the following agencies and mechanism were established to promote and facilitate private sector development.

The Development Investment Board (DIB) was set up as part of the economic reform process as a one-stop shop for investment facilitation to increase economic growth and employment in the Cook Islands. In addition to the facilitation and development of foreign investment the Board is also responsible for the development of trade.

The DIB, has in recent years been under considerable public scrutiny over the types of investment, investors and investment climate it has developed. There is considerable unease at the level of alienation of land through sales of leases to foreigners and the number of investments in direct competition to local enterprises.

The public concern includes the lack of results in job creation, introduction of new technology, skills and money into the economy. Criticisms include the number of foreigners being imported to work in the country, the number of 'life style' investors and the practice by foreigners of borrowing money to fund their investment within the country. This practice reduces funds available to Cook Islanders.

The Investment Code 2003 sets out priority areas for foreign investment and areas reserved for locals only. The Code sets out Government policy and procedures for investment.

The Small Business Development Centre (SBEC) is a stand-alone operation funded by NZAid and the Government of the Cook Islands. The SBEC Board members are exclusively from the private sector.

The primary focus of SBEC is to provide business advice and training, networking within the small business community, co-ordination of key organisations, identification of new enterprise opportunity, provision of an information service and the provision of training and business advice to the outer islands.

The SBEC has been working closely with the Outer Islands Development Grant Fund Committee in the identification of economic opportunities, and the development and preparation of business and marketing plans for small business development in the outer islands. SBEC also works closely with DIB and other relevant government and private agencies.

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In response to the lack of credit available to the Outer Islands, the Outer Islands Development Grant Fund (OIDGF) was set up in 2000 with funding from the Cook Islands government and New Zealand Aid. The principal purpose of the fund is to achieve sustainable development goals for the Outer Islands linked to national development objectives. The core objective is to provide financial grants to business and community projects that can be used as seed funds towards loan applications to the financial institutions in particular the Bank of the Cook Islands.

To date, the OIDGF has financed a total of 83 projects costing almost \$1.3million on the islands of Atiu, Mauke, Aitutaki, Mitiaro, Mangaia, Manihiki, Rakahanga, Pukapuka, Nassau and Palmerston. The projects include women's' groups, youth and sporting groups, tourist accommodations, bakeries, carving, sewing and other cottage industries, and infrastructure projects.

A review of the OIDGF guidelines and procedures will be undertaken this year, 2003, with the aim of improving the areas of outreach, monitoring, and reporting. It is anticipated that the OIDGF will be transferred and managed by SBEC in providing grant funds to business ventures. NZAid Community Initiative Scheme will fund the community projects under the management of the Aid Management Division of the MFEM.

### **Challenge**

The challenge to the DIB is to work closely with the private sector and government agencies to develop and promote production levels of export commodities and the identification and development of new market sources and opportunities.

In addition there is a need for the DIB and SBEC to be merged and strengthened given the synergy of their operations and for consolidating their resources. The management of the OIDGF should be transferred to SBEC to consolidate its operations of providing business plans and assistance with the allocation of associated grant funds to business ventures in the outer islands.

## **2.4 Non Government Organisations (NGOs)**

The Cook Islands has a wide range of NGOs involved in and contributing to a broad range of activities covering the entire community. It has a strong Chamber of Commerce representing the interests of businesses on the islands of Rarotonga and Aitutaki and the wider business community in the Cook Islands.

Government commitment to strengthening and building on the partnership with the private sector and the community is demonstrated in its recognition of the Chamber of Commerce as a "strategic partner" in creating jobs, income, wealth and security of livelihood. This is further supported by government withdrawal from activities in competition with the private sector and budgetary support of NGOs initiatives in social and community activities.

NGOs, in particular the Chamber of Commerce has contributed significantly to the development of national economic and social development initiatives particularly in the development and the formulation of the economic reform package in 1995/96 and the three consultative group meetings in 1996 and 2001.

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While relations between NGOs including the Chamber of Commerce and government are usually cordial, the recent perceived threat of a reversal of the reforms positioned during the reform years has created strains to that relationship. This has led to a renewed and energetic interest in policy formulation by the Chamber of Commerce and the development of a new pressure group focused on political issues and reform. NGOs participation and contribution to policy formulation on a regular basis is hampered by shortcomings in their management structure and human resources and the absence of a formal relationship between them and government. There is also a need for NGOs to work together as a unified group with common goals and aspirations.

The importance of alleviating perceived strains in relations between the Chamber of Commerce and government is important as the small population base of the Cook Islands does not adhere well with a confrontation approach and is counter productive to the advancement of the economy and the basic essence of Cook Islands society.

### **Challenges**

The challenge to strengthening relations between NGO's and government lie in the creation of institutions or official processes by which public/private sector dialogue is formalised with mechanisms positioned to help the development of 'partnerships between government and the public sector'.

That mechanism should include long-term perspective and broad-based participation in policy formulation, decision-making and implementation at all levels. As social partners the challenge for both will be the development of stable partnerships respecting the independent, important roles of each other.

## **2.5 Economic Sectors**

Sustained economic growth is central to the well being of all Cook Islanders through increased employment opportunities, higher incomes and the development of a secure, equitable and caring society. The government of the Cook Islands recognises the importance of creating a positive macroeconomic environment in which both the public and private sector can participate in an open and balanced thriving economy. This includes supporting, strengthening and encouraging growth in the key sectors of the economy.

### **2.5.1 Tourism**

The tourism industry has led the growth of the Cook Islands economy for the past 20 years with an average growth in visitor arrivals for the period 1987 to 2000 of 6.3% and contribution to GDP for the same period increasing from 27% to 51%. Tourism revenues have grown in nominal terms from \$20 million in 1997 to over \$81 million in 2000. While tourism is concentrated on Rarotonga and Aitutaki with minimum impact on the rest of the islands there are plans to develop and expand tourism to all islands of the Cook Islands.

Given the positive outlook of the Cook Islands tourism industry, clear policies are being developed to enhance linkages between tourism and the commodities sector, as the needs and requirements of the tourism sector are not often known by other sectors such as agriculture.



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Increasing local participation in tourism ventures is being carefully researched and analysed to ensure island communities receive optimum benefits from the industry with focus on an integrated approach that will incorporate social, economic and environmental programs, funds and initiatives into more effective, systematic and dynamic management systems for the industry.

The Cook Islands Tourism Corporation as a founding member of the South Pacific Tourism Organisation (SPTO) has taken advantage of initiatives in the area of Human Resource Development and Training, co-operative marketing initiatives, research and development and the establishment of a regional database. The SPTO environment management guide for small hotels and resorts has been disseminated industry-wide in the Cook Islands.

In consultation with the Australian Centre for Research and Green Globe Asia Pacific the Cook Islands Tourism Corporation is advancing Agenda 21 tourism applications for the Cook Island. Additionally it is working towards the adoption of PATA's code for Sustainable Tourism and the philosophy of 'think global and act local'. The Cook Islands will also adopt the APEC/PATA code for sustainable development which urges PATA Association and chapter members and APEC Member Economies to conserve the natural environment, ecosystems and biodiversity by contributing to the conservation of any habitat of flora and fauna affected by tourism and to encourage relevant authorities to identify areas worthy of conservation and to determine the level of development, if any which would be compatible in or adjacent to those areas.

Future tasks for Cook Islands tourism include a Task Force to determine appropriate medium to long-term options for tourism development suited to Cook Islands circumstances. This will involve widespread consultation and focus on community based tourism options for the outer islands and the development of environmentally sound tourism practice and the preservation of culture. Environment issues will form part of the Task Force brief in order to ensure industry compliance with 'best practice' standards and include enhancement and corrective actions at tourism sites to conserve wildlife and natural ecosystems.

### **Challenges**

The potential adverse impact of current global events on international tourism calls for a tactical strategy to strengthen marketing programs, product development and promoting eco tourism and capacity building in the Outer islands to maximise economic gains from the industry. These efforts will include the strengthening and enhancement of partnerships with the private sector and NGOs.

### **2.5.2 Marine Resources**

The Cook Islands is spread over an exclusive economic zone of nearly two million square kilometres of ocean giving it one of the largest economic zones in the South Pacific and the natural resources therein.

The Ministry of Marine Resources (MMR) was established in 1984 to provide technical, scientific, advisory and administration support to all development projects involving marine resources and to advise the government of the Cook Islands on the exploitation, management and conservation of those resources. This includes the

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development of a Marine Resources Master Plan, the drafting of a new Marine Resources Bill and the review of Marine Resources Regulations.

In addition MMR has focused on the pearl industry in the Northern Islands of Manihiki, Penrhyn and Rakahanga with pilot farms to be trialed in Palmerston and Pukapuka. Developments in the pearl industry include the Penrhyn marine research centre, training programs for seeding technicians and the establishment of a lagoon-monitoring program with information being disseminated to all stakeholders.

While feasibility studies into fresh water prawns and the development of giant clams in the Aitutaki lagoon have been undertaken these remain undeveloped as research and studies demonstrate them to be uneconomical due to high set up costs and lack of labour available.

Long line fishing and the fishing industry generally have developed in the past two years with significant increases in locally owned and operated fishing vessels and the establishment of three medium-sized pack-house facilities. Fresh chilled fish have been successfully exported to Japan, Auckland and Los Angeles.

Export figures to date show that for the first nine months (April – Dec) 2002 exports of approximately NZ\$6 million were achieved.

### **Challenges**

To improve the policy and legal capacity of MMR to ensure proactive participation in local and regional fisheries initiatives the Marine Resources Master Plan should be completed as a matter of urgency. The plan will assist management in the promotion of sustainable marine resources usage and increase its contribution to national economic development. The Marine Resources Master Plan will include the review of existing fisheries management plans and by laws on all islands in consultation with stakeholders to ensure that they are consistent with appropriate resource management and conservation. Local management of fisheries is desirable to develop the fisheries industry in the outer islands. Local Island Councils with support from MMR should be encouraged to develop local management plans and regulatory procedures for each island.

The development of a strong industry association to develop the long line fishing industry would contribute to the protection of the interests of local fishermen and ensure balanced development. This can be achieved through the inclusion of local participants in the industry in the development of policies and the establishment of the regulatory framework.

Given the labour intensive nature of the marine industry issues relating to labour supply and skills need to be addressed as a matter of urgency.

The fish corals and lagoons are among the nations major assets supporting the tourism sector. Care is required in reef and lagoon management to ensure that their bio diversity is preserved and they remain attractive for diving and snorkelling. Resources with commercial tourism fishing potential such as bonefish in Aitutaki should be banned through the banning of destructive fishing techniques and the introduction of catch and release schemes and the training of fishing guides.

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While the continuation of the ra'ui program should be supported given its positive contribution to the conservation of lagoon and reef marine species and tourism, improvements in harvest management plans are urgently required to manage the resource during periods when the ra'ui is lifted.

At the regional level, the challenge to MMR is the articulation of Cook Islands issues and interests in relation to the Commission for the Conservation and Management of Highly Migratory Fish Stocks.

### **2.5.3 Pearl Industry**

The Cook Islands pearl industry is relatively young having been established 20 years ago. Today pearls are farmed in Manihiki, Penrhyn and Rakahanga with potential in three other lagoons.

Pearls contributed NZ\$14.5 million in exports representing 90% of total value of exports for 2001. The domestic market value has been placed at approximately NZ\$600,000.

Fundamental to the growth of the pearl industry is the management of its environment and the marketing of pearls. MMR has undertaken considerable work in developing the framework for and promoting the establishment of lagoon management plans however little progress has so far been made in getting those plans introduced on either Manihiki or Penrhyn. The same fate has visited the ADB Pearl Industry Development Project although supported by the Island Council and farmers have yet to be implemented. Marketing issues that require urgent attention and cooperation of all the stakeholders beleaguer the industry.

#### **Challenges**

A national pearl industry management authority to address issues faced by the industry particularly the need for improved management and coordination on each pearl farming island along with a Pearl Marketing organisation needs to be established as a matter of urgency. The success of this will depend on the support and involvement of all stakeholders in the industry and the development of strong marketing strategies and branding at the international market place.

It is anticipated that the national pearl management authority comprising all stakeholders will guide the development of the industry in lagoon management and monitoring, training programs on farm management and operations including pearl seeding procedures, quality control and marketing strategies and pricing. Inclusive in this organisation's responsibility would be the promotion and development of market strategies and the compilation, analysis and dissemination to market information to all farmers. While there has been some scepticism on the ability of such a body to succeed in light of the failure of the Pearl Authority established mid 1990's there is enough support from the industry to allow the organisation to try again. The Cook Islands government through the Development Investment Board is facilitating the evolution of a National Pearl Authority.

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## 2.5.4 Financial Services Industry

The Financial services sector has participated in the Cook Islands economy for the last twenty years and for a decade prior to the Rio meeting. The Offshore industry contributes NZ\$14.1 million (2000) or 8.2% to the GDP with minimal environmental impact.

The Cook Islands financial services industry has recently undergone stringent reviews as a result of the Cook Islands being listed on the Financial Action Task Force list of Non Cooperative Countries and Territories in June 2000.

This resulted in the introduction of nine pieces of legislation designed to supervise, regulate and manage the industry to improve the provision of financial services, ensure statutory compliance and avoid acts or practices that may be detrimental to the reputation of the Cook Islands or inconsistent with the responsible delivery of financial services. Specifically the new legislations were designed to remove it from the Financial Action Task Force List of Non Co-operative Countries and Territories.

The Money Laundering legislation suite consisted of: -

- Financial Supervisory Commission Act (FSC)
- Financial Transactions Reporting Act (FTRA)
- Banking Act
- Proceeds of Crime Act (POC)
- Extradition Act
- Mutual Assistance in Criminal Matters Act (MACM)
- Crimes Amendment Act
- Criminal Procedures Amendment Act
- International Companies Amendment Act

The new legislations effectively remove control of the FSC from government and make it an independent self-funding body managed by a Board. Government revenues from FSC will be those in excess of its operating costs. It establishes the Financial Intelligence Unit (FIC) under the FTRA as an independent body reporting directly to the Minister of Finance. The operations of the FIC has been strengthened and expanded with sufficient resources provided in the 2003/2004 budget.

A new Banking Act has been introduced to rectify the issue of 'shell banks' requiring licensees to have an approved occupied premise in the Cook Islands and provides the criteria for the issue of a license including the requirement for the manager to be a 'fit and proper person'. The Banking Act replaces the Monetary Board and Offshore Financial Services Acts.

POC provides ability to detain, seize, freeze, restrain, monitor and confiscate proceeds of crime. It also enables law enforcement authorities to trace those proceeds, benefits and property. The act covers the issue of terrorism and money laundering.

Extradition Act codifies the law relating to the extradition of persons from the Cook Islands and will be administered by the police.

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MACM addresses international cooperation issues specifically with assistance relating to the proceeds of crime and the admissibility of foreign evidence.

### **Challenges**

The Cook Islands government is committed to removing itself from the IMFTA list of non-cooperative jurisdictions and to building a robust regulatory platform for the long term. The Cook Islands is being assisted by the Pacific Forum Secretariat regional project in drafting a comprehensive legal framework to combat the financing of terrorism. It is hoped that the Cook Islands will be removed from that list in the near future.

At the local level the poor public profile and lack of understanding by politicians, bureaucrats, public and media of the importance and contribution to the national economy by the industry makes it vulnerable to gaining support or sympathy to its issues.

Those issues relate to cost to operate the financial services industry particularly with respect to reliable, cost effective and modern telecommunications and the outstanding request to remove VAT on offshore financial services. A VAT payment was introduced by the Offshore Financial Industry during the economic crisis and remain a contentious issue for the industry as no other jurisdiction charges their industry VAT. A further challenge for the industry itself is its own lack of strategic planning and inability to play a greater role in the local community.

### **2.5.5 Agriculture and Rural Development**

Up until the mid 1980's, agriculture was the main industry of the Cook Islands with production focused on the New Zealand market. Cook Islands export products including pineapples, bananas, citrus, tomatoes and fresh vegetables were protected by preferential tariffs. However, the removal and the reduction in the New Zealand general customs tariff on those food items to insignificant levels and the removal of New Zealand shipping subsidies caused the Cook Islands to lose its comparative advantage over other suppliers. The situation was further compounded by the decline in world copra prices resulting in export earnings declining from NZ\$1m in 1984 to zero in 1988. While all islands were affected the Northern Group Islands were particularly affected. Agriculture produce exports is restricted to pawpaw which have declined from a peak of NZ\$1.5 million in 1993 to NZ\$350,000 in 2000.

Under the 1996 devolution program the staff of the Ministry of Agriculture (MoA) was reduced from 270 to 30 with the management and operations of agriculture in the outer islands returned to the island administrations. Until the reform the MoA provided many of the services required by the agricultural sector. These included input supply, cultivation services and the provision of planting material. Following the reform process only the provisions of planting materials remain. Unfortunately most planters have not been able to move with the times creating an urgency to the need to educate them to become more self reliant and entrepreneurial. The reintroduction of input and service provision to assist planters after the 2000 floods on Rarotonga while understandable under the circumstances could be seen as a continuation of the culture of dependency. A National Agriculture Strategic Plan (NASP) was prepared to secure a greater and sustained contribution from the agriculture sector to the national economy particularly to food security and outer islands development.

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The development and success of processing of agriculture products have had mixed results with more failures than success primarily caused by supply and marketing. Nono juice production has been a positive development over the past 5 years but is still undergoing production, supply and marketing difficulties particularly with transportation of outer island nono to the processing plants on Rarotonga. Opportunities with other produces remain unused despite successes with similar produces in neighbouring pacific nations.

The Cook Islands is free of several major pests and diseases that are common in the Pacific region and its quarantine services is a key area requiring vigilance on Rarotonga and the outer islands. MoA quarantine services and procedures need to be strengthened and improved particularly with regards to Border Controls and the dissemination of information and data to all of the islands. This has become particularly urgent since the introduction of the flat moth that has devastated coconut trees on Rarotonga and several of the outer islands.

The importance of information and the need to improve data collection and analysis to assist the development of agriculture policy and planning has been discussed with little result as the reform induced reduction of staff levels on Rarotonga and all of the outer islands affected capacity in data collection, compilation and dissemination.

Cook Islands enjoy a climate suitable to agriculture, however, some of the islands require supplementary irrigation especially during periods of drought. MoA has developed programs linking agriculture development and the environment through the establishment of low-cost demonstration hydroponics and organic agriculture particularly in the Nono industry. It has also conducted several extension programs to develop agricultural practices to reduce damage to the environment through the misuse of pesticides, chemicals and fertilisers and other inappropriate farming practices.

The small scale of the agricultural sector has affected Cook Islands efforts in the export market requiring it to adopt a 'niche market' approach with a focus on import substitution to replace imported produce with Cook Islands 'home grown' produce and the large Cook Islands population in New Zealand and Australia.

### **Challenges**

Home gardening to support the family remains the focus of agriculture and is carried through to livestock production where focus is on subsistence production and for use in celebrations and ceremonies. Therein lies the challenge to the MoA.

The MoA should focus on policy development, regulation, monitoring, support to growers through advice and information, quarantine to protect bio diversity and research. These policies will lay the foundation for a management plan focussing on production, research, fertiliser/pesticide use and controls, quarantine and market niche development and opportunities. In effect the primary objective is to transform agriculture from subsistence to commercial production. This is particularly important with the growth and development of the tourism industry in Rarotonga and Aitutaki where market demand is not met and shortages are experienced throughout the year as a result of vegetables being planted during the cooler months due to easier management and better adapted seeds.

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The management plan should include programs on efficient farm practices based on long term production rather than the current short-term price and production trend that sees a glut of tomatoes or cabbages then none until the next season.

The planters themselves can support and strengthen the transformation from subsistence to commercial agriculture development if they reorganised and worked together rather than in the several planter organisations that currently exist in the Cook Islands today. Opportunity for a National Planters organisation is available, as legislation providing for a Primary Producers Federation has been in place for the past twenty years.

### **2.5.6 Forest Development**

Forest plantations were established on the islands of Mangaia, Mauke and Atiu to counter soil erosion related problems caused by unsustainable agricultural practices in pineapple cultivation in the 1970s, particularly erosion in and around the watersheds and on vulnerable coastal forest areas (makatea.)

Species grown are pinus caribea and acacia. Pilot plots of sandalwood and Hawaiian kava have been established in Mangaia. The Mangaia plantations are approximately 1000 ha, while Atiu and Mauke have 300 and 18 ha respectively. While some areas of forest in Mangaia are ready for harvest, there are no definite plans for this. A small saw mill exists in Atiu.

Difficulties with establishing forestry programs on the islands of Mangaia and Atiu include the lack of funds for further project development, training, minimal capacity of local specialists and the absence of research capabilities. The continued practice of slash and burn in the makatea areas, inappropriate land preparation methods and absence of managed and controlled uses of those areas have led to the degeneration of the eco systems therein. Forestry management on the island of Mauke is poor with plantation areas allocated to individual landowners. The plantations are not maintained and covered in weeds and in most areas inaccessible.

#### **Challenges**

The Cook Islands government needs to establish as a matter of urgency a management plan for its forested areas including the coastal forests in the outer islands with makatea, and those atolls with native trees. The management plan should include a program for trees for coastal protection, training in technical skills in vegetative propagation and the compilation of a resources inventory and utilisation database based on Sustainable Forest Management (SFM) principles.

It should also include data on land stabilisation and uses, a data base and resource inventory using the Geographic Information Systems and the development of guidelines and standards for land use for commercial, agriculture and residential purposes. It is expected that the ministries of Agriculture, Forestry, Mining, Environment and Tourism would be included in this process.

The landowning system of the Cook Islands underscores the urgency for appropriate afforestation and reforestation programs with landowners on all of the islands, especially in watershed and coastal forest areas. This process will need to be

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developed through a partnership program with land owning units, local communities, government and external funding partners. The establishment of such a management and implementation structure with clear responsibilities will ensure the success of a forestry program in the Cook Islands.

### **2.5.7 Land**

Cook Islands land system is based on communal or multiple land ownership.

Common land tenure system problems that hinder sustainable development include multiple ownership, absentee owners, fragmented interests, legal ownership of some lands yet to be determined, unresolved landowner disagreements/dissatisfaction with Court decisions on land ownership and the impact of policies, legislation and complex procedural requirements within the public and private sector which have created power imbalances between the landowners and their tenants or lessees – investors and developers. These power imbalances include, rural and outer island landowners not understanding land policies, outdated legislation that do not provide adequate protection or safeguards to landowners, cost to landowners for legal representation, absence of proper land valuation systems and competing interest between modern day land use and value and cultural heritage and values.

It is estimated that over one third of land on Rarotonga has become alienated through lease sales to local and foreign interests and investors who are not the original landowners and that this number will continue to grow as landowners become tempted to cash in through the sale of land leases. This is particularly noticeable with prime sections of Rarotonga's coastal areas being bought by foreigners for lifestyle homes or tourist related accommodation and support activities.

The Banks practice of using land for security of loans has contributed to the alienation of land through mortgagee sales. In 2000, over eighteen (18) acres of land was advertised by various banks for lease sale.

The nature of land ownership and absence of a town plan and zone system in the Cook Islands has resulted in development in areas vulnerable to erosion, land fills in wetland areas and the loss of agricultural land to tourism projects and homes.

While the Rarotonga Environment Act require all developments involving tourism-based activities, foreshore projects and industrial development to conduct an Environment Impact Assessment (EIA) and to for that due diligence process to include community and public consultations, the ability of the act to enforce controls have in some cases been inadequate.

### **Challenges**

Challenges for sustainable land development in the Cook Islands include a need to develop legislation that will address land ownership issues, introduce zoning to protect vulnerable areas from further degradation and the developing of a land management plan designed specifically to develop a balance between the extremes of customary ways and western materialism. Given the emotional nature of land and the urgency to address the issue of alienation the development of new land management plans will require extensive consultation with all stakeholders and all Cook Islanders living both in the Cook Islands and overseas.



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## **2.6 Infrastructure Advancement**

Infrastructure development is vital to the advancement of economic development and social progress. Adequate and affordable infrastructure services in the form of electricity, roads and safe water, transport and communications are required to support and facilitate economic and social development. All of the islands of the Cook Islands have electricity, water and telephone services. Most of the islands roads are either sealed or constructed of crushed coral.

### **2.6.1 Energy**

The Ministry of Energy is responsible for the development of electrical policies management, regulation and quality control of electrical services and providers in the Cook Islands. They are also responsible for the registration of electricians.

“Te Aponga Uira o Tumu Te Varovaro” (TAU), a state owned enterprise is responsible for power generation and delivery in Rarotonga only. Local Island Governments, through their energy administration units deliver energy services to outer island communities. With the exception of Pukapuka, which uses solar energy supplemented by fossil fuel, all other islands use fossil fuel for energy. Wind power energy is being developed in Mangaia. The sustainability of energy supplies in the outer islands is a major concern because of the lack of resources, maintenance and management of plant and equipment and the lack of skilled technical staff to manage those.

The bulk of energy in the Cook Islands is generated from imported fossil fuel with solar power and natural gas used for water heating and cooking. 90% of the population of the Cook Islands has access to power. Rarotonga's consumption of energy for 2000 was 21,367,000 kWh an increase of 127% when compared to 1995 and 52% increase over 1991.

The rapid increase in the tourism and tourism related activities and commercial sectors, together with the changing lifestyle of Cook Islanders in general pose challenges to the deliverers of power in the country. At present the excessive demand is starting to place pressure on the existing energy generation and delivery infrastructure. TAU has developed corporate plans aimed at meeting an increase in future demand within their resource constraints

The dilemma of an energy deliverer like TAU is to balance and manage cost against demand within a socially sympathetic environment. TAU operates against a backdrop of limited resources, distance from source of fossil fuel (diesel), aging and inefficient equipment, and the need for continuous training and a reliance on external expertise or formal training overseas.

TAU like other suppliers of energy power also has to manage its operations against a background of rapid changes in technology in an industry where cost of key resources are beyond its control and uses technology that requires regular change and upgrading to prolong economic life. Current energy suppliers have mostly outdated and inefficient equipment.

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## **Challenges**

Major sustainable development challenges in the energy sector include developing alternative and renewable energy sources using ocean and windmill technologies to reduce dependency on fossil fuel particularly in the outer islands. The development and achievement of alternative energy sources is dependent on the availability of funds generally and in the outer islands limited capacity to manage operations.

### **2.6.2 Water**

The Ministry of Works through its Water Works Department (WWD) is responsible for the management and development of water resources in terms of water supply in Rarotonga. Rarotonga water supply is sourced from 12 water intakes sited within small catchment areas, 4 horizontal water galleries and limited storage reservoirs.

Water supply on Rarotonga is beleaguered by limited or lack of storage capacity, lack of supplement systems, insufficient financial resources and water quality, low water flow in stream/high flow losses in network, lack of maintenance and continuous development of infrastructure. There is an urgent need to upgrade and develop the existing water network, water intakes and construct storage reservoirs.

There is a need to develop water accounting systems (metering) for the introduction of 'user pay' systems and an amendment to the building code to require all new houses to have a water tank to supplement water supply. A further requirement is the development of ground water as supplement to existing supply sources particularly for agriculture purposes.

WWD has developed a 5 and a 10 year infrastructure strategic plan that incorporates the improvement, upgrading, and development of water distribution network systems including pipelines; water storage reservoir or tanks; water treatment; data collection and monitoring and an on going program for public/community awareness and education. The program covers Rarotonga only. At issue is the extension of water programs to the outer islands.

Due to the lack of water storage capacity and the increasing occurrences of drought conditions, the importance of the development of public awareness and education programs with the community on water supply and security issues is a key priority. Those education programs will include proper utilisation, water protection and conservation.

The WWD is adapting International standards for monitoring water quality to the Cook Islands conditions.

## **Challenges**

The lack of water storage capacity and the increasing occurrences of drought conditions highlight the urgency of introducing on all Islands, water storage reservoirs or tanks, water treatment, data collection and monitoring and an on going program for public/community awareness and education. Additional challenges include the introduction of 'user pay' for water services, the introduction into the Building Code of a requirement for all households to have supplementary water tanks and the

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management of development behind the water intakes on Rarotonga given the nature of the land tenure system.

### **2.6.3 Transport**

The remoteness and distance of the Cook Islands from international shipping routes and the distance between the islands has been a challenge in the development of a sustainable shipping and aviation services. International shipping links between the Cook Islands and international markets are provided by EXCIL, a private owned company and the Pacific Forum Line provide international shipping to and from the Cook Islands.

Inter island shipping links are operated by two operators one of which also holds an international shipping license giving it direct international shipping links to the Northern Group islands.

The Ports Authority is responsible for the management and operation of the commercial port of Rarotonga and Aitutaki. Ports in the outer islands are managed by the respective island administrations.

In terms of air transport the Cook Islands is a single airline destination with Air New Zealand providing air services. Aloha Airlines provides a charter service during the northern winter months giving the Cook Islands links to the Canadian and Hawaiian markets.

Inter island air services to all of the outer islands is provided by Air Rarotonga.

The Cook Islands Airport Authority is responsible for the management and maintenance of Rarotonga and Aitutaki airports. Airports on the outer islands are managed by the island administrations. Landing fees are paid to the island administrators who in turn use those funds to compensate landowners for the land and for airport maintenance programs.

### **Challenges**

Cost of freight and timely delivery of goods have been an issue in the Cook Islands and remains so particularly in the outer islands where cost of basic food items and goods are high when compared to Rarotonga.

Airfares to New Zealand are among the highest in the region with lower discounted fares offered only when there is another airline serving the same route.

Challenges to Government includes the dilemma of managing the charges for freight and fares against the cost of maintenance of harbours and airports on each of the island and managing relationships with the providers of domestic and international shipping and air services.

### **2.6.4 Information Communication Technology (ICT)**

The Cook Islands has one of the best telecommunications services in the Pacific with all islands linked by telephone. Telecom Cook Islands provides telecommunications, a joint venture company owned by the Government of the Cook Islands and Telecom

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New Zealand. A review of this joint venture is due in 2006 and it would be prudent for a committee to be assigned the task of advising Government on the best options to follow for the future delivery of sustainable telecommunication services to the people of the Cook Islands. That review would include the option to continue with the current monopoly situation or deregulate the services. Difficulties with the continuation of the monopoly include telecommunication costs and quality of services provided. While opening up the service to other providers may introduce competition, the issue of sustainability, quality of service and cost in a small market, including services to the outer islands could be a challenge.

Advances made in ICT in the Cook Islands in the past 20 years include the arrival of touch dial telephones, internet access and e-mail, mobile phones, telephone services to all outer islands and television services to most of the outer islands, ATM and e-banking, edu-net and tele-health services, computers in all workplaces, schools and homes.

Issues relating to the growth of ICT in the Cook Islands include: the development of strategic policies and regulations to monitor costs and efficiency in the delivery of ICT services; to govern the operations of the provider(s) to ensure that the interests and needs of the nation are addressed and included; to supervise the information downloaded and the supply of that to users; and to ensure that the culture and values of Cook Islanders are not compromised by that information. Other issues include appropriate training and up skilling in the use and translation of the information and knowledge available on the Internet and the operations and maintenance of equipment used to provide that information.

### **Challenges**

The challenge to government is how to introduce competition in telecommunication services to reduce costs and improve efficiency and quality in the delivery of service. Paramount to this is the need for new ICT policies to be designed to promote, monitor and regulate the industry and the provision of training and up skilling of Cook Islanders.

### **2.6.5 Waste Management**

The Waste Management Project is a partnership between the Asian Development Bank and the Cook Islands government. A major activity of the project was to implement the Waste Management Project, Recycling Centre and to conduct education and awareness campaigns. The Rarotonga Recycling Centre at Ngatangia has been in operation since April 2001.

The Waste Management Project will provide engineered landfills for Rarotonga and Aitutaki, introduce a User Pay system to fund the repayment of the ADB loan of NZ\$4.6 million and develop an integrated National Waste Management Plan. The introduction of User Pay system will also ensure the sustainability of the landfill and waste management system.

Outstanding requirements for the sustainable management of waste is the provision of on going training, monitoring and management capability to the regulatory agencies, Environment Services, Public Health and Ministry of Works.

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## **Challenges**

Inclusive to the introduction of 'user pay' to cover management and operations costs of the waste management project, further challenges include the development of management plans and regulations on packaging materials used for imported products, the disposal of the carcasses of used vehicles, machinery and equipment, the reduction in the use of fossil fuel for energy and the introduction of alternative and renewable sources of energy sources and bio degradable products and packaging materials.

## **III. SOCIAL COHESION**

Social cohesion in economic development is an essential ingredient for a stable society. The social fabric of Cook Islands society is built on a foundation of traditional family ties interwoven into family connections to the tribe, village, island and land.

Cook Islands recognition of the importance of a healthy and educated population as fundamental assets to national advancement is demonstrated by its commitment to supporting health and education as key priority areas in promoting living standards and investing in human capital.

### **3.1 Education**

The development of a culture that values and enjoys learning, facilitates the widest possible learning opportunities and encourages people to take advantage of those opportunities is of prime importance to the Government of the Cook Islands. The people of the Cook Islands are a key asset and a valuable resource to development. An educated, skilled people with the right tools to manage their own destiny and contribute to the development of their own nation are a long-term objective of the government of the Cook Islands.

The condition and status of education in the Cook Islands has been a national concern over the last decade and particularly since the reform period when the country underwent significant social, economic, demographic and political changes. A key issue has been the decline in the standard and quality of students coming out of the education system with no life skills. While there has been some concern with reducing school rolls the more urgent issues are the quality and relevance of the education being taught in the schools, the decline in standard of teaching and in pass rates at secondary schools and the seeming lack of attention being paid those shortcomings by the educators themselves.

Government commitment to quality education service and delivery is demonstrated in expenditure on education, the focus of EU funding on education and the provision within the budget for increased funding to all schools including the private schools. The establishment of the Department for Human Resource to address post secondary training and provision of distance learning to the outer islands reiterates this commitment.

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Education is free in most cases and compulsory for children between the ages of five and fifteen. There are 34 schools through out the country and available on 12 permanently settled islands.

In the year 2000, 4450 students were enrolled with over 80% attending Government schools. The gender split was 52% male and 48% female, similar to the national population. There were 285 teachers giving a student/teacher ratio of 15.

As part of the devolution process introduced by the reform process, responsibility for day-to-day administration of all outer island schools was passed to local administrations. This included the recruitment of teachers and principals, while the MoE retained management of curriculum content and standards, in-service training, quality assurance and audit. The Education Review report identified this strategy as a contributing factor to increasing the gap in standards between the outer islands and Rarotonga. As a result the administration of outer islands schools are now the responsibility of MoE with the exception of Rakahanga and Palmerston Island.

The Review also found a large number of students leaving school with no qualifications, a decline in the standard of achievement by students in school certificate and primary tests and a large number of teachers with minimal academic and professional qualifications.

### **Challenges**

Quality and relevant education will provide Cook Islanders skills and knowledge to master their own destiny. Challenges for MoE are the application of the recommendations of the education reviews in consultation with all stakeholders, the development of relevant curriculum that addresses the needs of the Cook Islands and to provide Cook Islanders with skills to contribute to the development of their own nation and outside of the Cook Islands. A total review of the MoE management and operations would be timely.

## **3.2 Health**

The Ministry of Health (MoH) is responsible for the management and operations of health services in the Cook Islands.

Public Health is the community outreach arm of the MoH with the primary responsibility of achieving long-term health for the population through health protection, prevention, promotion and education. It is also responsible for environmental health such as vector control services, engineering and technical services, industrial and occupational health, food and meat administration, drug and toxicological, epidemiology and quarantine services and health education and promotion.

Inclusive in the public health work protocol is lagoon and sea water monitoring to monitor the faecal coliform pollutant among 12 sites established around Rarotonga, regular inspections of households, tourist accommodation and piggeries and the provision of technical advice to repair/ improve waste disposal system.

The geographic remoteness of the Cook Islands make the delivery of health services to the outer islands difficult and expensive and the increasing expectations of the

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quality of service delivery by the population has added pressure on the health service. In spite of this Cook Islanders have one of the highest life expectancies in the Pacific of 72 years, low infant mortality, a population access to safe water of 92%, immunisation coverage of 95% and a contraceptive prevalence rate between 46 – 53%.

The health status by gender is not pronounced however there are some variations in the rates of non-communicable diseases between men and women. In the outer islands there is no significant pattern due to the small numbers of patients diagnosed. Diabetes is evident to a similar degree between men and women, but a larger number is accounted with women due to their greater life expectancy.

The economic crisis and ensuing reform program caused a major restructuring of essential services, equipment and personnel. User charges were introduced for prescriptions, consultations and overnight stays. Dental services were privatised and investigations into privatising further services were undertaken.

### **Challenges**

While there is debate on the quality and standard of primary, secondary and tertiary health not being consistent with the MoH's pledge to provide an effective and quality health care service it is acknowledged that the expectations of the community might be higher than what the public health service can afford to provide.

The MoH focus on primary/preventative health care service and strengthening of Public Health education programs particularly in prevention and reduction of life style diseases is part of the response to public demands. This could be strengthened through the development of a strategic management plan in consultation with all stakeholders that will address the specific issues of health care and services. Inclusive in this strategy would be the appointment of a human resources development planner to improve coordination and planning of human health requirements, develop standards and minimum entry skills and qualifications for health training, establish clear career pathways for health workers to progress through and provide each island with a clear base level of staff requirements.

### **3.3 Human Resources Development**

The establishment of the National Human Resources Department is an important part of the Government of the Cook Islands plan towards achieving sustainable economic development. It recognises that the shortage of skilled Cook Islanders is affecting Cook Islands development and has caused the importation of foreign labour a practice that has created further issues for government and the people.

The creation of the department as the focal point for the management of all training programs both external and in country and the establishment of a successful partnership with the private sector for skills trade training is part of the plan to train and up skill all Cook Islanders to work in their own country.

The Human Resource Department was established in 2000/2001 to address the lack of skilled and qualified people in the work force and to manage the scholarship award scheme, provide in- country training programs and training attachments funded by New Zealand and Australia.

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The department has developed programs to gain qualification accreditation at post secondary level and to strengthen technical, vocational education and training. These programs have become more specific in addressing needs areas following the completion of the National Resource Development Strategy Report in 2002.

While the department has been successful in its programs to date outstanding issues of concern with its sustainability in meeting its goals are the limited resources available to it and shortage of suitable staff. Government has tried to address these through budget support and the allocation of EU funding, however further assistance needs to be provided particularly in the delivery of training programs to the Outer Islands.

Post secondary training is provided through New Zealand and Australian sponsored overseas scholarships mainly at regional institutions and through local institutions such as the Cook Islands Teachers College, Hospitality Training School, Nursing School, USP Centre, Distance Learning programs and private owned training centres.

### **Challenges**

Labour shortage and skills shortage is chronic with many businesses importing workers from outside of the Cook Islands. The lack of basic skills amongst school leavers is pervasive and demonstrates an education system that is not in sync with the economic and social needs of the nation. The efforts by the department of Human Resources in developing trade-training programs must be encouraged and supported and extended to include input from all stakeholders. This support should focus on the application of the recommendations of the National Resource Development Strategy Report 2002.

### **3.4 Outer Islands Development**

Government is committed to sustainable island governance and development in each of the outer islands with efforts focused on the identification of economic and social opportunities and the provision of assistance to island governments in the design and implementation of development projects. Central to this commitment is the reversal of the rate of out migration, which is a direct result of the public sector downsizing.

Total population for the outer islands in 2001 was 5,567 a decline of 27.6% from 7,697 in 1996. This represents 37% of the Cook Islands resident population of 14,600. Migration has left the outer islands with diminished productive capacities, smaller local markets and higher unit costs of public service delivery, especially in health and education. In 2001 almost half of the outer islands population was in the age groups of less than 15 years and 60 years or more, translating to 98 dependents for every 100 persons in the economically active age range. Analysis of the population shows that migration has also taken a disproportionate share of the better educated and more highly skilled and that 67% of the outer island population hold no secondary or tertiary qualifications with school enrolments down 29% on the 1996 levels.

The absence of private sector activity is demonstrated by lack of employment opportunities outside of the public sector, causing a high dependency on government



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for employment and welfare payments as a crucial source of cash income. 38% of the total population in 2002 was on benefit.

Since 1996 successive governments have pursued the objectives of devolving responsibility for public expenditure and public service delivery in designated areas to the island councils with associated capacity building and the development of economic social infrastructure. Participatory focus groups in turn are keen for the devolution process to continue however; this is handicapped by the fragmented approach practised by OMIA, line ministries and government agencies.

This has resulted in a duplication of activities and a focus on short-term initiatives and the lack of policy direction that is communicated to and understood by the public administration apparatus. At issue also is the lack of understanding of government policy direction in the shift from devolution to partnerships by OMIA and government ministries and agencies.

Funding for the outer islands has increased steadily by 2% over the period 2000/2003 from NZ Aid, Aust Aid, ADB and the EU, however, infrastructure projects have been constrained by limited capacity to formulate and implement plans. Concerns with infrastructure include inadequate planning, absence of an asset register and an operation and management plan and the urgent need to upgrade skills in island administrations. Skills training needs according to the national training needs assessment report include trades training, management skills, financial management and accounting skills, hospitality and tourism skills, traditional arts and crafts skills and skills for the pearl industry.

### **Challenges**

Sustainable development in the outer islands is dependent on the ability of outer islanders to manage their own affairs, the development of suitable and viable business opportunities to create income generating opportunities and the provision of services that will allow those business ventures to grow and provide the people a reasonable quality of life.

Challenges to government include the development of policies that clearly define 'partnerships for empowerment' and the organizational roles and responsibilities of the various players involved in the delivery of those partnership initiatives. Crucial to this is OMIA and its relationship with other ministries and government agencies and the formulation of policies and development of plans for the implementation of projects. The development of a clear and precise policy framework will facilitate the formulation of new local government legislations, which are needed to establish the scope and functions of island governments.

### **3.5 Poverty**

The concept of poverty by global definition does not exist in the Cook Islands as the term does not adequately reflect the conditions or the hardships experienced by the people.

Although the UNDP Human Poverty Index place the Cook Islands as better off than Fiji, Nauru, Tonga and Samoa hardships do exist in the Cook Islands. The definition of hardship and potential solutions for the Cook Islands differ from those applicable to

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Fiji, Nauru, Tonga and Samoa. The Cook Islands ability in dealing with hardships are also different and not necessarily the same as those countries.

Poverty in the Cook Islands especially in the Outer Islands, is best described as 'poverty caused by unequal distribution of opportunity' brought about by small economies, isolation, a limited cash economy, distance from markets, inadequate infrastructure, education and health services and inadequate management and administration by various governments.

Contributing factors to poverty of opportunity include a land tenure system that has allowed absentee land ownership and the alienation of land through lease sales to non Cook Islanders and the continued migration of Cook Islanders to New Zealand and Australia. That migration has created problems in the form of labour shortages but also brought positive outcomes in the form of relief from social obligations through welfare payments and less demand on health and education services. It should be noted that the welfare system is not means tested but determined by age.

The ADB and UNDP indicators show Cook Islands with an adult literacy rate of 93%, however, the findings of the National Resource Development Strategy report 2002, show that there are 'immediate and critical skills needs for enterprises across all sectors of the Cook Islands economy'. Concerns relating to the influence of education as a cause of poverty of opportunity include for all islands focus on poor school management, lack of resources, low teaching skills and a curriculum that does not provide life skills for employment and career paths.

Poverty of opportunity as it relates to economic opportunities include a small economic base, lack of collateral, difficult application process, long delays in processing and the tendency on the part of the commercial banks to lend to bigger and established businesses rather than new small operations.

### **Challenges**

Cook Islands need to define poverty as it applies to the Cook Islands and to develop methods of how to identify vulnerable groups and to set up a national database for policy formulation and monitoring. Clear linkages of poverty alleviation programs/activities to outputs and outcomes should be developed with strategies for alleviation and equitable distribution of benefits.

### **3.6 Culture**

Cook Islands culture and customs is the core of Cook Islands identity. The preservation of intellectual property, protection of traditional knowledge and the promotion of the dynamics of Cook Islands culture is highlighted in the emphasis placed by the Cook Islands in the establishment of the National Auditorium facilities which house the national library, museum, archives and auditorium. The enactment of the Cook Islands Reo Maori Act in Parliament is a milestone in the recognition of Cook Islands Maori as the official language of the Cook Islands and the preservation and enhancement of Cook Islands culture and identity.

Work in progress include a Library Bill and Legal Deposit Bill to assist with the development of a comprehensive national collection of local publications and the collection, reproduction and repatriation of local artefacts and the Copyrights Bill

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awaiting passage through Parliament. The newly established Artist in Residence Program has been successful and resulted in an art renaissance in the Cook Islands.

Urgent outstanding work programs include the strengthening of the Culture and Historic Places Trust Board responsible for the preservation, renovation and restoration of cultural and historical sites and the recording of oral tradition as these have direct influences on land rights, traditional knowledge and custom. There is also a need to coordinate the relationship between the Ministry of Culture and the Office of the Prime Minister in the management and regulation of all researchers and research projects conducted in the Cook Islands.

### **Challenges**

The preservation, maintenance and collection of 'all things' Cook Island Maori is important given the rapid changes occurring in the Cook Islands leaving the Ministry of Culture the challenge of developing strategies for the management and preservation of these national treasures. The emotional attachments to culture and land tenure system on which many of these national treasures are located require the development of a management plan that is inclusive of all stakeholders. Paramount to the development of a management plan for the preservation of national treasures must be the appreciation of the evolving nature of culture and the need to ensure that evolution is in the best interest of Cook Islanders rather than in the interest of economic gain.

## **IV. ENVIRONMENT SUSTAINABILITY**

Cook Islands since Rio has achieved several accomplishments among these the establishment of the Environment Service as the body charged with the prime responsibility for environmental administration, the development of the NEMS which provided a framework for sustainable development, the adoption of Environment Impact Assessment (EIA) as a routine administrative procedure for the assessment of the impact of a developmental proposal on the social and natural environment.

The establishment of an Environment Protection Fund as part of the International Departure Tax regime was also mandated and has become a funding mechanism for environment related activities such as the domestic rubbish collection for Rarotonga, the management of the dump site and provides support funds for environment activities on each of the islands. The Natural Heritage Trust to collect and manage information on the Cook Islands biodiversity has also been successfully established.

The proposed Environment Bill in 2000 for the whole of the Cook Islands is a major step towards achieving sustainable development. This legislation will replace the existing Rarotonga Environment Act, which is limited to that island only and without powers to implement actions and set in motion environment regulations that will apply to all islands in the Cook Islands.

### **4.1 Environment Management Institutions**

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The Environment Council (EC) and the Environment Service (ES) are responsible for the conservation and management of the environment of the island of Rarotonga under the Rarotonga Environment Act 1995.

The EC is made up of a broad range of people from across the community who has an interest in the environment. Representation has included members from the general public such as traditional leaders, legal representatives, women's groups, active community members in the development of natural resources and relevant technical people.

The EC is responsible for the development of policies on environmental issues.

The ES is responsible for the administration and implementation of environmental policies including the implementation of a number of international and regional environmental initiatives and programs.

The Rarotonga Environment Act 1995 applies to Rarotonga only and does not include the Outer Islands demonstrating the weakness of the current legislation. Currently the ES has drafted an environment bill that will cover the whole of the Cook Islands. This is currently before a Parliament Select Committee. The new Cook Islands Environment Bill will cover the whole of the Cook Islands and empower each island to develop its own regulations or by-laws to manage its own resources. The act recognises the uniqueness of each islands traditions and traditional resources management practices.

The new Cook Islands Environment Bill focus attention on the:

- Recognition of the most vulnerable areas to development such as the foreshore area, the wetlands and the sloping lands;
- Establishment of the environment protection fund and its use;
- National Environment Forum with the purpose of determining policy direction and programs, reviewing compliance and obligations to the Act and international treaties and protocols; and
- Registration of organisations who have an interest in environment management.

#### **4.2 Environment Non-Government Organisations**

The establishment of the first national environmental non-government group, Taporoporoanga Ipukarea Society (TIS) was caused by the reduction in outputs of the Environment Service as a result of the reform process. TIS was set up to support the Environment Service and to be a 'watchdog' of government activities. Other environmental groups include WWF-Cook Islands and Rarotonga Environment Awareness Program (REAP) and the Takitumu Conservation Area under the management of the landowners. These lobby groups are active in specific public issues with the environment such as the declaration of the island of Suwarrow as a national park and to contribute to policy development and strategic plans.

#### **4.3 Islands Vulnerability and Risk Management**

Disaster management is part of the outputs of the Police Department. The Cook Islands Disaster Management Office is responsible for the development of policies relating to disaster preparedness and risk reduction and is activated as part of the Disaster Management Office when a cyclone threatens the Cook Islands. The Cyclone centre when activated is made up of the Police Department, Telecom Cook Islands, the Meteorological Service and Office of the Prime Minister.

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Cook Islands approach to disaster management in recent years has shifted focus from recovery and response to preparedness and risk reduction with a large input from the private sector and the community. This is important given the geographic isolation of the outer islands, transport and infrastructure limitations on those islands and cost. Focus over the last 3 years has been on the establishment of a National Disaster Management system incorporated into the Police Department and the adoption of the regional approach to managing national hazards and risk, under the SOPAC's Comprehensive Hazard and Risk Management (CHARM) strategy.

#### **4.4 Managing Fragile Ecosystems: Combating Land Degradation**

Land degradation in the Cook Islands is primarily the result of human activities and climatic variations to a lesser degree. Human activities include the excavation of coastal and sloping lands for agriculture, housing and commercial use. The State of the Environment (SOE) and the National Environment Management Strategy (NEMS) provide strategies for the management of the environment in a sustainable manner. The last SOE assessment was conducted in 1991.

While the Land Use Act provide for land zoning, the land tenure system of the Cook Islands does not conform to zoning as land use rights lie with the individual landowning families. The Environmental Assessment Impact report (EIA), provide guidelines and standards for land use allowing landowners to use their land with minimal adverse effects to the environment

#### **4.5 Conservation of Biological Diversity**

The Cook Islands was a signatory to the Convention on Biological Diversity at the Earth Summit in 1992 followed by ratification on 20<sup>th</sup> April 1993. The Natural Heritage Trust supported by funds under the GEF compiled the Cook Islands National Biodiversity Strategic Action Plan (NBSAP). This 'blueprint' provides for the conservation of the whole of the Cook Islands biodiversity and was completed after two years of intensive consultation with all stakeholders. It is being promoted across the community in both English and Maori. The NBSAP conservation plan for Cook Islands native and important naturalised plants and animals is supported by traditional management practices – Ra'ui which is practised on all of the islands and in Rarotonga through the marine reserves established in various areas of the lagoon. A national workshop that was held in 2001 addressing traditional knowledge and intellectual property rights resulted in the NBSAP being strengthen on the protection of traditional knowledge and intellectual property rights.

The Cook Islands is a signatory to the Cartagena Protocol on Biosafety established under the Convention on Biological Diversity in 2000, however its ability to develop and implement a conservation plan will depend on human resources and funding under GEF.

#### **4.6 Multi-lateral Environment Agreements, Protocols and Treaties**

The Cook Islands together with other Pacific nations is supportive of the regional and international initiatives to harmonise and synergise international common issues and is a party to a number of Conventions. These include the United Nations Convention on Biological Diversity and its related Protocol on Biosafety, United Nations

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Framework on the Convention for Climate Change and the Kyoto Protocol, United Nations Convention to Combat Desertification, the Waigani Convention on the Transboundary Movement and Dumping of Hazardous Wastes in the Pacific Region.

The Cook Islands is in the process of acceding to the Vienna Convention as a full and independent member following the strengthening of its special relationship with New Zealand in 2001. The Cook Islands has been in compliance with the requirements of the protocol by default as most of the products used in the Cook Islands are imported from countries that are parties to the Montreal Protocol. However the

The Environment Service Climate Change Office is the liaison with the Energy department for the national implementation of the SPREP "Pacific Island Renewable Energy Project" (PIREP) which aims to reduce the amount of Greenhouse gas (GHG) emissions in the Pacific by cutting the use of fossil fuels for energy. Financial and technical support provided by some of the Conventions to developing countries such as Cook Islands have enabled the production of the first National Communications on Climate Change which included a national greenhouse gas inventory. Other activities include the implementation of a national vulnerability assessment together with island-specific vulnerability assessments for Mangaia, Penrhyn, and Aitutaki. The multi-sectoral country team approach taken led to the drafting of a National Implementation Plan for Climate Change.

Although a signatory to the Waigani Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region, the Cook Islands approach to this issue has been on a 'when the need arises' and 'as funding permits' basis. The Cook Islands is in the process of acceding to the Basel Convention and activities under this include the removal of stockpiles of obsolete chemicals, poly chlorinated biphenyls (PCB) contaminated transformers and the development of training programs and national guidelines on the handling and disposal of asbestos

Government through its Budget Policy Statements continues its commitment to environment management and sustainability through its financial contributions, employment of personnel and the number of environmental science scholarships and the number of environment programmes it supports.

#### **4.7 Oceans**

Cook Islands at the Johannesburg Summit declared its total exclusive economic zone of nearly two million square kilometres of ocean as a whale sanctuary and one of its islands, Suvarrow, as a Wild Life Sanctuary.

MMR in collaboration with the Ministry of Transport and the Environment Services manage Cook Islands oceans including enclosed and semi enclosed seas. MMR focus is on economic management of the oceans and inshore and coastal areas, while the Ministry of Transport administer the Marine Pollution Prevention Act that prevents the dumping and transportation of waste in Cook Islands waters. The marine pollution program provides legal and administrative elements for the appropriate administration and management of shipping (including fishing vessels) in terms of the safety of life and property at sea, and the preservation of the marine

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environment. It includes the establishment of legislative framework for ratifying UN conventions and treaties, mechanisms at port in the event of oil spills and procedures for transportation of oil products. The Cook Islands is one of two Pacific Island Developing States with a Marine Pollution Prevention Act. In enacting the Marine Pollution Prevention Act, the Cook Islands acceded to several International Maritime Pollution Conventions including:

- International Regulations for Preventing Collisions at Sea of 1972
- MARPOL (Marine Pollution) 73/78 and amendments
- International Convention of Salvage 1989

Cook Islands, as a non-UN party is not a member of the International Maritime Organisation.

Maritime programs include the National Marine Spill Prevention Plan (NATPLAN), which is near completion and the Ports Authority by-laws for the management of oil spillage. The port of Rarotonga has had two minor oil spills in the period 1998 to current. Safety precautions for the shipping of petroleum products to the outer islands include the use of 1600 steel tanks and the marking of fuel containers by product name. Additionally the Ports Safety Committee has established procedures and regulations for the transfer and storage of fuel containers and a requirement for permits for work carried out on vessels while at port.

Outstanding issues include the establishment of a reception facility as required under the Marine Pollution Prevention Act for the disposal of garbage but not pollutants from vessels and the Cook Islands ratifying the following conventions;

- MARPOL 73/78 and its Annexes
- International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties (Intervention Convention 1969)
- The International Convention on Oil Pollution Preparedness, Response and Cooperation 1990
- The London Dumping Convention 1972 (Convention on the Prevention of Marine Pollution by dumping of Wastes and other matter)
- The 1996 Protocol to the London Convention
- The 1992 Civil Liability Convention
- The 1992 Fund Convention
- The Basel Convention dealing with the trans-boundary movement of hazardous waste.

### **Challenges**

Environmental issues and the need to protect and preserve the environment are well supported by the people of the Cook Islands despite considerable protest against the new Environment Act from various sectors of the community particularly in Rarotonga. Those disputes focus on the mechanisms for the application of the act rather than the protection of the environment itself.

Challenges facing the Environment Service include the continuation of the education of the community on the merits of protecting the environment without compromising their rights as traditional landowners and under mining traditional conservation practices and custom. Current issues stem from a lack of understanding and communication between the service, non-government environment groups and the

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community at large. At issue is the importance of adapting western style conservation methods to suit local conditions, practices and values.

The lack of real demonstrable benefits from many of the activities undertaken by the Environment Service at the regional and international level has also left it open to criticism and scepticism from the public at large.

These highlight the need for the role and relationship between non-government environment organisations and the Environment Service to be defined clearly as the current relationship between the two is not helpful to the advancement of environmental issues of mutual interest.

To insure the continuation of the National Heritage Trust a Cook Island counterpart should be identified as a matter of urgency to ensure the continuation of work programs and to develop linkages between the Environment Service and the National Heritage Trust.

The shift in approach to disaster management from recovery to preparedness and risk reduction requires government to strengthen its support by providing funding and staff to the Office of Disaster Preparedness and Management.

Challenges facing the Cook Islands in combating land degradation include the need to introduce land zoning that will not encroach on the rights of traditional land owners and will fit the land tenure system. It is also important that management plans for areas most at threat and for national reserve islands such as Suvarrow and Takutea are developed.

## **V. THE WAY FORWARD**

Cook Islands is committed to following a path of sustainable development that achieves for all Cook Islanders a better way of life while protecting the environment, specifically a path that works for all, today and tomorrow. Efforts to promote sustainable development in the Cook Islands include significant commitments to improve the lives of its people and to reverse activities that have led to the degradation of its environment.

The challenge includes the development of concrete commitments and actions with targets and timetables to spur action that will make a real difference for all Cook Islanders.

Political leaders and government need to understand that sustainable development rests on concrete partnership initiatives between the government, NGOs and the private sector and the additional resources and expertise these will bring to attain significant results where they matter in communities across the Cook Islands.

A common and frequent reflection in the workshop on sustainable development was the need for a National Development Planning Unit to be established charged with the responsibility of developing a National Strategic Development Plan for the Cook Islands.



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That development plan will provide government with a blue print that will overcome the fragmented manner in which development policies and strategies are currently prepared with focus and attention on priorities of needs rather than wants.

The workshop noted the need for 'political will' and commitment from political leaders to equitable and sustainable development. This includes ownership and commitment to the development of the National Strategic Development Plan for the Cook Islands. Equally important will be the contribution and commitment from NGOs and the private sector to the planning process.

The National Strategic Development Plan will reflect and reinforce linkages of economic and social activities to the environment, ensure full integration into the various sectors and ensure that synergies where apparent are widely promoted and supported by all stakeholders to maximise efforts to achieve sustainable development.

The outcome of this report along with the National Strategic Development Plan will contribute to the coordination and development of projects for consideration under Type 2 initiatives.