

TOURISM AND SUSTAINABLE DEVELOPMENT IN PACIFIC ISLANDS

By the South Pacific Tourism Organisation (SPTO)

SUMMARY

Tourism has become a growing phenomenon with the increasing ease and decreasing expense of traveling abroad. For both developed and less developed countries alike, tourism is fast becoming a billion dollar business and one of the leading forms of foreign exchange earnings. Tourism leads to improved infrastructure and services, as well as the creation of numerous employment opportunities in the host countries.

There are, however, many drawbacks and negative side effects generated by the tourism industry. This input provides a snap shoot of the development potential of the sector as well as the development issues and constraints that impede its growth in most Pacific Islands in the region.

The Pacific Islands tourism industry, in comparison to other regions, is overwhelmingly comprised of small and medium enterprises (SMEs) with a small percentage of large scale tourism businesses by multinational corporations and foreign private investors. It is a small scale industry with limited capacity to compete globally due largely to common barriers such as, transport constraints, limited market access, inadequate capacities and product development limitations.

Research has found the main attraction of Pacific Island tourism can be categorised in three main areas, namely, the pristine natural environment, the unique local cultures and the friendliness of the local communities. However, the Pacific region is also prone to natural disasters, such as, cyclones, flooding, storm surges and tsunamis.

The sector is dependent primarily on the National Tourism Offices (NTOs) and the South Pacific Tourism Organisation (SPTO) for marketing and development support. In addition, direct funding assistance from foreign governments and international agencies do help in specific areas.

KEY ISSUES

Environmental Protection

In all Pacific Island countries, it is important that supportive legislations are in place to protect the environment, physical and other environmental protection measures, the planning of development projects, preceded by environmental impact assessment (EIA), education and information on wildlife and “carrying capacities.”

The “carrying capacity” of an area is defined as the maximum number of tourists that can be catered for while making full use of the recreational facilities and without damaging the environment. Limitations to capacity may be physical (over-crowding, visual deterioration), biological (degradation to biodiversity) or social/cultural (unacceptable change to local

lifestyles). It is imperative that the parameters of capacity are defined in detail including measures for avoiding damage.

Environmental guidelines for tourism operations themselves form the basis on which development should be operated on a day-to-day basis and planned for the future. Protection of natural ecosystems (eg. reefs and forests) and processes (animal behavior, lakes and water-courses) must be covered.

This must also include the education of tourists, prevention of site-erosion, protection of cultural (e.g. religious) sites. Guidelines are to be available for tourist behavior management in coastal areas (prohibition of spear fishing, prevention of anchor damage to reefs), and inland areas (bans on hunting, collecting or fires in forest areas).

Preservation of Pacific Island Cultures

Pacific Islands are rich in cultures and traditions with each country having their own unique traditional lifestyle normally dating back thousands of years. Awareness programmes are important to provide the tourist with a genuine insight (external awareness) into the local cultures as well as helping local people to relate to tourism in a way which permitted harmonious development (internal awareness). For example, to improve external awareness of the region, the national tourism offices and SPTO at a regional level provide destination information through their websites giving details on the hotels, nature sites and tourism facilities in each country also gives the main social and economic indicators: land mass, population, GDP, and a brief history.

In addition, tourism is also a powerful economic tool for protecting local cultures through traditional arts, crafts and dances and indeed stimulating their independent growth and self expression.

Vulnerability to Natural Disasters

Disasters are becoming more and more frequent in the Pacific region as a result of warmer temperatures and extreme weather conditions such as flooding and severe drought, hurricanes, storm surges etc. Most potential travelers will avoid disaster prone areas or destinations that are not perceived safe and secure. These are considerations that tourism agencies have to factor into how they plan and manage sustainable tourism development in this not business as usual environment.

During any natural disaster, Pacific Island destinations are usually affected with declines in tourist arrivals, tourism revenue, business revenue; business closure and job losses due to lower visitor spend, resulting in economic slowdown. The decrease in disposable income of locals leading to multiplier effects in the affected areas cause more businesses to decline. While on the other hand, there would need to be increases in government spending due to lower tax revenue, combined with providing recovery-related aid.

Destination preparedness and institutional capacity must be developed to minimize the loss of life, livelihoods, property, economic decline and other negative impacts. These support

programme can be in many forms including Climate Change mitigation and adaptation projects, energy efficiency and solid waste management, environmental conservation etc applicable for the tourism sector

Economic Impact Assessment

Most if not all Pacific Island countries have a relatively big trade deficit and are hampered by lack of foreign currency. Tourism offers the best alternative to help close these constraints, provided expenditure in the tourism sector remains in the national economies. The present and future potential expenditures, thus, have to be analysed and measures taken to ensure that a maximum proportion of the returns from tourism remain in the host destination. Therefore the gathering of information in four areas: employment generation, generation of foreign exchange, contribution of tourism to the national income and government expenditures, is critical for the Island countries.

The leakage factor in the tourism sector contains not only the direct import by the tourist establishment (first round) and the import component of goods and services purchased locally (subsequent rounds) but also the leakage due to import content of capital goods needed to develop the tourist sector such as development of facilities, amenities and infrastructure, and also payment in foreign exchange to production factors such as interests, profits, salaries to expatriate staff, foreign management fees, etc.

The SPTO in 2013 has expanded its Research division to assist in further visitor and tourism establishment surveys, economic impact surveys, cruise visitors survey, air visitors survey and sector linkage studies showing the spin-off effects of tourism on local development sectors, particularly agriculture. This will help Pacific Island countries better understand and appreciate the economic impact of tourism at direct, indirect and induced levels.

BACKGROUND

Tourism plays a vital role in the economies of the ACP countries (P-ACPs) and in most countries is the major driver of economic growth and foreign exchange earnings. The Pacific Tourism Ministers Vision is that *“Tourism will inspire sustainable economic growth and empower the Pacific people”*.

Tourism is also a major contributor to the Pacific Plan – Pillar One – Economic Growth and the sector has been identified as a key development opportunity in the EDF10 Regional Strategy Paper 2008-2013 for the Pacific.

The 2012 Economic Impact report by the World Travel and Tourism Council showed that total contribution of tourism (direct, indirect and induced) to Pacific Island economies in 2011 ranged from 35% to 53% percent of GDP for countries with higher tourism arrival numbers like Fiji, Cook Islands, Samoa and Vanuatu. With adequate support, these figures are projected to rise to 45% and 60% by the year 2020.

For countries with smaller tourism numbers, for example, Tonga, Kiribati and Solomon Islands, the total contribution of tourism in 2011 was between 6% and 15% of GDP. With adequate support, these figures are projected to rise to 8% and 20% by the year 2020.

In the Cook Islands tourism accounts for 90% of foreign exchange earnings and for Samoa, Fiji and Vanuatu tourism has now passed all other export industries to become the leading income earner.

The 2011 Waiheke Declaration and commitment for tourism is: “*to promote the Pacific as an exciting and diverse tourism destination, and support the sector’s ability to generate income and employment for its people*”.

Abstract from the “Forum Communiqué’ - 42nd PIF, Auckland, New Zealand” At the Pacific Island Forum 42nd Leaders Summit in Auckland, 2011, No: 11 *Leaders acknowledged the major contribution of tourism to economic growth across the Pacific region, including employment generation. They highlighted the opportunities for all countries to develop highly sophisticated tourism operations on the basis of the unique natural beauty and vibrant cultures of the region.*

Leaders emphasised the need for critical infrastructure to support growth in the tourism sector as well as the need to focus on enhanced local community participation and ownership. Leaders recognised the untapped potential of cruise ship tourism to the region and the need for appropriate infrastructure and assistance to capitalise on this, including through adequate resourcing of the South Pacific Tourism Organisation.

The importance of tourism is also confirmed by recent economic surveys carried out by AusAid and UNESCAP. Tourism has considerable potential to drive sustainable development in the Pacific Islands, especially including community-based tourism.

An Auckland University of Technology 2005 survey conservatively estimated that the sector contributed US \$1.5bn to the region’s economy in 2004, excluding contributions from the Cruise sector.

This had grown strongly from just US \$1bn in 2000, i.e, a 50% growth rate over a half-decade, or the equivalent of US \$100m in economic growth p.a. It is felt that earnings of USD2 billion per annum are achievable by the sector in the near term, despite the impacts of the Global Economic Crisis and the rising cost of oil.

There is no doubt that, of all economic sectors, tourism has the largest sustainable growth potential in the Pacific islands. As a labour-intensive industry, tourism creates a high level of employment per dollar of capital invested (Bank of New Zealand) and thus is potentially an effective employment generator in capital-hungry developing and less-developed nations.

Visitor arrival to the region in 2011 was approximately 1.53 million, an increase of 5.8 percent over 2010 (see table 1), which is well above the global tourism arrivals growth of 4.4 percent announced by the World Tourism Organisation.

Table 1. Visitor Arrivals to SPTO Countries 2007-2011

| | 2007 | 2008 | 2009 | 2010 | 2011 | % Change (2011/2007) |
|------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
| Cook Islands | 97,019 | 94,776 | 101,229 | 104,243 | 112,446 | 15.9 |
| Fiji | 539,881 | 585,031 | 542,186 | 631,868 | 675,050 | 25.0 |
| French Polynesia | 218,241 | 196,496 | 160,447 | 153,919 | 162,776 | -25.4 |
| Kiribati | 4,709 | 3,871 | 3,944 | 4,701 | 5,256 | 11.6 |
| Marshall Islands | 7,200 | 6,022 | 4,923 | 4,563 | 4,559 | -36.7 |
| New Caledonia | 103,363 | 103,672 | 99,379 | 98,562 | 111,875 | 8.2 |
| Niue | 3,445 | 4,748 | 4,662 | 6,214 | 6,094 | 76.9 |
| Papua New Guinea | 104,122 | 120,139 | 125,891 | 146,933 | 163,173 | 56.7 |
| Samoa | 122,250 | 122,163 | 128,804 | 129,487 | 127,420 | 4.2 |
| Solomon Islands | 13,748 | 16,264 | 18,260 | 20,521 | 22,941 | 66.9 |
| Tonga* | 46,040 | 49,400 | 50,645 | 45,430 | 45,892 | -0.3 |
| Tuvalu | 1,130 | 1,559 | 1,622 | 1,657 | 1,201 | 6.3 |
| Vanuatu | 81,345 | 90,654 | 100,675 | 97,180 | 90,366 | 11.1 |
| Total | 1,342,493 | 1,394,795 | 1,342,667 | 1,445,278 | 1,529,049 | 13.9 |

*2011 figure for Tonga is an estimate.

The major markets for the region are Australia and New Zealand which account for over 50 percent of total arrivals in 2011. North America and Europe account for a further 30 percent, whilst Japan and Asia account for 9 percent, with the Pacific (intra-regional) and other countries accounting for the remainder.

Constraints for Tourism Growth

Tourism has the potential to play a substantially greater role in the regional economy, however, the sector has been slow in achieving its full growth potential due to the following:

- the geographical spread and small population base of the islands of the South Pacific
- poor infrastructure in many countries including cruise infrastructure
- the small size of the regional tourism industry in relation to the world tourism markets
- lack of skilled personnel
- limited awareness at the senior governmental level and in the wider community of potential economic benefits of tourism
- institutional weaknesses including constraints on inward investment
- complex systems of land tenure and cultural values
- inadequate conservation of key land and marine resources that support tourism industry
- small size of size of the private sector, primarily due to the high costs of operation, low volume of visitors and lack of domestic capital for investment
- high domestic transport costs
- vulnerability to natural disasters

Future Opportunities

While we are confronted with so many issues and challenges within and from outside our region, the region still enjoys a consistent increase in visitor arrivals and receipts. The smaller Island member states have started to feel the positive impact of this increase in arrivals as there has been significant change in consumer behavior focus in niche and nature tourism.

There has been a significant increase in number of visitors looking for authentic and cultural experience in new destinations. Cruise companies start looking for new destinations with more authentic experience in the mind of itinerary planners. SPTO have also enter into many collaborations and partnerships with development and donor partners who share the same interest in promoting and developing tourism in the region.

A few of these development partners are SPC, SPREP, CDE, UNDP, ILO and the EU. The recent and most significant funding that SPTO received is the Pacific Regional Tourism Capacity Building Programme (PRTCBP) funded under the 10th European Development Fund (EDF 10).

Tourism offers the best hope for sustainable economic development and growth for the peoples of Pacific Island countries.

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