Cook Islands Business Survey and Confidence Index

Report 2: 2017

Prepared for Cook Islands Tourism Corporation

New Zealand Tourism Research Institute
Auckland University of Technology

www.nztri.org

December 2017

Acknowledgements

NZTRI would like to acknowledge the support of numerous organisations in the Cook Islands in undertaking this ongoing research, and in particular the Cook Islands Tourism Corporation (special mention to Metua Vaiimene and Jake Numanga) and Cook Islands Chamber of Commerce (special mention to Lynne Samuel and Stephen Lyon). This report was prepared by Simon Milne, Mindy Sun, Florencia Moscoso, Hoang Thi Hue, and Hadija Nagujja.

Executive Summary

The report presents results from an online business survey conducted from August to October 2017. Over this three-month period, 314 businesses were contacted with 106 completed surveys received - a conversion rate of 34%. The data presented in this report includes: business profile, staffing, the business climate, revenue, costs and linkages.

The majority (80%) of survey respondents are Cook Islands residents, and most are owners, operators or managers (99%). Over two thirds (69%) of respondents have been in their current role for less than ten years. Over half (59%) of businesses have been operating for more than 10 years. Just under half (44%) of businesses surveyed noted 'accommodation provider' as their primary focus, and another 15% focused on 'visitor activities/tours'. Businesses surveyed are mainly located in Rarotonga (87%), with a smaller number of businesses located in Aitutaki (9%), Mangaia (2%), and Atiu (1%). The majority (97%) of businesses operate all year round.

Nearly one fourth (24%) of businesses employ over 16 Cook Islands Maori staff, with 9% of businesses indicating none of their staff are Cook Islands Maori. Over two thirds (67%) of businesses indicated they have problems finding suitable staff. A further 70% of respondents stated that they have training needs.

The majority of respondents are confident that their business ran well in the last year (2016) (44%/46% agree/strongly agree), and will do well in the coming year (43%/47% agree/strongly agree). Tourism businesses show a higher level of confidence than tourism businesses about the last year and the incoming year. In terms of anticipated challenges to their business, nearly one third (32%) of respondents mentioned limited human resource issues. Almost one quarter (24%) of businesses identifies that more tourists, especially high yield tourists, represent the major opportunities in the coming five years. Over half (52%) of businesses feel confidence that the business will going well with continued growth in the next five years.

Respondents 'strongly agree' with the statement that "the national economy depends heavily on the tourism industry" (4.8 out of 5). "Maximising visitor spend" and "Increasing tourism awareness within government agencies" are ranked as very important (4.6 and 4.3 out of 5).

One third (33%) of local businesses report an annual turnover of less than $150,000 in the last financial year. Nearly half (42%) of the businesses surveyed attribute more than 90% of their annual turnover directly to the tourism industry.

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Introduction

This report focuses on a business survey and confidence index that can provide real insights into the ‘pulse’ of the Cooks Islands business sector. The aim of this survey is to engage the private sector in research and to provide a better platform for the ‘voice’ of the tourism industry and other sectors to be heard.

The report presents results from the 2nd Cook Islands Business Confidence Index Survey conducted from August to October 2017. Over this three-month period, 314 businesses were contacted, 106 completed surveys were received - a conversion rate of 34%. Over half (57%) of the respondents had participated the last Cook Islands Business Confidence Index Survey.

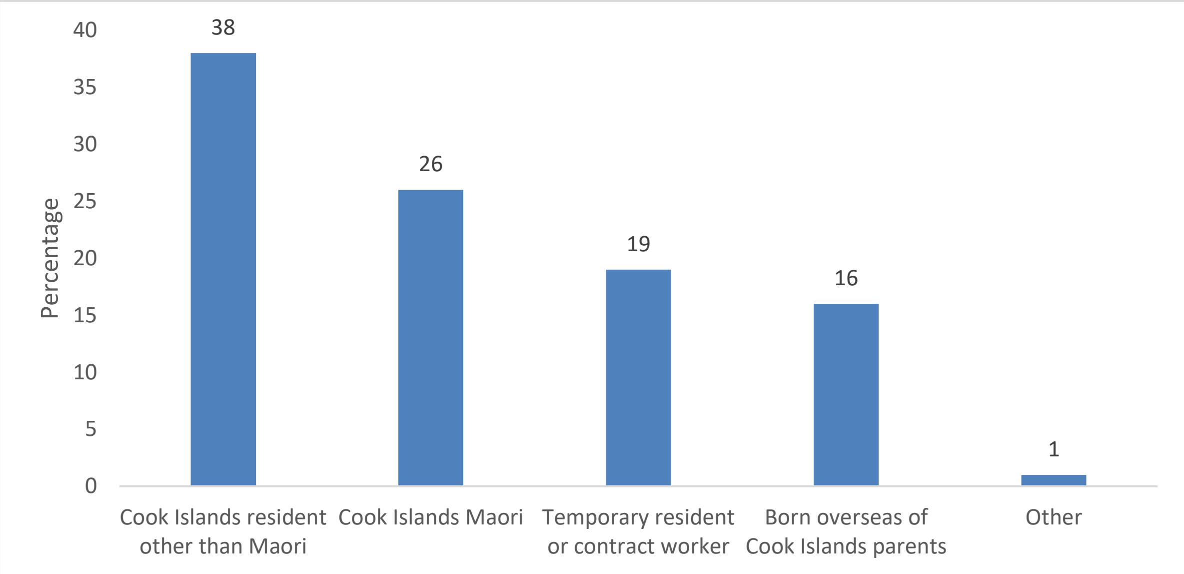
The data presented in this report includes: general business profile, staffing levels, the business climate, and information on revenues, costs and economic linkages.

Because the national economy is so dependent on tourism, there are few businesses that do not rely to a considerable degree on the direct or indirect economic impacts that tourism brings to the local economy. For the purposes of this survey, we split much of the analysis between ‘tourism’ (accommodation and tour operator) and ‘other’ businesses – the latter also includes businesses that may depend heavily on tourism (e.g. restaurants) and others that have a focus on a more local clientele.

Business Profile

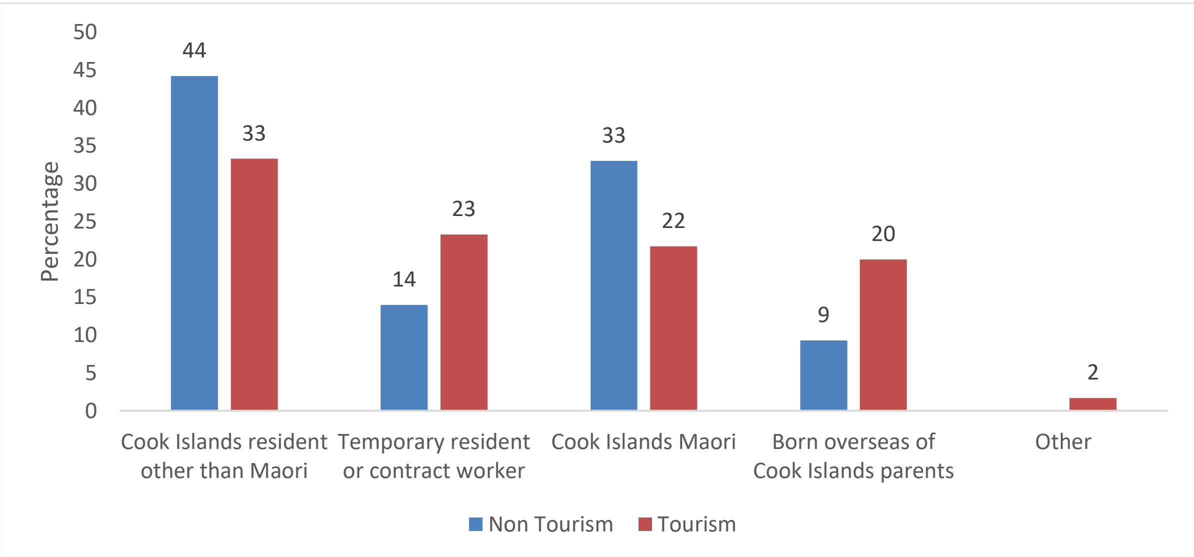
The majority (80%) of respondents are permanent Cook Islands residents - either Cook Islands Maori (26%), non-Maori (38%) or born overseas to Cook islands parents (16%) (Figure 1).

Figure 1: Which of the following best describes you



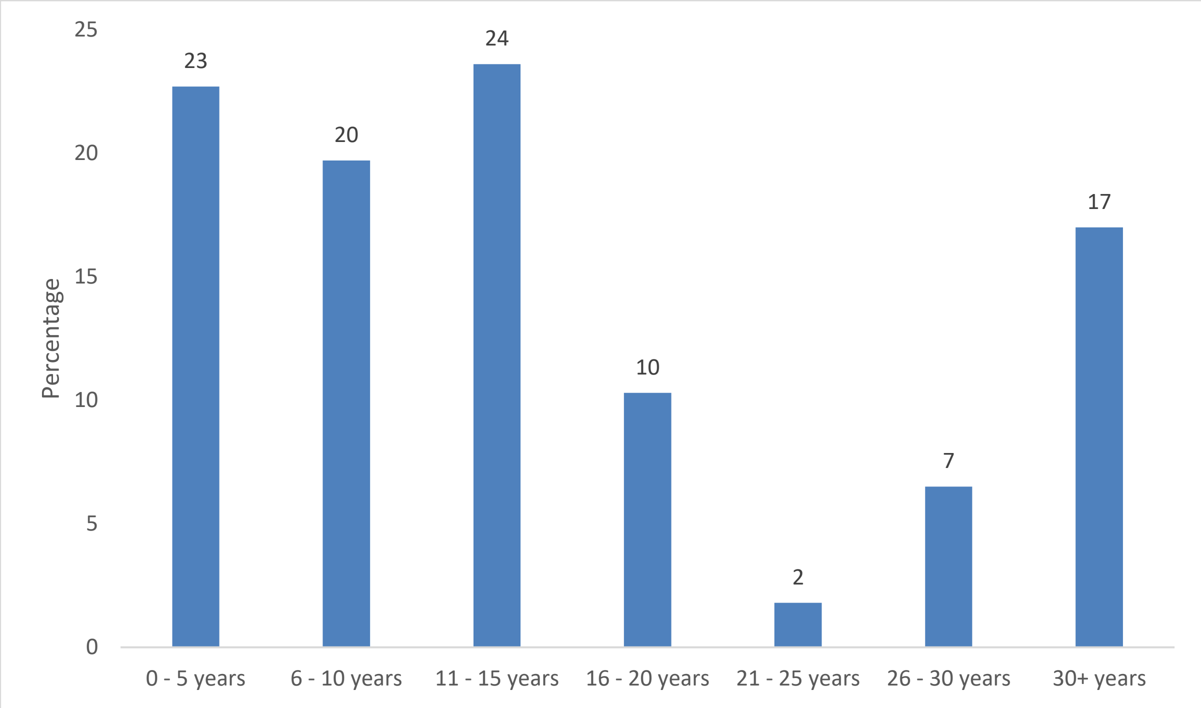
Tourism businesses attracted more temporary residents or contract workers (23%) than non-tourism businesses (14%). On the contrary, more Cook Islands Maori worked in Non-tourism businesses (Figure 2).

Figure 2: Which of the following best describes you - tourism and non-tourism



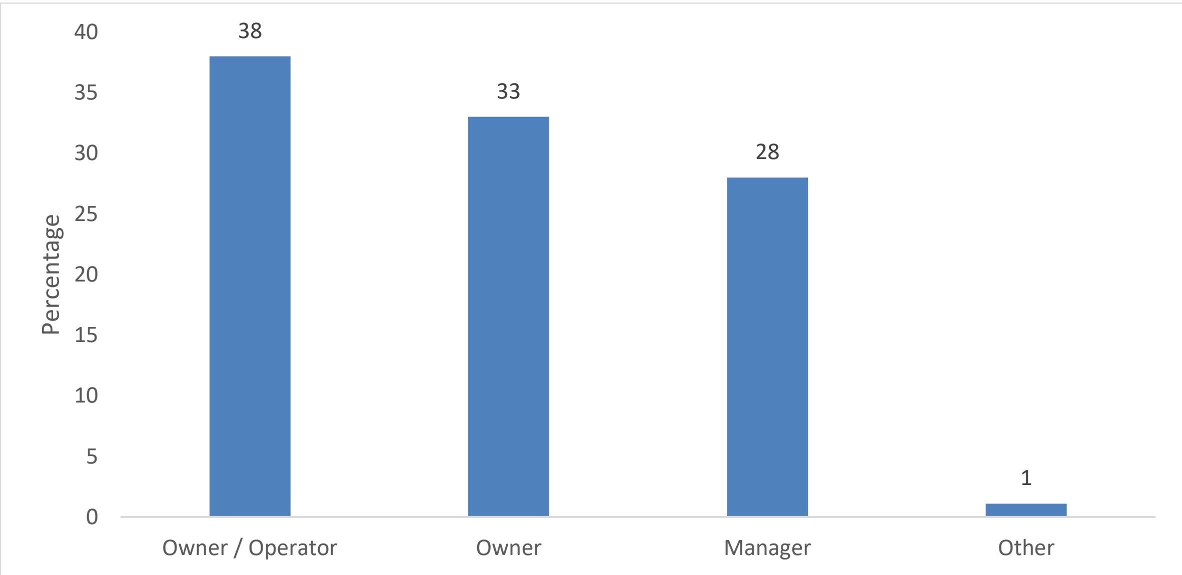
Over half of responding businesses (59%) have been in operation for more than 10 years (Figure 3). A significant number of businesses (17%) have been operating for more than 30 years.

Figure 3: How long has your business been operating in this country



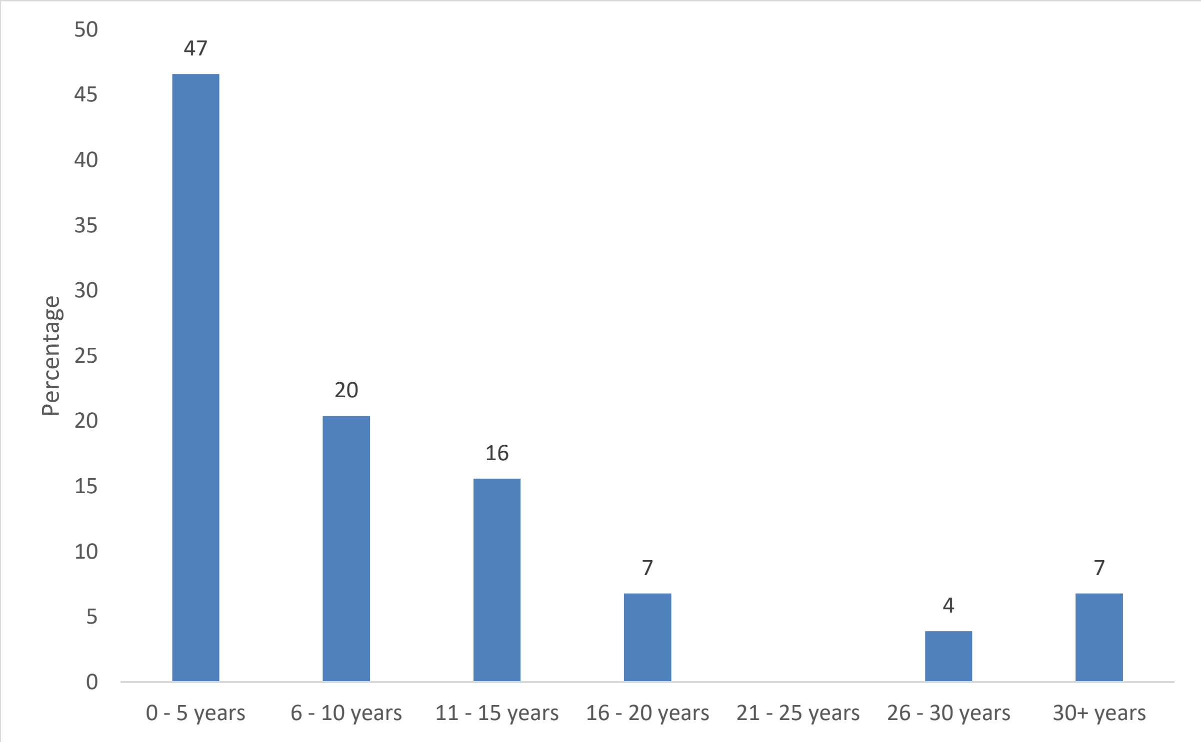
The majority of business respondents are owner/operators (38%), managers (33%), or simply owners (28%) (Figure 4). Over half (57%) of business respondents are women.

Figure 4: What is your role in this business



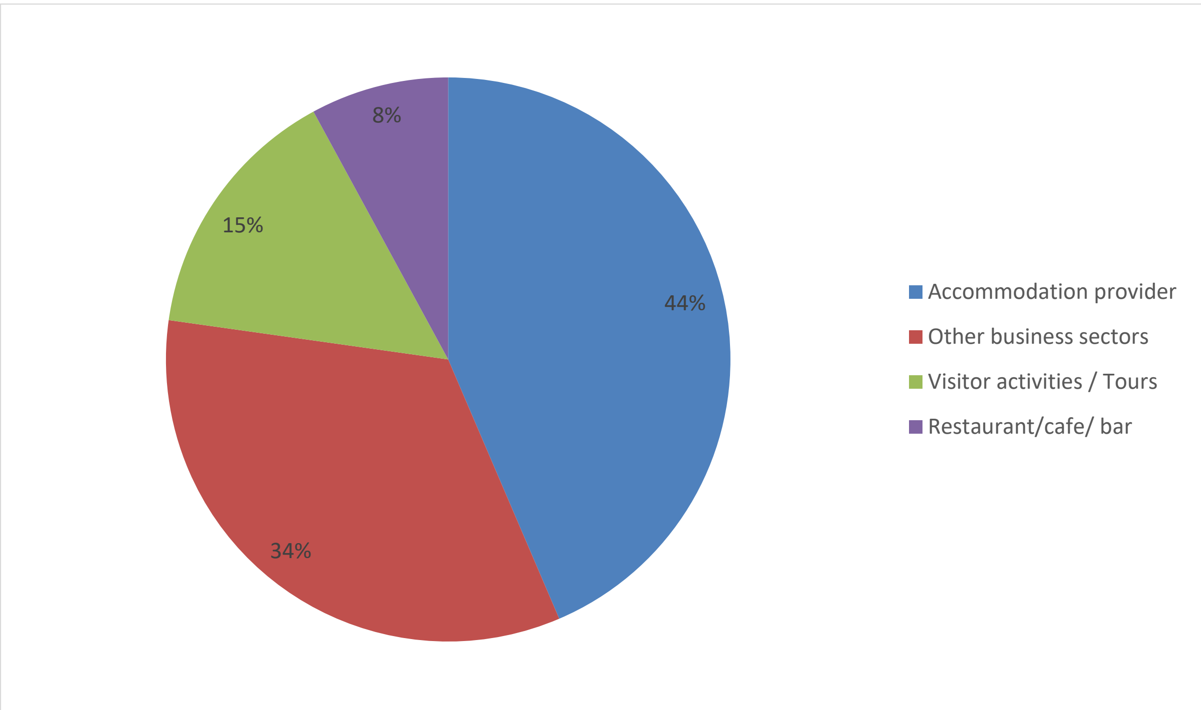
Over two thirds (67%) of respondents have been in their current role for under 10 years (Figure 4). Only 11% of those surveyed have been in their role for over 20 years.

Figure 5: How long have you been in this role



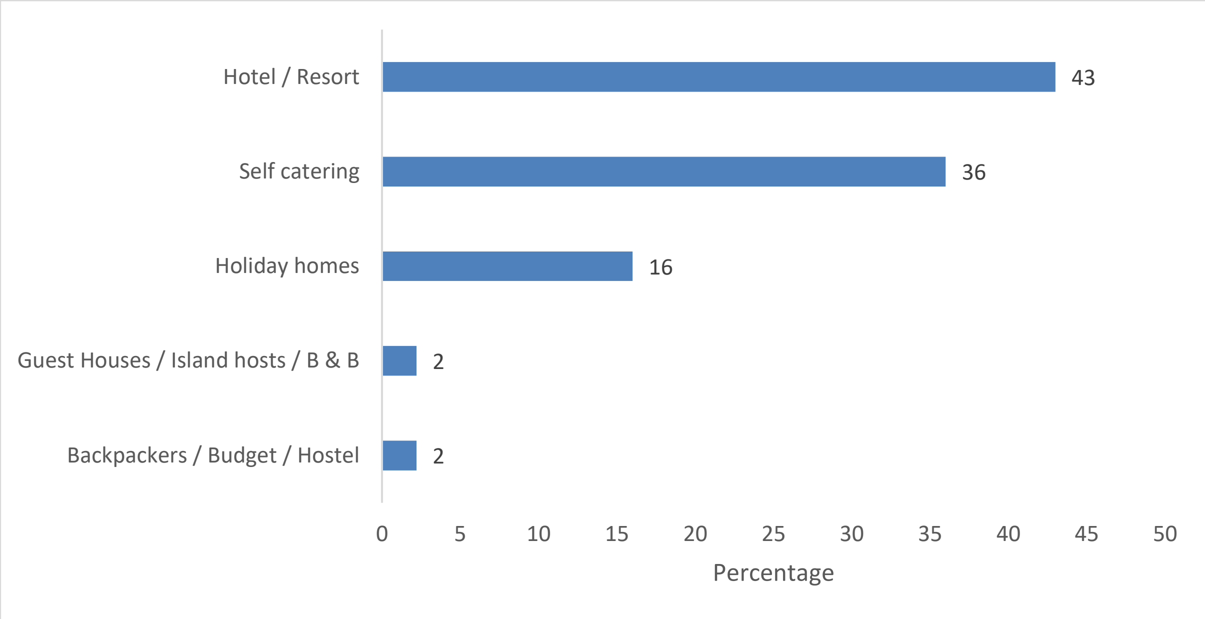
Under half (44%) of businesses surveyed noted 'accommodation provider' as their primary focus, and another 15% focused on 'visitor activities/tours' (Figure 6). Over one third (42%) of businesses surveyed are non-tourism businesses (including 8% restaurants / café / bar).

Figure 6: What is the primary focus on your business



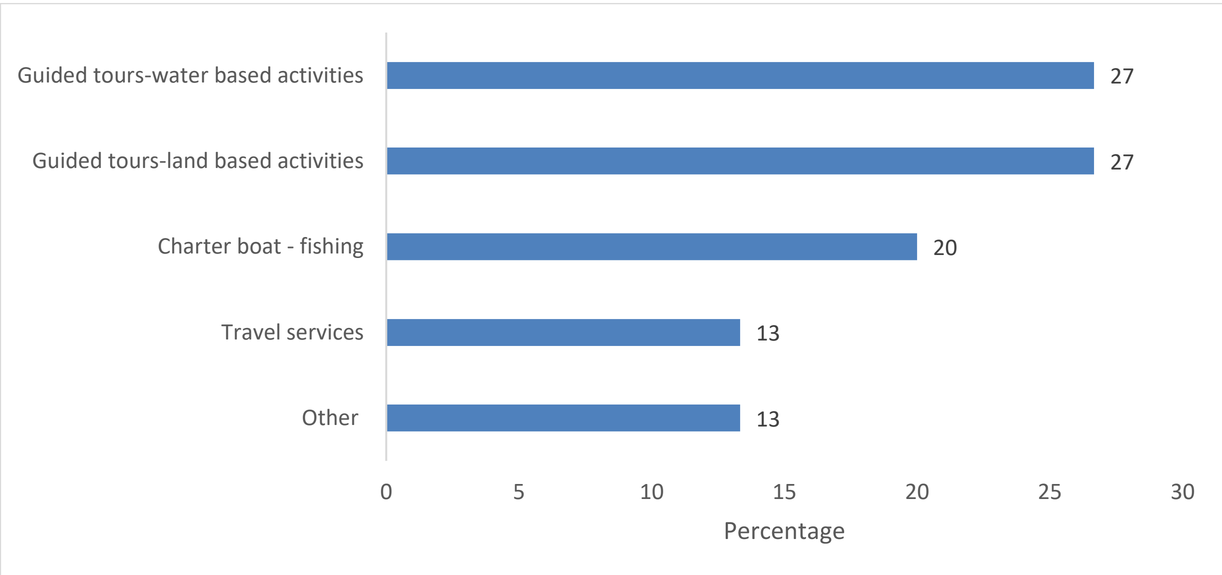
Under half (43%) of those who have accommodation as their primary focus classify the business are hotels/resorts, a further 36% are 'self-catering', with holiday homes making up a further 16% (Figure 7).

Figure 7: Accommodation provider: main focus of business



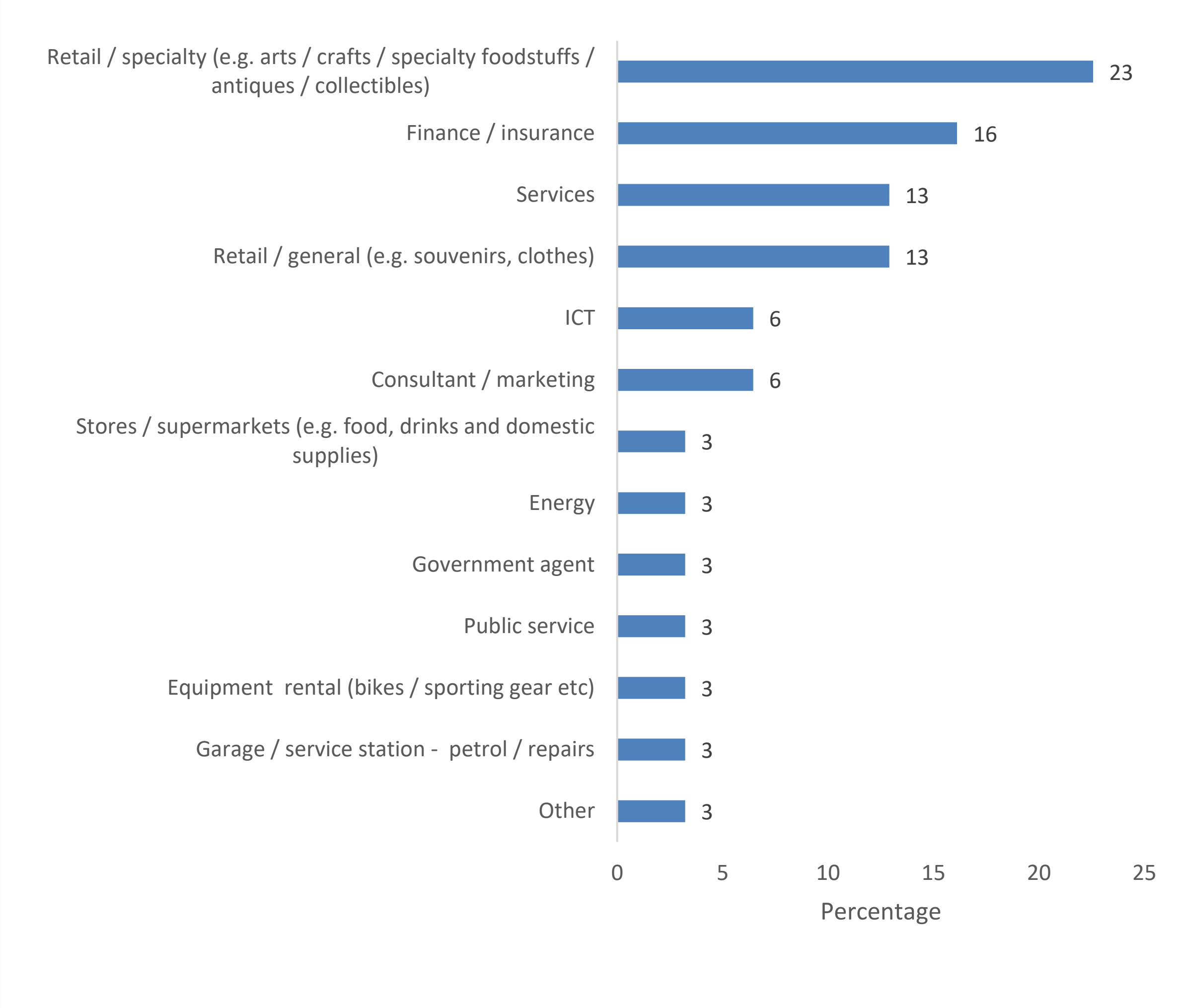
For those who have visitor activities as their primary focus, over one quarter (27%) are classified as 'guided tours – water based activities' or 'guided tours-land based activities' (Figure 8).

Figure 8: Visitor activities/tours: main focus of business



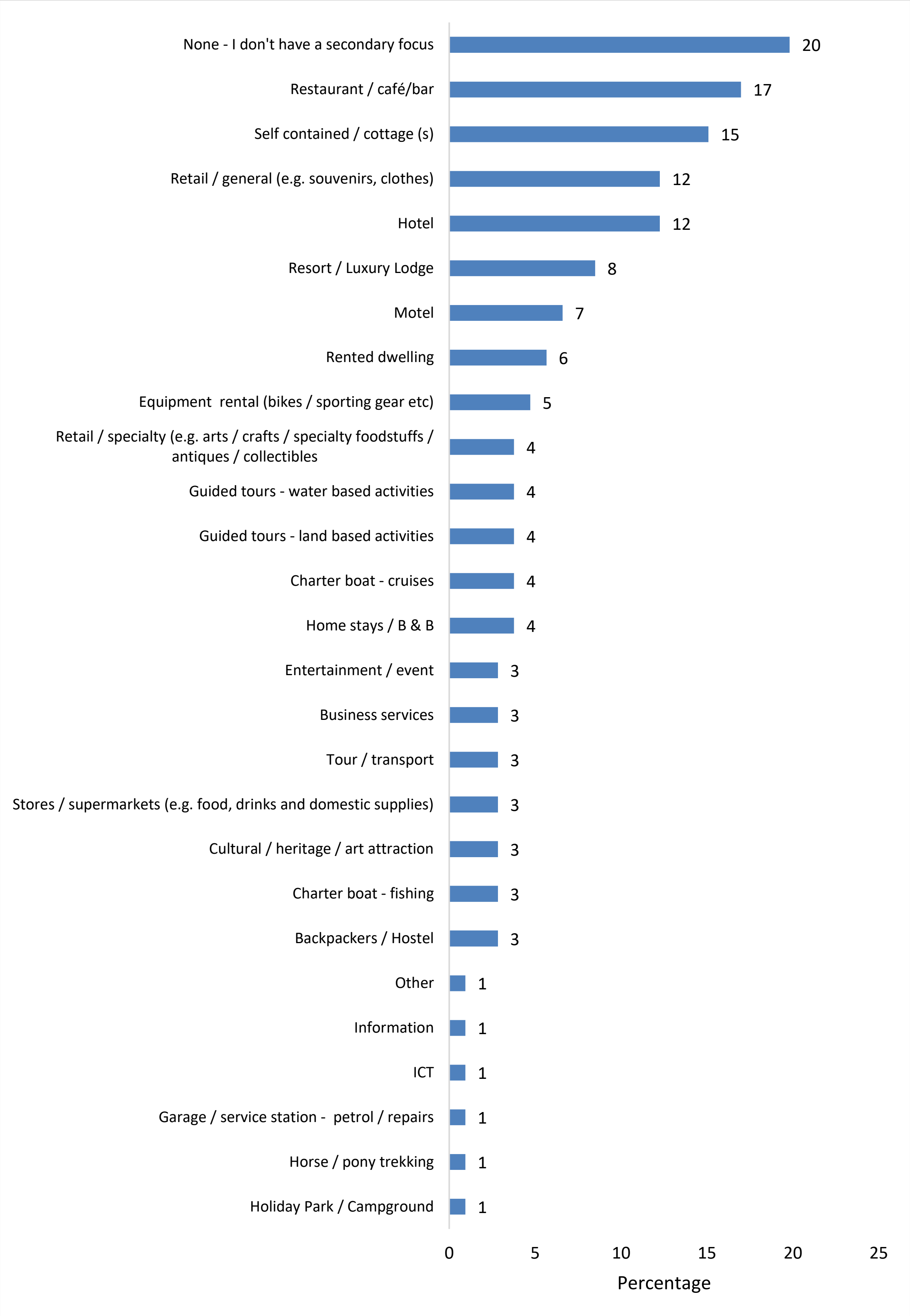
'Other business sectors' include special retail (23%), finance or insurance (16%), services (13%), and general retail (13%) (Figure 9).

Figure 9: Other business sectors: main focus of business



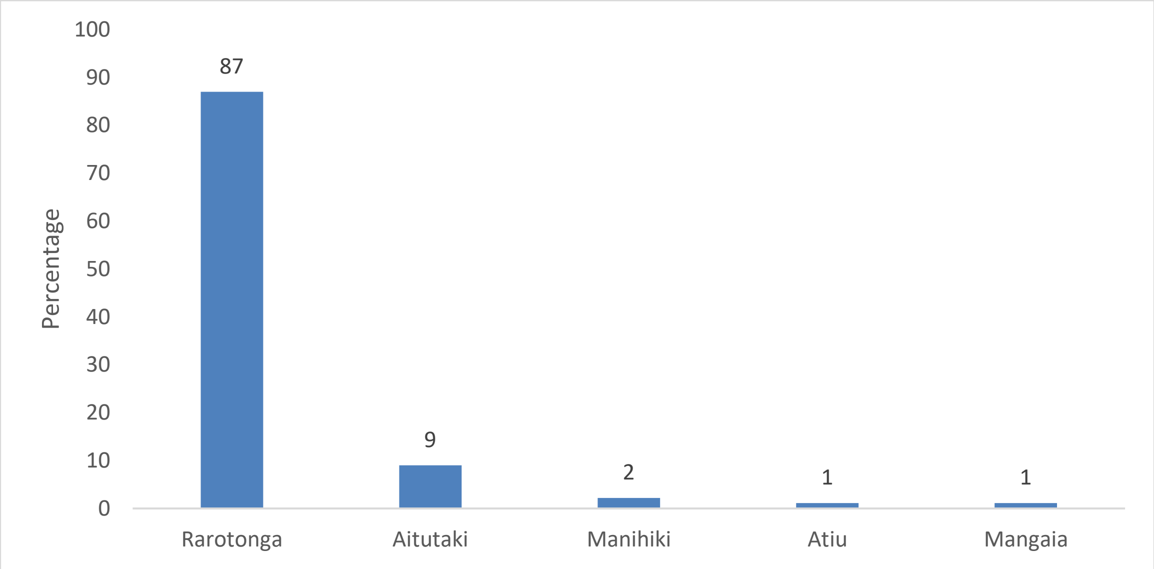
Respondents were also asked to indicate whether they had secondary business activities in addition to their primary focus. Over one fifth (20%) of respondents do not have a second focus. For those who have secondary focuses, the business activities were mainly focused on Restaurant / café/bar (17%) and self-contained / cottage accommodation (17%) (Figure 10).

Figure 10: Secondary focus of business



The majority of businesses covered in the survey are located in Rarotonga (87%), with a small number of businesses located in Aitutaki (9%), Manihiki (2%), Atiu (1%), and Mangaia (1%) (Figure 11).

Figure 11: Where is your primary business located?

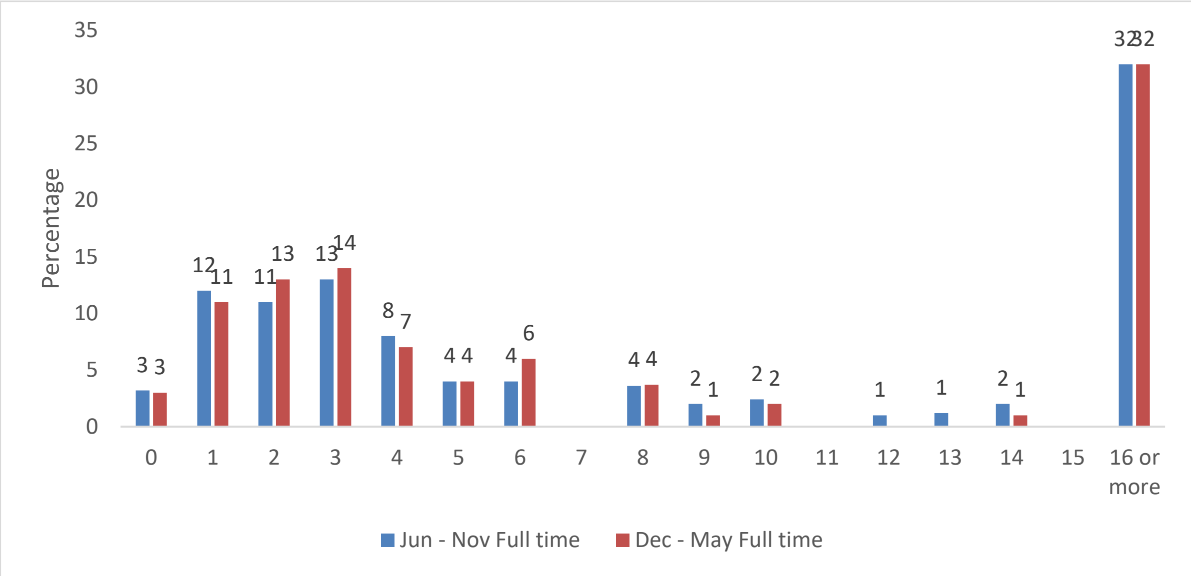


Nearly all (97%) of businesses captured in the survey (both tourism and non-tourism) operate all year round.

Staffing

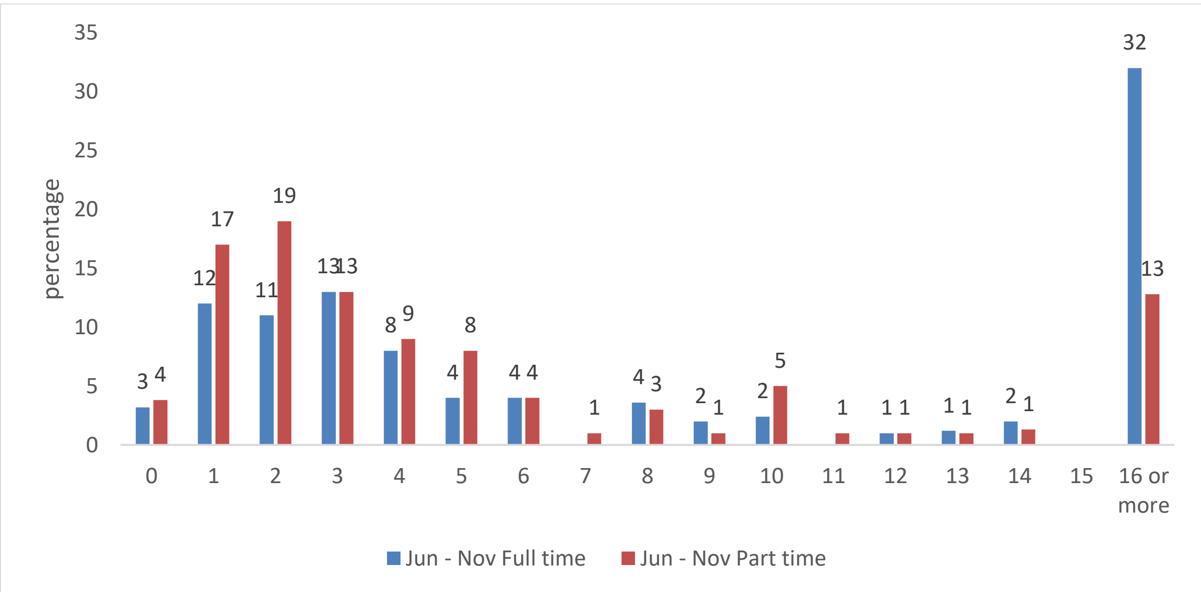
For high season (June to November) and low season (December to May), we can clearly see the bifurcated nature of the businesses responding – most with either 1-4 staff or 15 and over (Figure 12). The majority (97%) of the businesses that participated in the survey hire at least one full time staff member.

Figure 12: Average number of full-time staff



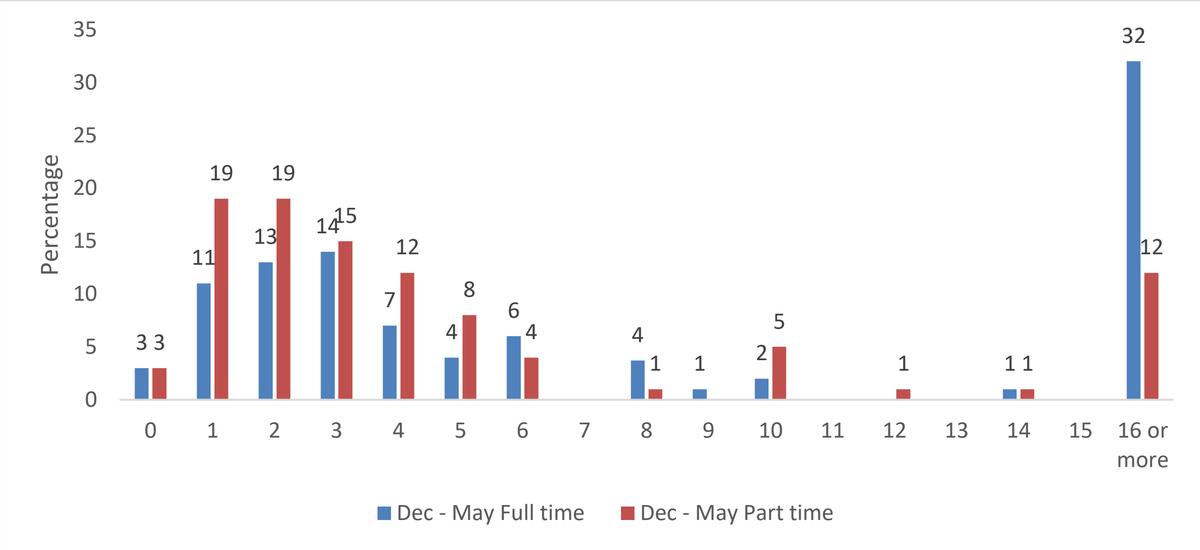
During the high season (June to November), nearly half (47%) of the businesses employ four or fewer full-time staff. Nearly one third (32%) of businesses have more than 15 full-time staff (Figure 13). The majority (62%) of businesses employ fewer than 4 part-time staff.

Figure 13: Number of full and part-time employees (including respondent) from June to November



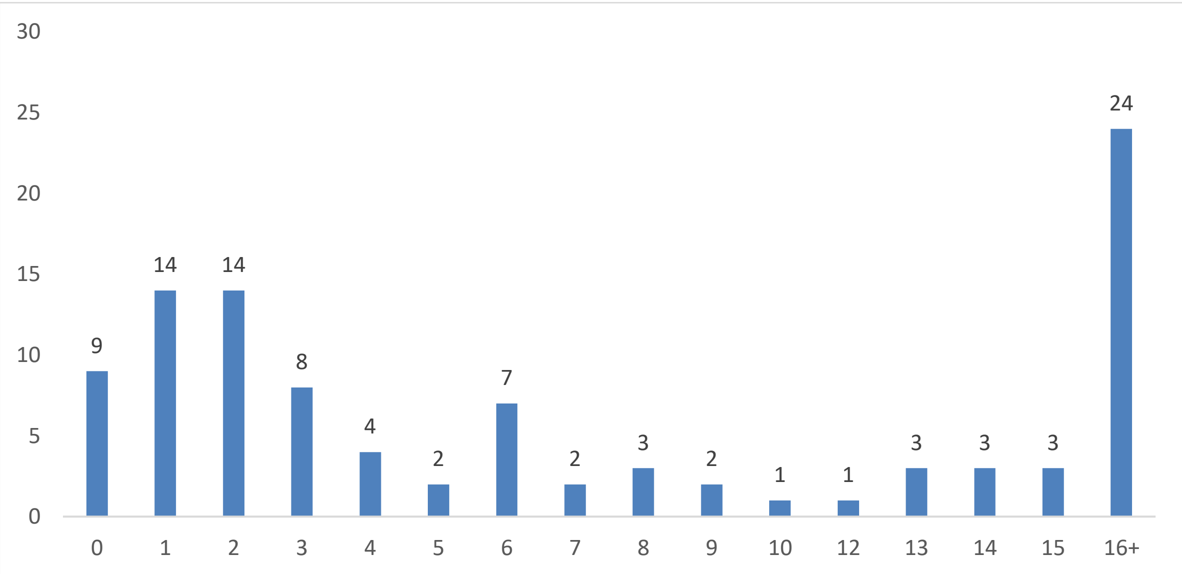
During the low season (December to May), the average number of full-time and part-time staff per business are 8 and 5 respectively. Nearly half (48%) of the businesses employ four or fewer full-time staff. Nearly one third (32%) of businesses have more than 15 full-time staff (Figure 14). The majority (68%) of businesses employ 4 or fewer than part-time staff.

Figure 14: Number of full and part-time staff (including respondent) from December to May



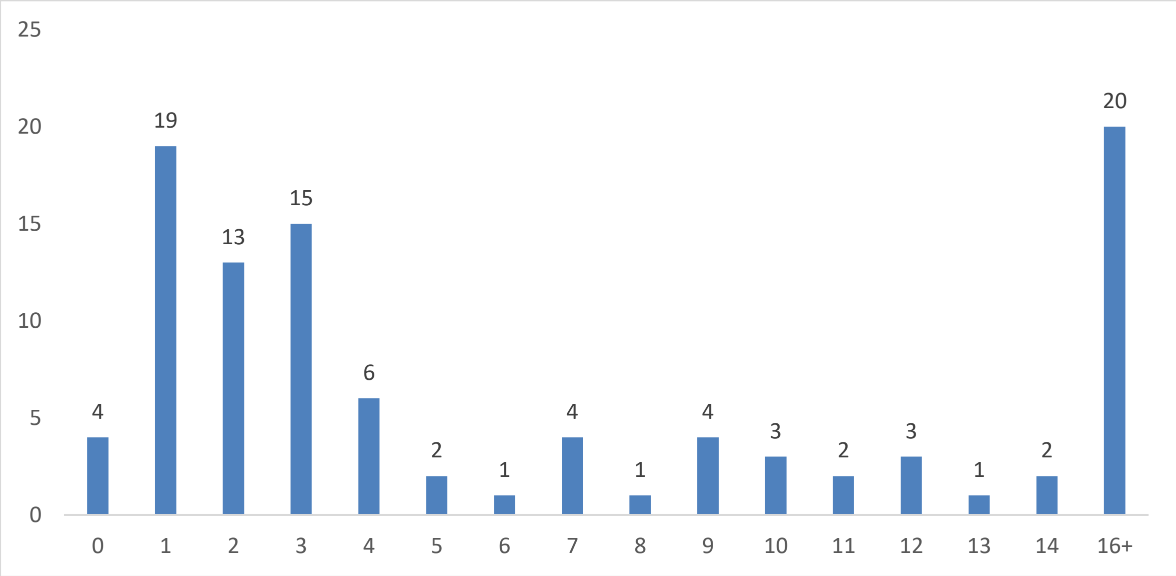
Nearly one fourth (24%) of businesses employ over 16 Cook Islands Maori staff, with only 9% of businesses do not have Cook Islands Maori staff (Figure 15).

Figure 15: Number of staff that are Cook Islands Maori



Nearly half (47%) of businesses hire one to three women. One in five businesses hire over 16 female employees (Figure 16).

Figure 16: Number of staff that are women



Two thirds (67%) of businesses covered in the survey indicated they have problems finding suitable staff. Of those respondents who stated they have difficulty finding staff, nearly half (42%) noted that they find it hard to recruit staff who has relevant skills (Table 1). A further thirty percent mentioned that limited human resources in the Cook Islands is a serious issue. Another 13% stated there was a sense that the local people were not willing to work, and it is difficult to find reliable and honest staff.

Table 1: Problems finding suitable staff?

Theme	Share of respondents
Suitable skills	42%
Limited local human resources	32%
Unwilling to work	13%
Reliability and honesty	13%
Self-initiative	8%
Low pay scale	4%
High staff turnover	4%
Other	2%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

"Total staff shortage across hospitality, especially skilled chefs."

"…always a problem finding good staff especially in the outer islands."

"Skill level not as high and pool not big."

"…hard to find people willing to work for above award wages. Willingness to work seems a problem."

"Limited local candidates, recruit ex NZ with higher costs (moving to CI, rental costs, wage expectations) and more turnover of staff."

"After advertising several different times and not having suitable candidates."

"Honest, reliable workers, so we now have my cousin from Samoa working for us."

"They just don't turn up for work. Just disappear. Not really interested in working."

Of those who did not have any difficulties finding staff, the majority of those that commented noted that they have loyal staff, and that they hire family members, or they are not recruiting currently.

When hiring new employees, over half (57%) of businesses are looking for reliability and honesty (Table 2), with nearly half (43%) focusing on good work ethics, such as commitment, puncture, and working hard. Over one third (34%) of businesses mentioned personality, such as friendliness, enthusiasm, and patience. Another one quarter (25%) mentioned specific skills and relevant education as being essential attributes. Ten percent mentioned positive attitude towards learning is an important aspect. There are seven percent mentioned being 'local' as a key factor they looked for in staff.

Table 2: What are you looking for when you hire new employees?

Theme	Share of respondents %
Reliability and honesty	57%
Good work ethics	43%
Personality	34%
Skill and education	25%
Ability and willingness to learn	10%
Experience	10%
Local staff	7%
Other	5%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments on what businesses are looking for in employees included:

"Friendly, competent, lateral thinker and problem solver."

"Person who can multi task, who can clean to a New Zealand standard, work on their own, be part of a team, happy, non, drug taker, non alcoholic, conscientious."

"Honest, hardworking, reliable, able to work weekends, public holidays, after hours."

"Reliability, honesty, trustworthy, personable, the rest can be trained."

"Cook Islanders where possible - honest, reliable, team orientated, suitable skills."

"Locals with a passion for great service and reliability."

"Customer service, honesty, promptness, good work ethics, team player."

"Positive attitude and aptitude to learn new things."

Over two thirds (70%) of businesses noted that they have training needs (Table 3). Of these, nearly half (41%) focused on the need to train their staff in customer service and care. Other main training needs include: sales and marketing skills (16%). management skills (15%), general hospitality and tourism (13%), housekeeping (11%), accounting skills (10%), food and beverage (10%), and ICT (7%). In Particularly, five percent (5%) of businesses mentioned Kia Orana Values or Kia Orana service courses.

Table 3: Business training needs

Theme	Share of respondents %
Customer service	41%
Sales & marketing	16%
Management	15%
Hospitality and tourism	13%
Housekeeping	11%
Accounting	10%
Food and beverage	8%
ICT skill	7%
Kia Orana Value	5%
First Aid	5%
Retail skills	5%
Technical skills	5%
Lifeguard	2%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments on training needs included:

"Water Safety courses, Kia Orana Customer Service courses."

"Computer systems training, technical training to assist us in producing more of our own raw materials."

"Customer service and confidence in dealing with tourists."

"We conduct extensive in-house training. We could do more with some incentives."

"We're fairly specialised, but in general it would be great to have IT training and computer competency for many of our staff. The ones we hire do have excellent computer skills. But we find some great candidates who don't have as much computer literacy that can be tricky."

"Technical experience in agriculture, horticulture, farming, hospitality."

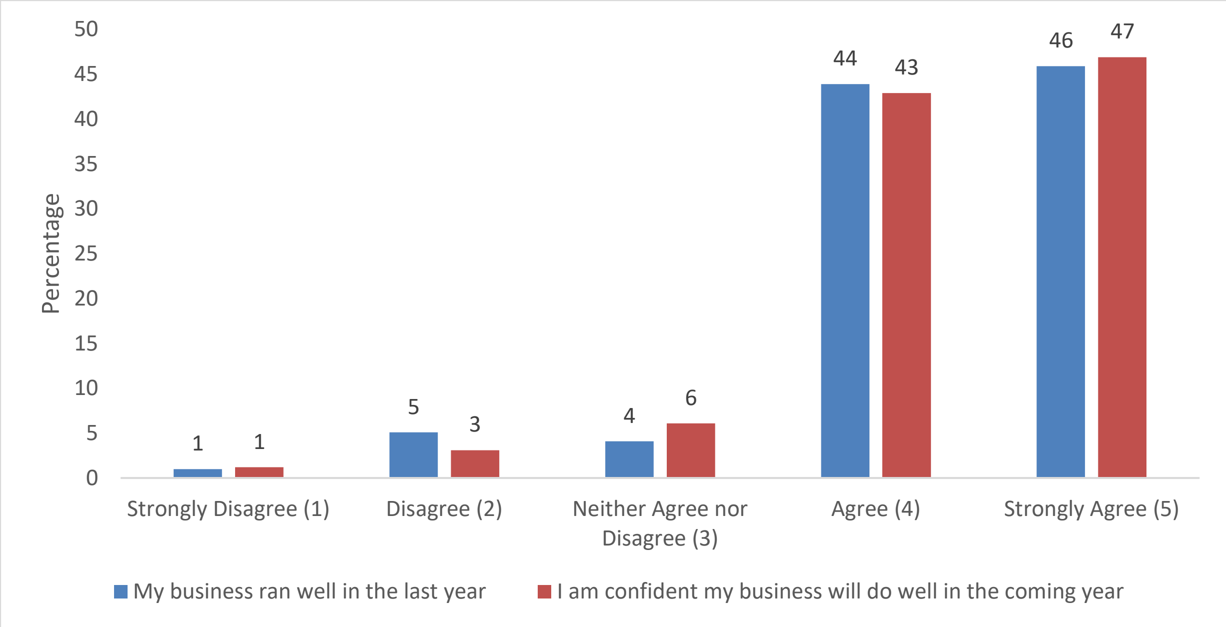
"All round training, skill based training, problem solving skills, guest service training."

Respondents were asked to list any local business/organisations they belong to. Over three quarters (76%) of respondents answered the question - including 1% who specifically said they do not belong to any grouping. The majority of those that did respond are members of the Chamber of Commerce (49%), and/or the Cook Islands Tourism Industry Council (42%).

The business climate

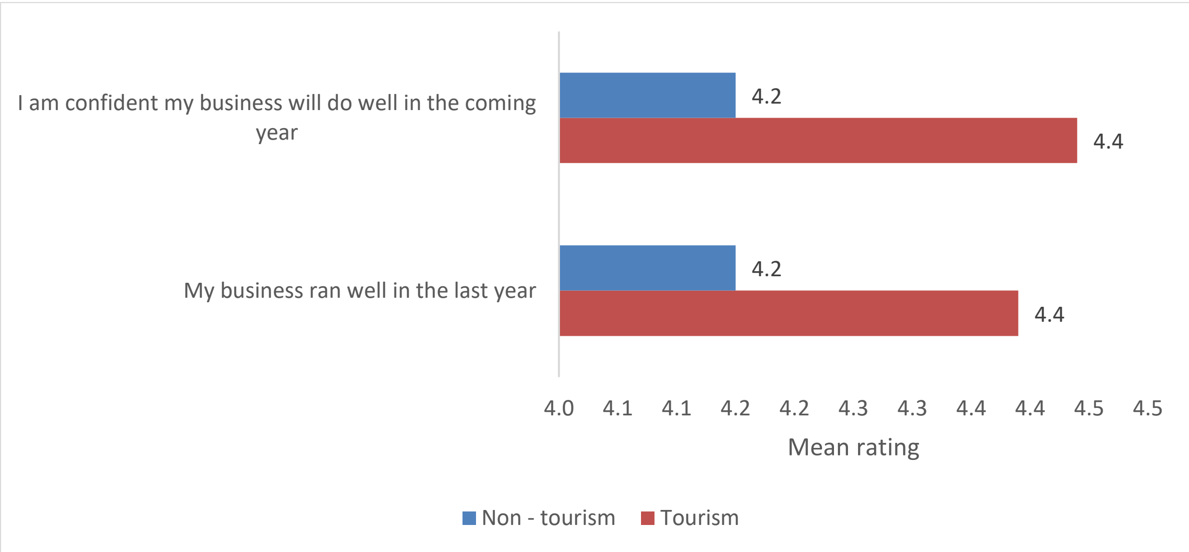
Respondents were asked to rank statements related to their levels of confidence in the business climate. The majority (90%) of respondents feel that their business ran well in the previous 12 months, and feel confident that their business will do well in the coming year (with an average response of 4.3 out of 5) (Figure 17).

Figure 17: Please indicate your level of agreement with the following statement



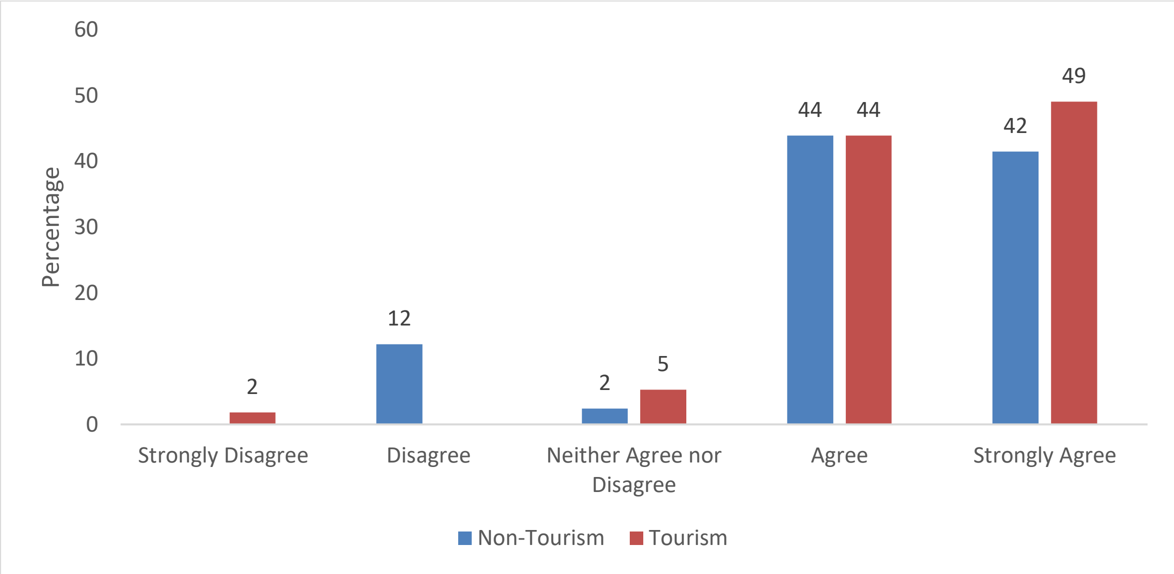
Tourism businesses have a higher level of confidence than non-tourism businesses about the last year and the coming year (Figure 17).

Figure 18: Please indicate your level of agreement with the following statement



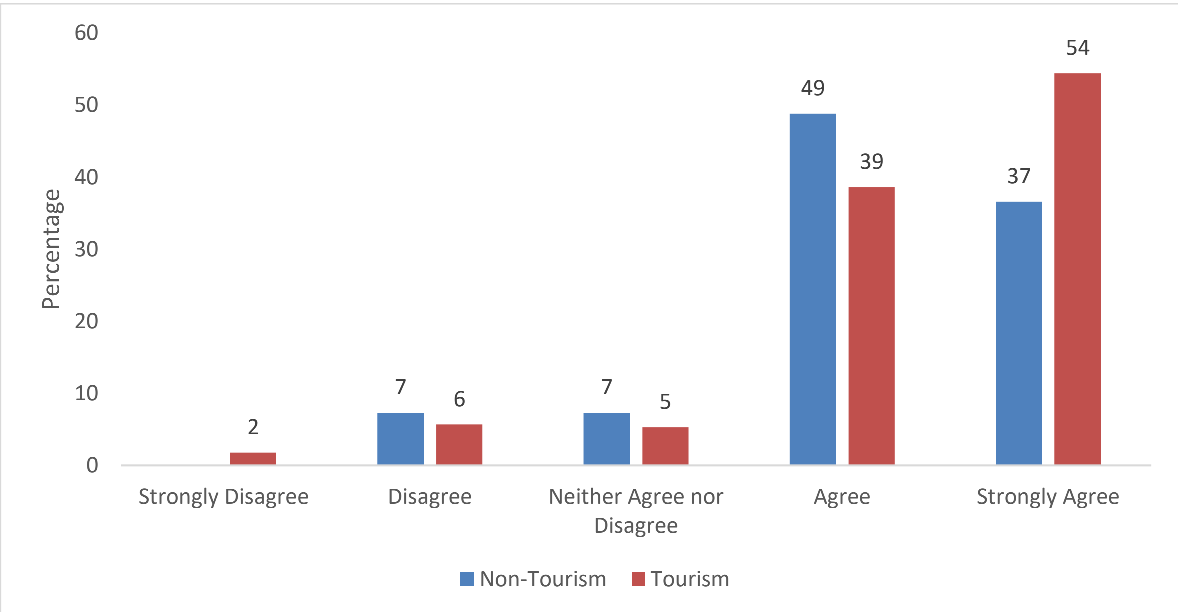
Tourism businesses were more confident with the statement “My business ran well in the last year (93%), than non-tourism businesses (86%) (Figure 19). Particularly, more tourism businesses (49% vs 42%) strongly agree with this statement. Compared with previous surveys, tourism businesses showed an upward trend on that their business ran well in the last year.

Figure 19: My business ran well in the last year



Tourism businesses have a higher level of agreement with the statement “I am confident my business will do well in the coming year” (93%), than non-tourism businesses (86%) (Figure 20). In terms of levels of “strongly agree” with the statement, tourism businesses (54%) were much higher than their non-tourism counterparts (37%).

Figure 20: I am confident my business will do well in the coming year



Respondents were asked to answer: “What do you see as being the major challenge that will face your business in the next five years?” Nearly one third (32%) of respondents mentioned human resource development (Table 4), followed by competition from other businesses (19%) and climate change/environmental degradation (18%) operating cost (14%), and infrastructure (14%).

Table 4: What do you see as being the major challenges that will face your business in next five years?

Theme	Share of respondents
Human resources	32%
Competition from other businesses	19%
Climate change or environmental degradation	18%
Operating costs	14%
Infrastructure	14%
Number of tourists	9%
Political issues and regulations	8%
Business development	5%
Advertising and marketing	3%
Flight connections	2%
Destination development	2%
Investment	2%
World economics	2%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

> *“Competition with low investment food outlets and the increase in tourists on budget airlines who don't want to eat in restaurants, just at the markets.”*
>
> *“Environmental issues. Infrastructure problems with the island.”*
>
> *“Poor Government policy and subsequent regulation.”*
>
> *“Crime, violence, environmental degradation, corruption not in any particular order.”*
>
> *“Workers leaving.”*
>
> *“Airline Capacity, CI Tourism focusing too much on Muri and 4 star resorts, focus on quantity rather than quality of visitors.”*
>
> *“Costs of local product, cost of import tax, VAT, superannuation, INTAFF new labour compensation scheme.”*

“Internet and Talent. If we don't get a cable in the next 2 years, we may be forced to move our operations overseas.”

“Irregular shipping schedules, increase in freight costs to Manihiki, increase in airfares and boat fares.”

“Tourism numbers in low season.”

Respondents were asked to respond to the question: “What do you see as being the major opportunities for your business in the next five years?” Respondents more tourists, especially “high quality/yield” tourists (24%), tourism growth (20%), general business growth (20%), and marketing (18%) (Table 5).

Table 5: What do you see as being the major opportunities for your business in the next five years?

Theme	Share of respondents %
More tourists or high yield tourists	24%
Tourism growth	20%
General business growth	20%
Marketing	18%
Product development	13%
Target market segments	13%
Technology	6%
Improved flights	4%
Other opportunities	4%
Greater collaboration	3%
Improved Environment	3%
Food industry	3%
Local human resources	2%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

“Continued maintenance and growth of inbound Tourism numbers.”

“More Nordic people, but tourism only promote the big boys over 10 rooms.”

“Increasing visitor numbers are potential opportunity. Visitors from untapped markets eg. China.”

“Attracting more than the 1% share Atiu island receives of the visitors to the Cook Islands.”

“Resorts offering meal deals, continued approval of new businesses in an already choked market.”

“Deliver a quality consistent service and product.”

"I see the Cook Islands currently as a "safe" destination and believe tourism is on an upward trend, also the ability to diversify and offer more land based activities."

"Keeping value-for-money at the forefront while other accommodators start overcharging."

"Hopefully increase in northern hemisphere tourist for low season Nov to MAY."

"Direct air access to Canada."

"Food processing - Value added - Local produce."

When respondents were asked: "Where do you see your business going in the next five years", over half of the comments focused on continued growth trajectory (52%) (Table 6). A number of businesses (18%) will focus on product enhancement, such as product diversity, and developing more locally grown products. Some comments (10%) stated that they will try to improve the quality of their service. Nearly ten percent (9%) of businesses indicated that they would like to maintain their current level of business activity. A number (5%) of businesses mentioned they would love to expand the business, but this depends on the tourism development and other factors, such as tourism growth, and the infrastructure capacity.

Table 6: Where do you see your business going in the next five years?

Theme	Share of respondents %
Continued growth	52%
Product enhancement	18%
New markets	10%
Service improvement	10%
No change	9%
Higher profit	7%
Depends	5%
Higher occupancy	5%
More network	4%
Technology	3%
Other	2%
Environment concerns	1%

* Share of respondents who made a comment that falls into each theme. Respondents could give more than one answer, so total does not add up to 100%.

Comments included:

"Hopefully we can fund BMX park and mountain bike trails which go over the island."

"Growing in quality rather than quantity."

"Growing market share, developing staff and building strong culture."

"Increasing our Product range to meet the demands of our customers, and exporting."

"Expand to accommodating tourists in Manihiki. Provide Pearl farm and dive tour to tourists and guests."

"Continued NZ business year round but mostly in winter and growth in the North American business to boost our low season."

"Debt reduction. Re-invest in new equipment. Add more value added tour products locally and in the region."

"Depends on tourism and industry growth."

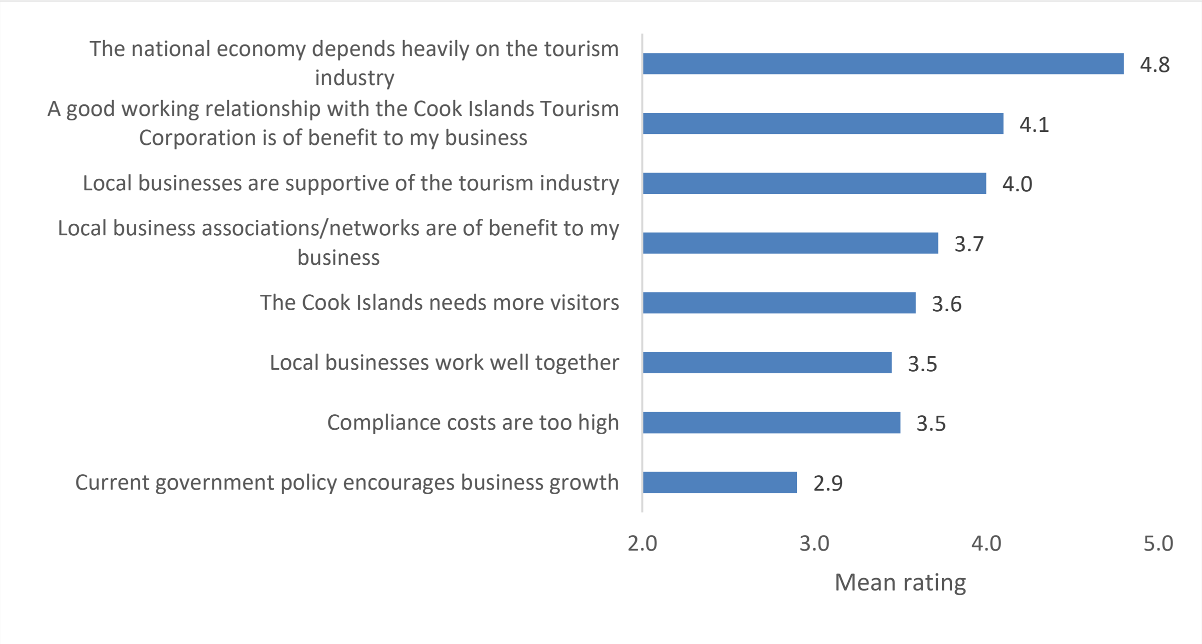
"Embracing repeat visitors - expanding into newer, higher yield markets."

"Ongoing renovations and upgrades to the property (investment) in order to maximise returns."

"Continued investment and growth very closely tied to health of the Tourism sector."

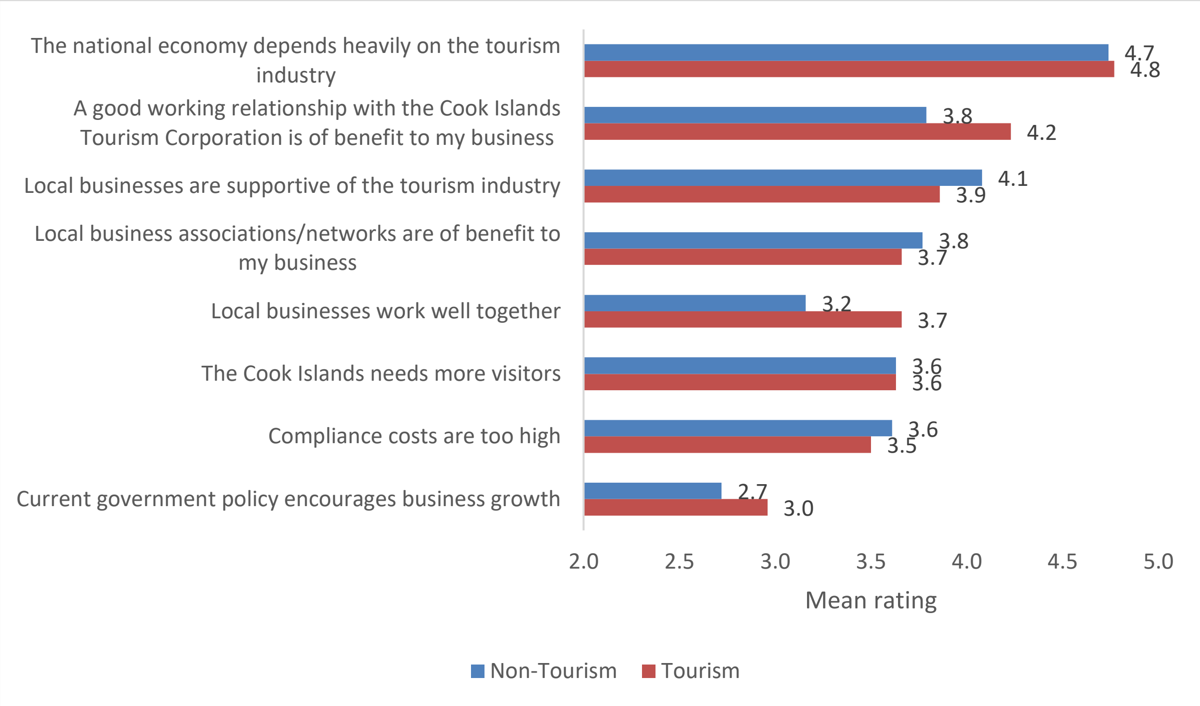
Respondents were asked to rate their agreement with a range of statements about tourism, the Cook Islands and government policy (Figure 21). The statement "the national economy depends heavily on the tourism industry" received the highest level of agreement (4.8 out of 5). "Current government policy encourages business growth", by contrast, received the lowest rating (2.9 out of 5).

Figure 21: Please respond to the following statements



Tourism businesses show a higher level of agreement compared with their non-tourism counterparts with "the national economy depends heavily on the tourism industry", "a good working relationship with the Cook Islands Tourism Corporation is of benefit to my business", "local business work well together", and "current government policy encourages business growth"(Figure 22). Tourism businesses are less likely than non-tourism businesses to agree with the statement that as "local business are supportive of the tourism industry", "compliance costs are too high", and "local business associations/networks are of benefit to my business".

Figure 22: The importance of statements relating to the Cook Islands - tourism and non-tourism sector



Some respondents gave further comments, including:

> *"To invest further here we would require CI commitment to us by way of PR, inaction on resolving immigration changes will prevent this from happening."*

> *"How the island attracts visitors needs to focus on the summer months as the drop off rate is around 60% - this is the time when growth needs to occur."*

> *"Flights to Aitutaki is a bit too pricey so we have to ensure we give a good impression to all our visitors to return back."*

> *"Government needs to simplify the operating environment and keep out of business. They need to identify & remove business bottlenecks so we can make money, pay taxes and spread money around local economy."*

> *"We do not need more visitors to the Cook Islands. We do need a better quality visitor who has money to spend. The compliance costs of restaurants versus any other food operation do not enable an even playing field."*

"Markets in Muri need to be limited to one night per week to allow other food businesses a chance to survive. Otherwise restaurants will close down or suffer turn to cost cutting leading to a decline in quality of staffing, product and customer satisfaction."

"Rarotonga needs to decide if it is a budget destination catering to the masses or a destination for discerning travellers willing to pay for products that are holistic in their development and business practices from staffing, to health standards, to environmental policies."

"Tourism needs to be targeted at the mid to high end market rather that the cheap package deals currently being run."

"There are no government incentives for small business owners, lots of costs."

"Infrastructure is not keeping pace with increased numbers and putting a strain on what we currently have."

"Infrastructure cannot sustain more people. Pollution of the lagoon is a major problem."

"Lack of clear strategic planning for the next phase of growth for the tourist industry is a concern."

"A lot of Government Policies out dated and do not work. Inconsistent policies that are not on a level playing field."

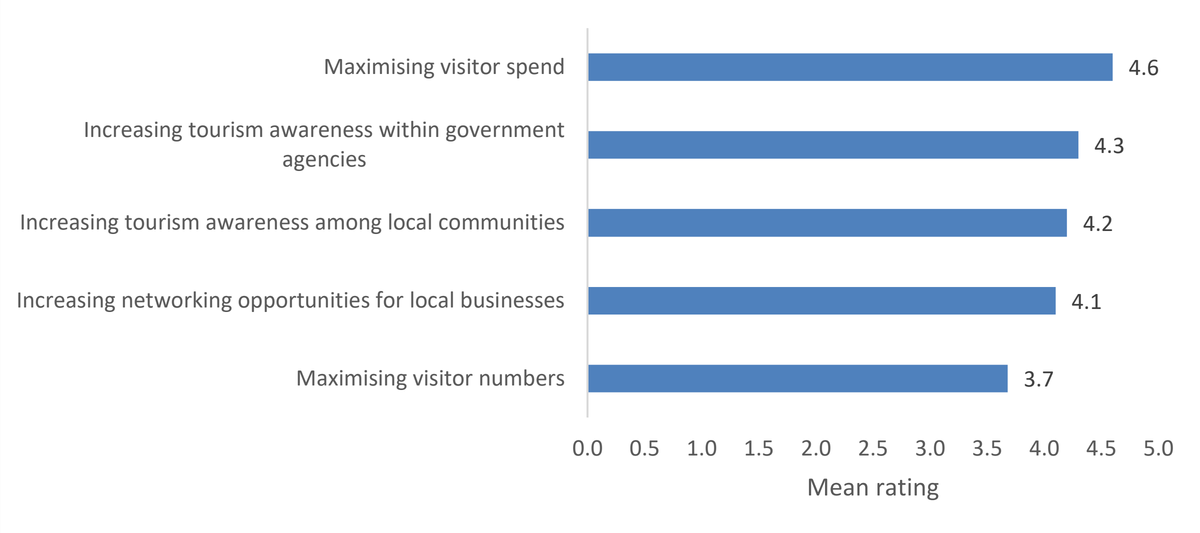
"Government is taking the tourism sector for granted. Public sector is expanding without adding any significant added value to the economy."

"I feel like to be able to provide quality holidays we need to focus on utilising and protecting what we do have naturally rather than trying to be bigger and better with new infrastructure / resorts."

"It is time for a stop on foreign owned enterprise, JV's or locally owned is our future."

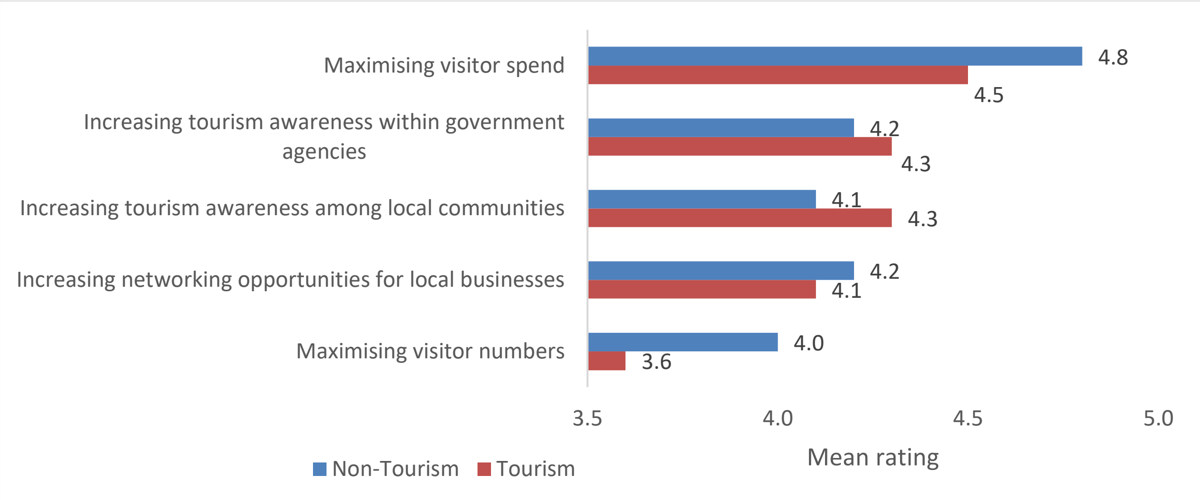
When respondents were asked to rate a range of statements in terms of their importance to the Cook Islands, "maximising visitor spend" (4.6 out of 5), "increasing tourism awareness within government agencies" (4.3) and "increasing tourism awareness among local communities" (4.2) were given the highest scores (Figure 23). Compared with the 1st survey of the last year, fewer businesses rank "maximising visitor numbers" as the most important aspect (4.3 last year).

Figure 23: How important are the following to the Cook Islands



There were some variations in responses to these statements between tourism businesses and 'other' sectors. Tourism businesses in particular assigned a higher degree of importance to "increasing tourism awareness among local communities" and "increasing tourism awareness within government agencies", than their non-tourism counterparts (Figure 23). Non-tourism business ranked high level of importance in "maximising visitor spend", "increasing networking opportunities for local businesses" and "maximising visitor numbers".

Figure 24: How important are the following to the Cook Islands - tourism and non-tourism sector



Additional comments relating to this question included:

> *"Maximizing numbers in low season, have enough tourist here already in high season."*

"There are further growth opportunities for the tourism in the Cook Islands. Yield needs to grow through the provision of quality product & services. The economy must have a basket of products & services for different visitor types."

"Average yield per guest should be the focus, capitalizing on the numbers we have and getting more from each visitor."

"Quality not quantity please. Stop visitors bringing in their own food or levy an import charge - support local businesses."

"Will infrastructure such as water, power, roads, hospitals cope with the maximising visitor numbers."

"Maximising visitor numbers is not a strategy that should be pursued without thought to the negative impacts on infrastructure, environment, our culture and lifestyle. When we cater to the masses we are not delivering a true Cook Island experience because we are all stretched, too tired etc... I can't have a quiet afternoon on the backroad in Muri without the 4 wheel drives coming round twice a week and stopping traffic randomly in the middle of the road. What kind of environment is this?"

"Quantity is not always the answer, it is the quality of the tourist - need to maximise the visitor spend."

"Maximise visitor numbers but maintain and improve infrastructure. i.e. Households collecting rainwater (less strain on supply), improve roads, control dog population."

"I feel the Chinese are not suited to holidaying here. Speaking with a lot of other managers they do not understand and fit well within our culture and most find them insulting and rude. We have enough numbers without having to advertise in China."

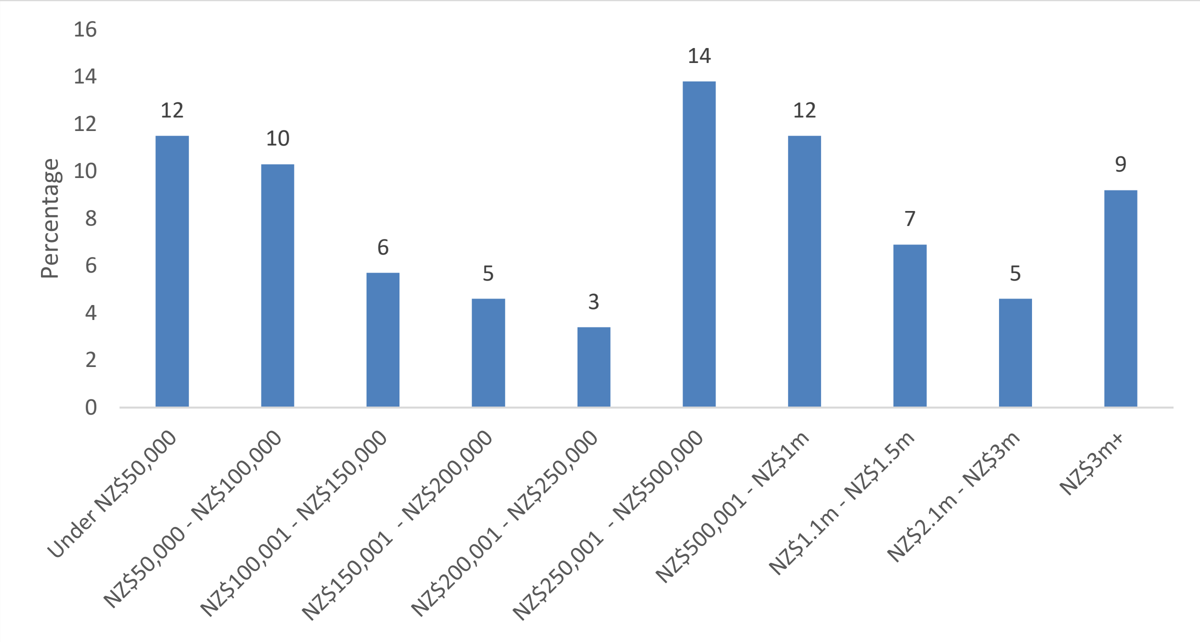
"Resorts are keeping guest inside resorts and guest are not spending, they are encouraging the wrong type of people to be good for the island."

"Government need focus on funding outer island development policies."

Revenue, cost and linkages

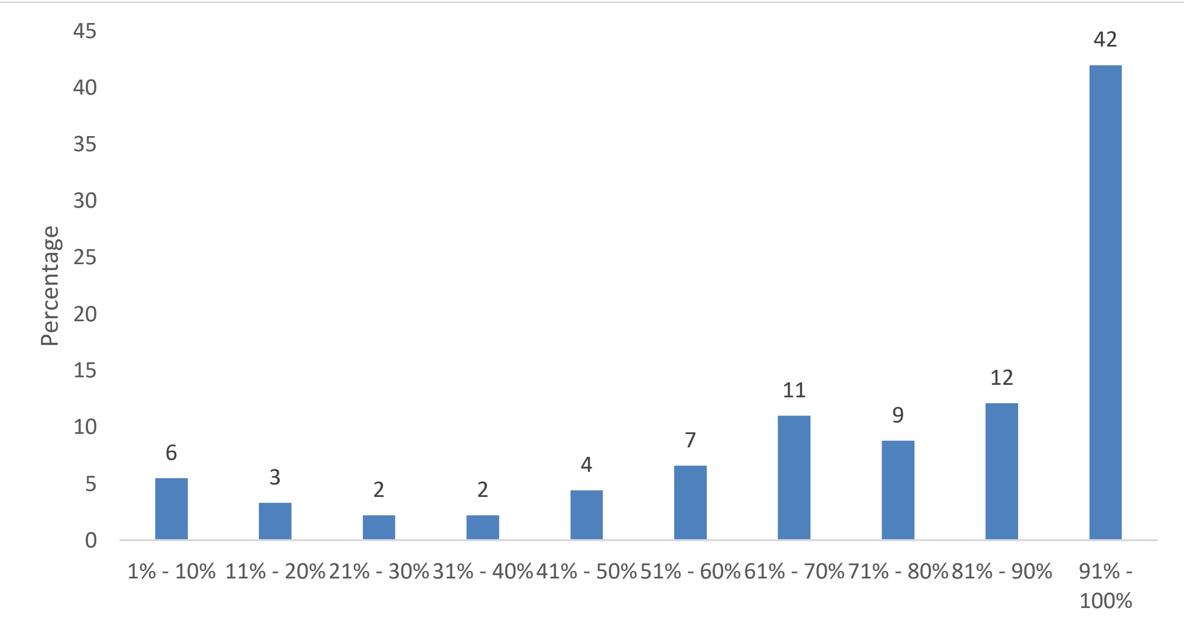
Over one quarter (28%) of businesses surveyed reported an annual turnover of less than $150,000 in the last financial year (Figure 25). A further 21% of businesses generated more than $1million in revenue.

Figure 25: Approximate annual turnover in the last financial year (VAT inclusive)



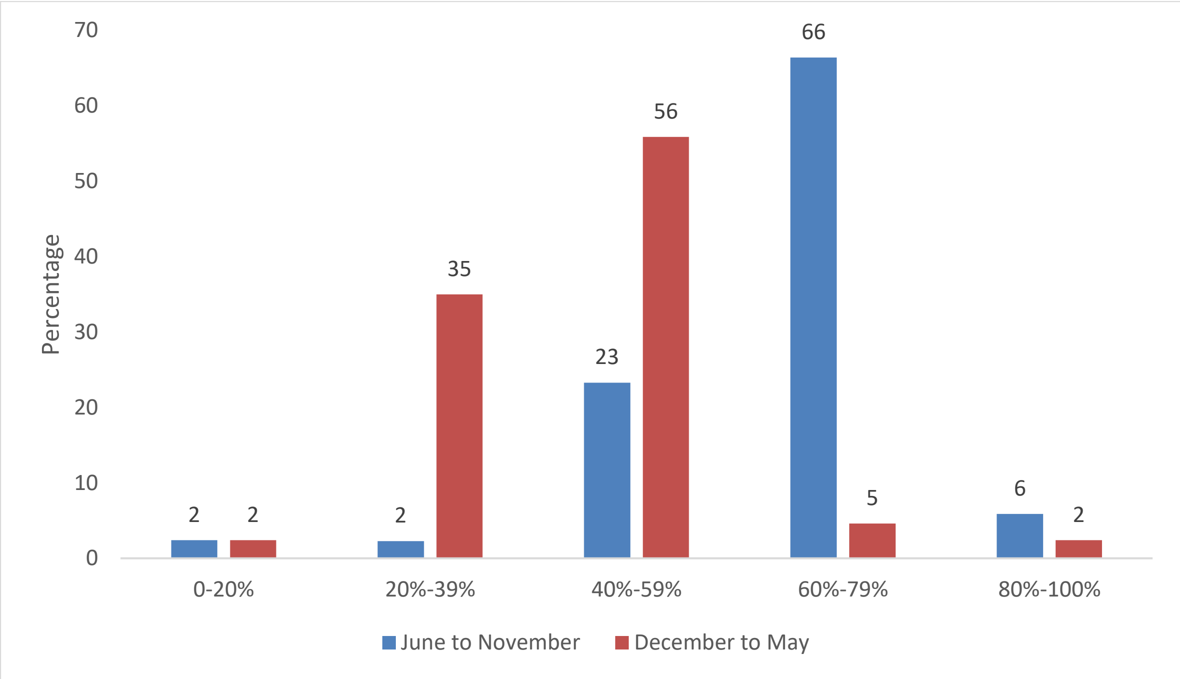
Under half (42%) of the businesses surveyed attribute more than 90% of their annual turnover directly to tourism (Figure 26). Only 6% of businesses indicated less than 10% of revenue flowing directly from the sector.

Figure 26: Approximate annual turnover estimated to come directly from tourism



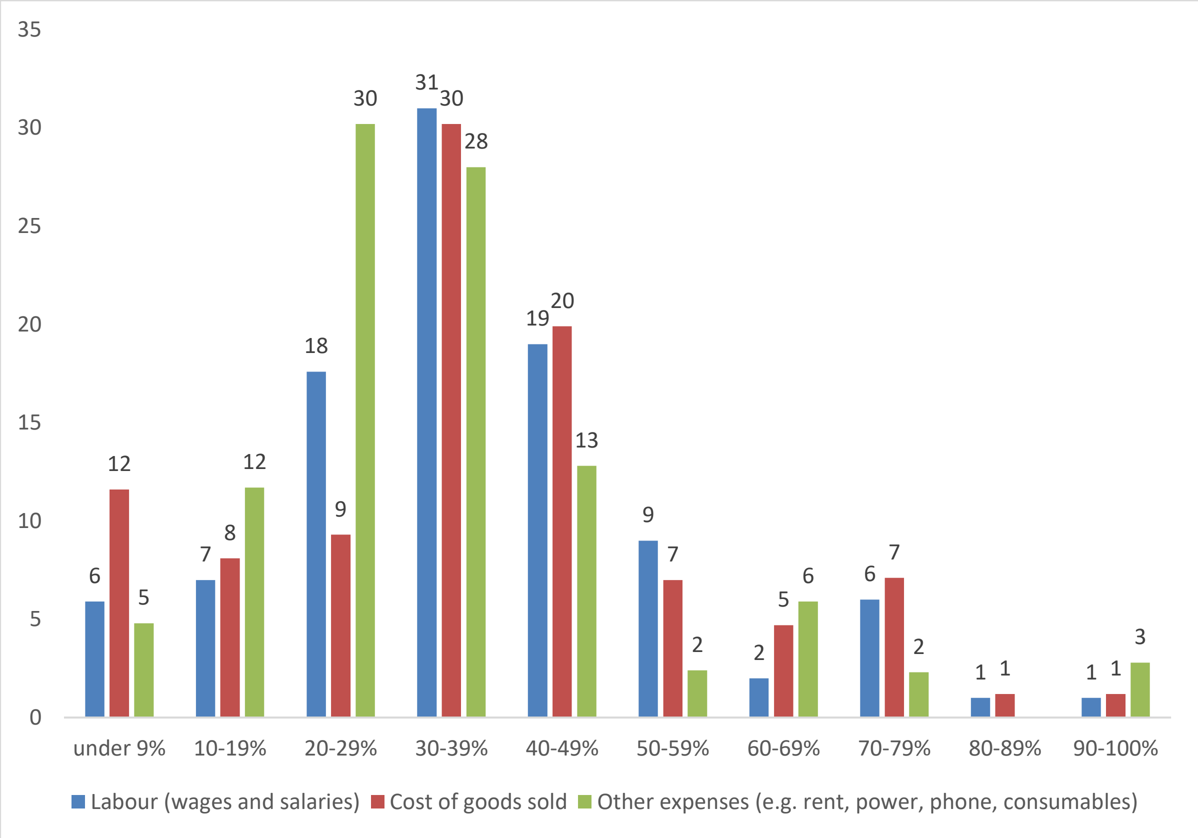
Respondents were asked to estimate what percentage of this turnover is generated in the high season (June to December) and low season (December to May) (Figure 27). On average, 60% of turnover was generated during high season (40% of turnover was generated during the low season). Nearly three quarters (72%) of businesses surveyed generate more than 60% of their revenue during the high season.

Figure 27: Percentage of this turnover generated in the high/low seasons



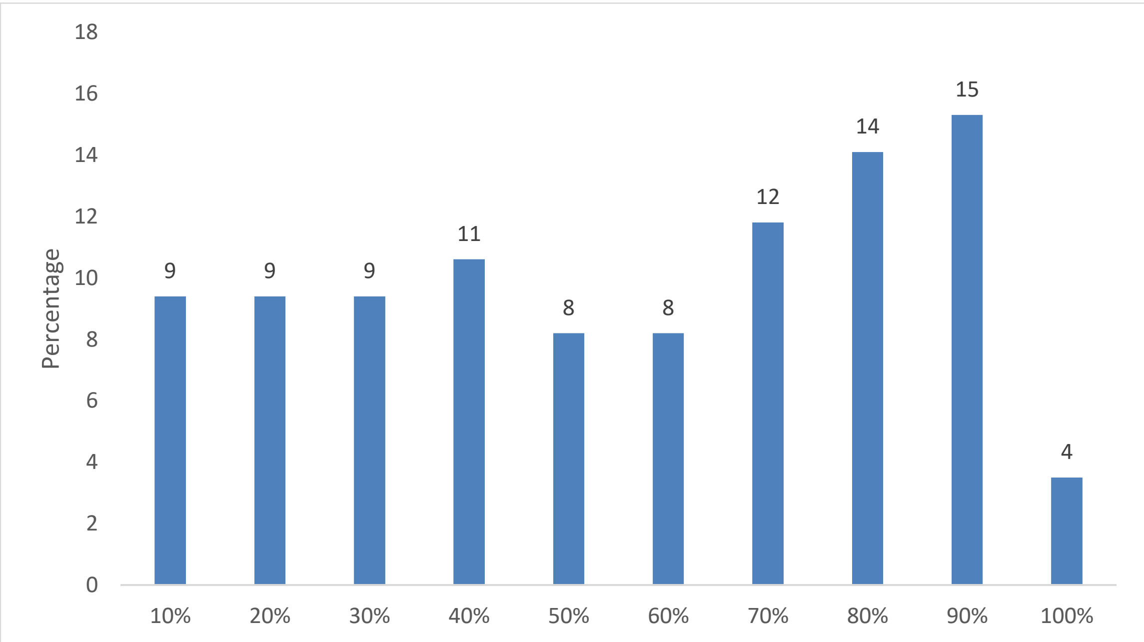
On average, 69% of business costs are allocated to labour (wages and salaries) and the cost of goods sold, 31% of annual business expenses are allocated to ‘other expenses including rent, power, phone and consumables (Figure 28).

Figure 28: Approximate breakdown of the business annual expenses



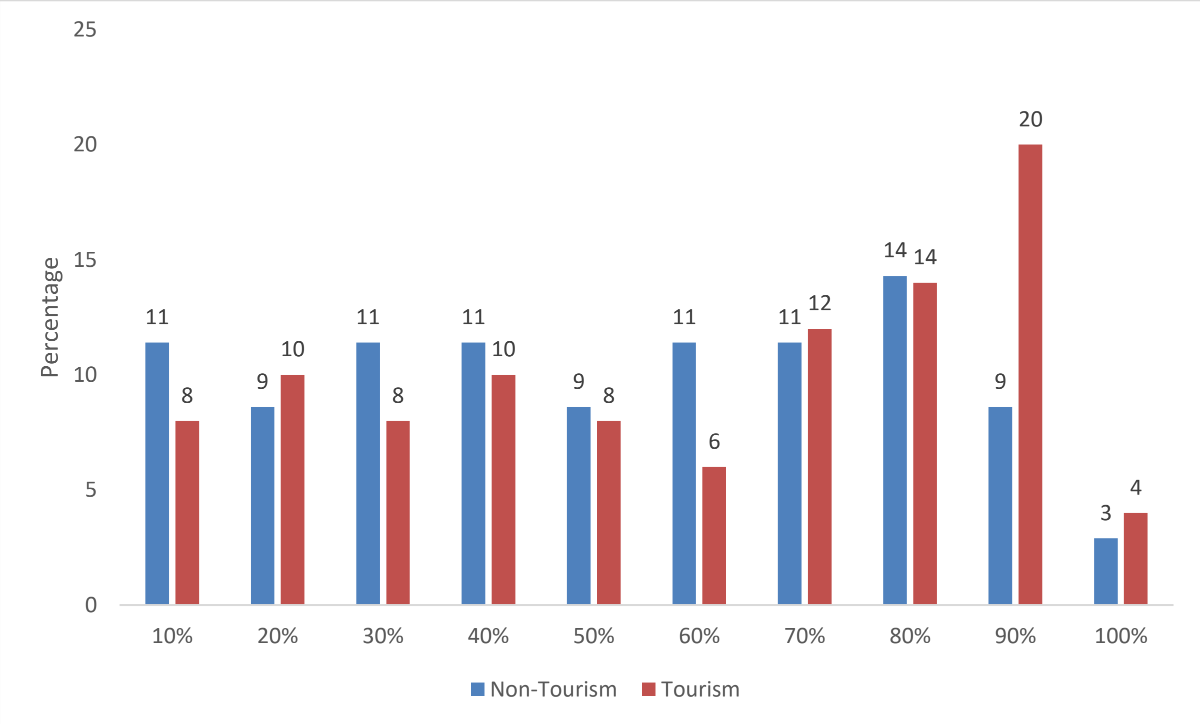
Nearly half (45%) of the businesses make more than 70% of their purchases of products and services locally (Figure 29).

Figure 29: Percentage of non-labour expenses spent annually on products and services supplied by businesses in the Cook Islands



Half (50%) of the tourism businesses make more than 70% of their non-labour purchases through businesses based in the Cook Islands, while 37% of non-tourism business make more than 70% of purchases of products and services locally (Figure 30).

Figure 30: Percentage of non-labour expenses spent annually on products and services supplied by businesses in the Cook Islands – tourism and non-tourism sectors



Conclusions

A business confidence index survey was conducted to identify how businesses felt about their growth, confidence in the economy.

It is encouraging that nearly one fourth of businesses employ over 16 Cook Islands Maori staff. However, the depopulation and unwillingness to work are main challenges for these businesses. Suitable skills, reliability and honesty are significant factors when employers recruit new staff and consider training needs.

This research underscores the challenges businesses face and the opportunities businesses see when they make purpose a priority. The survey results revealed a higher level of confidence for the coming year than in the previous survey. Particularly, tourism businesses showed a higher level of confidence than non-tourism businesses. There are, however, challenges that need to be addressed, such as limited human resources, and the competition from other businesses. Businesses feel strongly that the Cook Islands need more high yield tourists in the future.

There is a clear awareness of that the national economy depends heavily on the tourism, and a desire to develop a higher yield, higher value tourism industry. While businesses in the tourism industry sectors are more positive about a good relationship with the government agencies can benefit their businesses. It is critical that there is a sense that current government policy does not encourage business growth. It is important that government should provide enough support for tourism development, such as improving infrastructure capacity, reducing compliance costs etc.

Overall, these survey results provided a relatively consistent message on the health of the Cook Islands' economy. It is also to bring industry together around a common cause: the need to generate cost-effective and robust data that can be shared in a way that can guide the development of local business policies. The Business Surveys are an important barometer of how the industry feels about itself, it highlights the big issues and gives crucial data to plan the way forward.

Appendix – Cook Islands Business Survey

Cook Islands Business Confidence Index Survey

Information for participants

Kia Orana.

Thank you for agreeing to take part in the Cook Islands Business Confidence Index survey. Your input is important and very much appreciated.

By completing the Survey you will be helping to provide a better understanding of the current business climate facing the Cook Islands and the challenges and opportunities that lie ahead. Your participation ensures that the business sector's voice can be heard more clearly by policy makers and the nation as a whole.

We invite **all** businesses to complete the survey, regardless of sector or size. This survey will take approximately 10-15 minutes to complete.

Please be assured that all your answers will be kept in the strictest confidence and can in no way be linked to your personal details. The research is funded by the Cook Islands Tourism Corporation and conducted by the New Zealand Tourism Research Institute at AUT University, Auckland, New Zealand.

To thank you for your participation, you can go into the draw to WIN an $800 Air NZ travel voucher courtesy of Cook Islands Tourism. Enter by completing the prize draw section at the end of the survey.

Take the survey

Participation is entirely voluntary. By taking the survey you are giving consent to be part of this research.

Aggregated results of this research may be used in journal and conference publications. A summary of the results of this research will also be available on www.nztri.org in 2016.

Cook Islands Business Confidence Index Survey

Start of Block: ABOUT YOU AND YOUR BUSINESS

ABOUT YOU AND YOUR BUSINESS

As a Cook Islands business operator, you are invited to participate in our regular Business Confidence Index Survey. The aim of this survey is to provide you with an opportunity to have your say on how you feel about the current economic and competitive climate of the Cook Islands and to highlight any opportunities and/or challenges that your business may be facing. This is your chance to have your voice heard and to assist in developing clearer evidence based policies around business support, training and labour force development. The work is supported by the Cook Islands Tourism Corporation and the Cook Islands Chamber of Commerce.

Please note the information you give below is confidential and cannot be linked to your business in any way

Q1. Which of the following best describes you?

- ❍ Cook Islands Maori (born in the Cook Islands) (1)
- ❍ Cook Islands Maori (born overseas) (3)
- ❍ Cook Islands resident other than Maori (2)
- ❍ Temporary resident or contract worker (4)
- ❍ Other (please specify) (5) ____

Q2. How long has your business been operating in the Cook Islands?

▼1 year or less (1) ... 30+ years (31)

Q4. What is your role in this business?

- ❍ Owner (1)
- ❍ Manager (2)
- ❍ Owner / Operator (3)
- ❍ Other (please specify) (4) ____

Q5. How long have you been in this role?

▼1 year or less (1) ... 30+ years (31)

Q5.5 What is your gender

- ❍ Female (1)
- ❍ Male (2)

Q6. What is the primary (main) focus of your business? (select one only)

- ❍ Accommodation provider (1)
- ❍ Visitor activities / Tours (2)
- ❍ Restaurant / café / bar (4)
- ❍ Other business sectors (3)

Display This Question:

If 5. What is the primary (main) focus of your business? (select one only) = Accommodation provider

Q7 Please indicate which of the following best describes the primary (main) focus of your business (tick one only):

- ❍ Hotel / Resort (1)
- ❍ Self catering (2)
- ❍ Holiday homes (4)
- ❍ Guest Houses / Island hosts / B & B (5)
- ❍ Backpackers / Budget / Hostel (3)
- ❍ Other (please specify) (9) ____________________

Display This Question:

If 5. What is the primary (main) focus of your business? (select one only) = Visitor activities / Tours

Q8 Please indicate which of the following best describes the primary (main) focus of your business (tick one only):

- ❍ Charter boat - fishing (1)
- ❍ Charter boat - cruises (2)
- ❍ Guided tours-land based activities (3)
- ❍ Guided tours-water based activities (4)
- ❍ Cultural / heritage / art attraction (5)
- ❍ Horse / pony trekking (6)
- ❍ Other (please specify) (7) ____________________

Display This Question:

If 5. What is the primary (main) focus of your business? (select one only) = Other business sectors

Q9 Please indicate which of the following best describes the primary (main) focus of your business (tick one only):

- ❍ Stores / supermarkets (e.g. food, drinks and domestic supplies) (2)
- ❍ Retail / general (e.g. souvenirs, clothes) (3)
- ❍ Retail / specialty (e.g. arts / crafts / specialty foodstuffs / antiques / collectibles) (4)
- ❍ Garage / service station - petrol / repairs (5)
- ❍ Equipment rental (bikes / sporting gear etc) (6)
- ❍ Other (please specify) (7) ____________________

Q10 Please indicate which of the following best describes the secondary focus of your business - if any (tick as many as apply):

- ❑ Hotel (1)
- ❑ Motel (2)
- ❑ Backpackers / Hostel (3)
- ❑ Holiday Park / Campground (4)
- ❑ Home stays / B & B (5)
- ❑ Resort / Luxury Lodge (6)
- ❑ Rented dwelling (7)
- ❑ Self contained / cottage (s) (8)
- ❑ Charter boat - fishing (9)
- ❑ Charter boat - cruises (10)
- ❑ Guided tours - land based activities (11)
- ❑ Guided tours - water based activities (12)
- ❑ Cultural / heritage / art attraction (13)
- ❑ Horse / pony trekking (14)
- ❑ Restaurant / café/bar (15)
- ❑ Stores / supermarkets (e.g. food, drinks and domestic supplies) (16)
- ❑ Retail / general (e.g. souvenirs, clothes) (17)
- ❑ Retail / specialty (e.g. arts / crafts / specialty foodstuffs / antiques / collectibles (18)
- ❑ Garage / service station - petrol / repairs (19)
- ❑ Equipment rental (bikes / sporting gear etc) (20)
- ❑ None - I don't have a secondary focus (22)
- ❑ Other (please specify) (21)

____

Q11. Where is your primary business located?

- ❍ Rarotonga (1)
- ❍ Aitutaki (2)
- ❍ Atiu (3)
- ❍ Mangaia (4)
- ❍ Mauke (5)
- ❍ Other (please specify) (6) ____

Q12. Does this business operate all year round?

- ❍ Yes (1)
- ❍ No (2)

Display This Question:

If 8. Does this business operate all year round? = No

Q13 What months do you operate? (tick as many as apply)

- ❑ January (1)
- ❑ February (2)
- ❑ March (3)
- ❑ April (4)
- ❑ May (5)
- ❑ June (6)
- ❑ July (7)
- ❑ August (8)
- ❑ September (9)
- ❑ October (10)
- ❑ November (11)
- ❑ December (12)

End of Block: ABOUT YOU AND YOUR BUSINESS

Start of Block: STAFFING

STAFFING

Q14. Please indicate below how many full and part time staff (including yourself) that your business employs in the high and low season.

	June to November	December to May
Full time (30+hours/week) (1)	▼1 (1) ... 0 (17)	▼1 (1) ... 0 (17)
Part time (less than 30 hours/week) (2)	▼1 (1) ... 0 (17)	▼1 (1) ... 0 (17)

Q15 How many of your staff are Cook Islands Maori?

▼0 (1) ... 16+ (17)

Q16 How many of your staff are women?

▼0 (1) ... 16+ (17)

Q17 Do you have any problems finding suitable staff? (please comment)

- ❍ Yes (1) ____________________
- ❍ No (2) ____________________

Q18 What are you looking for when you hire new employees?

____

Q19 Do you have any staff training needs for your business?

- ❍ Yes (1)
- ❍ No (2)

Display This Question:
If 19. Do you have any staff training needs for your business? = Yes

Q20 What training do you think would benefit your business?

____

Q21 Please list below any local business or industry organisations that you belong to:

____

____

____

THE BUSINESS CLIMATE

Q22. Please indicate your level of agreement with the following statement, where 1 = strongly disagree, and 5 = strongly agree.

	Strongly Disagree (1) (1)	Disagree (2) (2)	Neither Agree nor Disagree (3) (3)	Agree (4) (4)	Strongly Agree (5) (5)	Not Applicable (6) (6)
My business performed well in the last year (1)	❍	❍	❍	❍	❍	❍
I am confident my business will do well in the coming year (2)	❍	❍	❍	❍	❍	❍

Q23. What do you see as being the major challenges that will face your business in the next five years?

____

Q24 What do you see as being the major opportunities for your business in the next five years?

____

Q25. How do you see your business developing in the next five years?

____

Q26 Please respond to the following statements. On a scale of 1 (strongly disagree) to 5 (strongly agree) would you say that:

	Strongly Disagree (1) (1)	Disagree (2) (2)	Neither Agree /Disagree (3) (3)	Agree (4) (4)	Strongly Agree (5) (5)	Not Applicable (6) (6)
The national economy depends heavily on the tourism industry (4)	❍	❍	❍	❍	❍	❍
A good working relationship with the Cook Islands Tourism Corporation is of benefit to my business (5)	❍	❍	❍	❍	❍	❍
Current government policy encourages business growth (7)	❍	❍	❍	❍	❍	❍
Local businesses work well together (1)	❍	❍	❍	❍	❍	❍
Local business associations/networks are of benefit to my business (2)	❍	❍	❍	❍	❍	❍
Local businesses are supportive of the tourism industry (3)	❍	❍	❍	❍	❍	❍
We need more visitors to the Cook Islands (6)	❍	❍	❍	❍	❍	❍
Compliance costs are too high (8)	❍	❍	❍	❍	❍	❍

Q27 If you would like to comment further, please do so here:

____

Q28 How important do you believe each of the following is for the Cook Islands, where 1 = very unimportant, and 5 = very important:

	Not at all important (1) (1)	Slightly important (2) (2)	Moderately Important (3) (3)	Very important (4) (4)	Extremely Important (5) (5)	Not Applicable (6) (6)
Increasing awareness of tourism within government agencies (5)	❍	❍	❍	❍	❍	❍
Increasing awareness of tourism among local communities (4)	❍	❍	❍	❍	❍	❍
Increasing networking opportunities for local businesses (1)	❍	❍	❍	❍	❍	❍
Maximising visitor spend (2)	❍	❍	❍	❍	❍	❍
Maximising visitor numbers (3)	❍	❍	❍	❍	❍	❍

Q29 If you would like to comment further, please do so here:

____

REVENUE, COST AND LINKAGES

Information about how your business links to and impacts on the Cook Islands economy is vital to help us understand the true value that tourism brings to the nation. Please be assured that all individual company responses will be treated in complete confidence and only aggregated data will be reported.

Q30. What was the approximate annual turnover of your business in the last financial year? (VAT inclusive)

▼Under NZ$50,000 (1) ... Prefer not to answer (12)

Q31. Approximately what percentage of the annual turnover would you estimate comes directly from tourism?

▼0% (1) ... 91% - 100% (11)

Q32. Approximately what percentage of this turnover is generated in the high season and during the rest of the year? (Please ensure that these two percentages add up to 100)

June to November : _______ (1)
December to May : _______ (2)

Total : ________

Q33 Please provide an approximate breakdown of your annual business expenses below. (Please ensure that these three percentages add up to 100)

Labour (wages and salaries) : _______ (1)
Cost of goods sold : _______ (3)
Other expenses (e.g. rent, power, phone, consumables) : _______ (2)

Total : ________

Q34. Approximately what percentage of your non-labour expenses do you spend annually on products and services supplied by local businesses?

▼0 (1) ... 100% (11)

Q30 If you would like to share any other comments about your business, the local economy etc, please do so below.

____

Q35 Did you participate in the last Business Confidence Index survey (around February 2017)?

- ❍ Yes (1)
- ❍ No (2)